

BIMB Holdings Berhad (423858-X)
(Incorporated in Malaysia)
and its subsidiaries

**Condensed Consolidated Statement of Financial Position as at
31 December 2016**

	Note	Group As at		Company As at	
		31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Assets					
Cash and short-term funds	8	4,502,270	3,304,005	205,318	214,354
Deposits and placements with financial institutions	9	1,153,138	976,830	-	-
Financial assets held-for-trading	10	777,610	670,006	-	-
Derivative financial assets	11	124,572	119,259	-	-
Financial assets available-for-sale	12	13,755,389	13,797,205	135,406	19,215
Financial assets held-to-maturity	13	631,086	643,164	-	-
Financing, advances and others	14	39,189,274	34,294,690	-	-
Other assets	15	444,761	486,855	2,333	2,341
Takaful assets	16	638,199	850,848	-	-
Statutory deposits with Bank Negara Malaysia		1,374,876	1,591,460	-	-
Current tax assets		8,430	47,916	23	-
Deferred tax assets		70,435	64,089	10	10
Investments in subsidiaries		-	-	4,965,901	4,835,462
Property and equipment		417,014	447,028	571	948
Investment properties		14,126	14,262	-	-
Intangible assets		43,947	56,211	-	-
Total assets		<u>63,145,127</u>	<u>57,363,828</u>	<u>5,309,562</u>	<u>5,072,330</u>
		=====	=====	=====	=====

BIMB Holdings Berhad (423858-X)
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**Condensed Consolidated Statement of Financial Position as at
31 December 2016 (continued)**

	Note	Group As at		Company As at	
		31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Liabilities and equity					
Deposits from customers	17	45,491,753	43,118,529	-	-
Investment accounts of customers	18	3,573,871	676,105	-	-
Deposits and placements of banks and other financial institutions	19	30,000	-	-	-
Derivative financial liabilities	11	111,089	101,913	-	-
Bills and acceptance payable		46,278	122,577	-	-
Other liabilities	20	1,105,942	1,148,513	210,137	192,108
Takaful liabilities	21	6,639,096	6,588,888	-	-
Sukuk liabilities	22	1,881,751	1,882,965	1,227,494	1,178,585
Zakat and taxation		48,210	28,612	-	31
Total liabilities		<u>58,927,990</u>	<u>53,668,102</u>	<u>1,437,631</u>	<u>1,370,724</u>
Equity					
Share capital		1,588,680	1,542,210	1,588,680	1,542,210
Reserves		2,294,172	1,871,448	2,283,251	2,159,396
Equity attributable to owners of the Company		<u>3,882,852</u>	<u>3,413,658</u>	<u>3,871,931</u>	<u>3,701,606</u>
Non-controlling interests		334,285	282,068	-	-
Total equity		<u>4,217,137</u>	<u>3,695,726</u>	<u>3,871,931</u>	<u>3,701,606</u>
Total liabilities and equity		<u>63,145,127</u>	<u>57,363,828</u>	<u>5,309,562</u>	<u>5,072,330</u>
Restricted investment accounts managed by Bank Islam					
	18	141,343	82,567	-	-
Total Islamic banking asset		<u>63,286,470</u>	<u>57,446,395</u>	<u>5,309,562</u>	<u>5,072,330</u>
Commitments and contingencies	38	<u>13,704,559</u>	<u>12,692,303</u>	<u>-</u>	<u>-</u>
Net assets per share attributable to owners of the Company (RM)		<u>2.44</u>	<u>2.21</u>	<u>2.44</u>	<u>2.40</u>

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**Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the financial year ended 31 December 2016**

Group	Note	Quarter		Year-to-date	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	24	576,697	558,033	2,342,204	2,203,683
Income derived from investment account funds	25	44,275	9,538	102,281	16,793
Income derived from investment of shareholders' funds	26	71,170	127,061	394,428	446,294
Net income from Takaful business	27	163,226	189,281	683,957	643,437
Allowance for impairment on financing and advances	28	(4,118)	(18,700)	(92,105)	(69,331)
Allowance for impairment on investments		-	(4,488)	(255)	(4,488)
(Allowance for)/Reversal of impairment on other assets		(256)	-	608	-
Direct expenses		(5,067)	(4,846)	(20,387)	(22,911)
Total distributable income		845,927	855,879	3,410,731	3,213,477
Wakalah performance incentive fees from restricted investment accounts		1,443	344	5,328	400
Income attributable to depositors	29	(265,542)	(263,631)	(1,061,413)	(1,018,145)
Income attributable to investment account holders	30	(16,103)	(2,329)	(26,775)	(2,743)
Total net income		565,725	590,263	2,327,871	2,192,989
Personnel expenses	31	(167,342)	(178,973)	(673,687)	(625,869)
Other overhead expenses	32	(168,538)	(188,240)	(674,474)	(649,289)
Finance cost		229,845	223,050	979,710	917,831
		(25,777)	(22,789)	(110,509)	(83,395)
Profit before zakat and tax		204,068	200,261	869,201	834,436
Zakat		(6,103)	423	(13,517)	(9,170)
Tax expense	B5	(42,382)	(22,428)	(226,020)	(212,319)
Profit for the period/year		155,583	178,256	629,664	612,947
Attributable to:					
Owners of the Company		139,468	161,864	559,040	547,275
Non-controlling interests		16,115	16,392	70,624	65,672
Profit for the period/year		155,583	178,256	629,664	612,947
Earnings per share (sen)	B12	8.78	10.50	35.25	35.53

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**Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the financial year ended 31 December 2016
(continued)**

Group	Quarter 3 months ended		Year-to-date 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Profit for the period/year	155,583	178,256	629,664	612,947
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit liability	756	(2,368)	1,968	(2,368)
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences in respect of foreign operations	(37,215)	12,595	(19,036)	(79,883)
Fair value reserve:				
Net change in fair value	(154,397)	61,799	16,271	16,370
Net amount transferred to profit or loss	(1,364)	(6,804)	(49,761)	(17,426)
Income tax credit relating to components of other comprehensive income	36,226	7,280	8,645	7,280
Other comprehensive income for the period/year, net of tax	(155,994)	72,502	(41,913)	(76,027)
Total comprehensive income for the period/year	(411)	250,758	587,751	536,920
Total comprehensive income attributable to:				
Owners of the Company	(10,386)	229,632	518,259	470,566
Non-controlling interests	9,975	21,126	69,492	66,354
Total comprehensive income for the period/year	(411)	250,758	587,751	536,920

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**Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the financial year ended 31 December 2016
(continued)**

Company	Note	Quarter		Year-to-date	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of shareholders' funds / Total distributable income / Total net income	26	3,827	2,381	309,713	297,824
Personnel expenses	31	(965)	(3,123)	(8,736)	(8,942)
Other overhead expenses	32	(2,013)	(1,717)	(5,342)	(6,180)
		849	(2,459)	295,635	282,702
Finance cost		(18,649)	(17,416)	(73,809)	(70,366)
Profit before zakat and tax		(17,800)	(19,875)	221,826	212,336
Tax expense	B5	(683)	(634)	(2,455)	(1,368)
Profit for the period/year		(18,483)	(20,509)	219,371	210,968
Attributable to:					
Owners of the Company		(18,483)	(20,509)	219,371	210,968
Profit for the period/year		(18,483)	(20,509)	219,371	210,968

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**Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the financial year ended 31 December 2016
(continued)**

Company	Quarter 3 months ended		Year-to-date 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Profit for the period/year	(18,483)	(20,509)	219,371	210,968
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss:				
Fair value reserve:				
Net change in fair value	77	163	659	655
Net amount transferred to profit or loss	(99)	(102)	(642)	(642)
Other comprehensive income for the period/year, net of tax	(22)	61	17	13
Total comprehensive income for the period/year	(18,505)	(20,448)	219,388	210,981
Total comprehensive income attributable to:				
Owners of the Company	(18,505)	(20,448)	219,388	210,981
Total comprehensive income for the period/year	(18,505)	(20,448)	219,388	210,981

BIMB Holdings Berhad (423858-X)
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Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 2016

Group	← Attributable to owners of the Company →				Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000			
At 1 January 2015	1,493,506	1,859,628	(386,831)	(17,266)	2,949,037	240,223	3,189,260
Profit for the year	-	-	-	547,275	547,275	65,672	612,947
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	(1,661)	(1,661)	(707)	(2,368)
Currency translation differences in respect of foreign operations	-	-	(83,361)	-	(83,361)	3,478	(79,883)
Fair value reserve:							
Net change in fair value	-	-	17,143	-	17,143	(773)	16,370
Net amount reclassified to profit or loss	-	-	(16,110)	-	(16,110)	(1,316)	(17,426)
Income tax credit relating to components of other comprehensive income	-	-	7,280	-	7,280	-	7,280
Total comprehensive income for the year	-	-	(75,048)	545,614	470,566	66,354	536,920
Transfer to statutory reserve	-	-	253,416	(253,416)	-	-	-
Dividends paid to shareholders	-	-	-	(188,150)	(188,150)	-	(188,150)
Dividends paid to non-controlling interest	-	-	-	-	-	(22,644)	(22,644)
Issue of shares pursuant to Dividend Reinvestment Plan	48,704	131,987	-	-	180,691	-	180,691
Share-based payment transactions	-	-	2,326	-	2,326	1,530	3,856
Long Term Incentive Plan exercised	-	-	(812)	-	(812)	812	-
Capital repayment from a subsidiary	-	-	-	-	-	(4,207)	(4,207)
At 31 December 2015	1,542,210	1,991,615	(206,949)	86,782	3,413,658	282,068	3,695,726

Note 23

BIMB Holdings Berhad (423858-X)
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Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 2016 (continued)

Group	← Attributable to owners of the Company →						Total equity RM'000
	Share capital RM'000	Non-distributable Share premium RM'000	Other reserves RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2016	1,542,210	1,991,615	(206,949)	86,782	3,413,658	282,068	3,695,726
Profit for the year	-	-	-	559,040	559,040	70,624	629,664
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	811	811	1,157	1,968
Currency translation differences in respect of foreign operations	-	-	(15,347)	-	(15,347)	(3,689)	(19,036)
Fair value reserve:							
Net change in fair value	-	-	15,769	-	15,769	502	16,271
Net amount reclassified to profit or loss	-	-	(50,659)	-	(50,659)	898	(49,761)
Income tax credit relating to components of other comprehensive income	-	-	8,645	-	8,645	-	8,645
Total comprehensive income for the year	-	-	(41,592)	559,851	518,259	69,492	587,751
Transfer to statutory reserve	-	-	132,752	(132,752)	-	-	-
Dividends paid to shareholders	-	-	-	(206,529)	(206,529)	-	(206,529)
Dividends paid to non-controlling interest	-	-	-	-	-	(23,835)	(23,835)
Issue of shares pursuant to Dividend Reinvestment Plan	46,469	110,993	-	-	157,462	-	157,462
Share-based payment transactions	-	-	3,927	-	3,927	2,631	6,558
Long Term Incentive Plan exercised	-	-	(3,929)	-	(3,929)	3,929	-
Issue of shares under conversion of warrants	1	3	-*	-	4	-	4
At 31 December 2016	1,588,680	2,102,611	(115,791)	307,352	3,882,852	334,285	4,217,137

Note 23

* Conversion of warrants amounted to RM242.41

BIMB Holdings Berhad (423858-X)
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Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 2016 (continued)

Company	← Attributable to owners of the Company →						
	Share capital RM'000	← Non-distributable →			Distributable		Total equity RM'000
		Share premium RM'000	Warrant reserves RM'000	Fair value reserves RM'000	Retained earnings RM'000		
At 1 January 2015	1,493,506	1,859,628	129,300	51	15,599	3,498,084	
Profit for the year	-	-	-	-	210,968	210,968	
Other comprehensive income							
Fair value reserve:							
Net change in fair value	-	-	-	655	-	655	
Net amount reclassified to profit or loss	-	-	-	(642)	-	(642)	
Total comprehensive income for the year	-	-	-	13	210,968	210,981	
Issue of shares pursuant to							
Dividend Reinvestment Plan	48,704	131,987	-	-	-	180,691	
Dividend paid to shareholders	-	-	-	-	(188,150)	(188,150)	
At 31 December 2015	1,542,210	1,991,615	129,300	64	38,417	3,701,606	
At 1 January 2016	1,542,210	1,991,615	129,300	64	38,417	3,701,606	
Profit for the year	-	-	-	-	219,371	219,371	
Other comprehensive income							
Fair value reserve:							
Net change in fair value	-	-	-	659	-	659	
Net amount reclassified to profit or loss	-	-	-	(642)	-	(642)	
Total comprehensive income for the year	-	-	-	17	219,371	219,388	
Issue of shares pursuant to							
Dividend Reinvestment Plan	46,469	110,993	-	-	-	157,462	
Issue of shares under conversion of warrant	1	3	-*	-	-	4	
Dividend paid to shareholders	-	-	-	-	(206,529)	(206,529)	
At 31 December 2016	1,588,680	2,102,611	129,300	81	51,259	3,871,931	

* Conversion of warrants amounted to RM242.41

BIMB Holdings Berhad (423858-X)
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**Condensed Consolidated Statement of Cash Flows for the financial year
ended 31 December 2016**

	Group		Company	
	12 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before zakat and tax	869,201	834,436	221,826	212,336
Adjustments for:				
Depreciation of property and equipment	72,580	77,664	406	686
Depreciation of investment property	224	145	-	-
Gain on disposal of property and equipment	(551)	(101)	-	-
Property and equipment written off	21	1,382	13	-
Collective assessment allowance	161,667	189,391	-	-
Individual assessment allowance	30,662	14,148	-	-
Reversal of impairment losses on other assets	(608)	-	-	-
Allowance for impairment loss on financial assets available-for-sale	255	4,620	-	-
Reversal of impairment on financial assets held-to-maturity	-	(132)	-	-
Net gain on sale of financial assets held-for-trading	(5,047)	(1,801)	-	-
Net gain on sale of financial assets available-for-sale	(51,249)	(10,998)	-	-
Fair value (gain)/loss on financial assets held-for-trading	(12,020)	8,686	-	-
Net derivative loss	4,515	1,152	-	-
Dividends from securities	(5,871)	(3,572)	(811)	(642)
Dividends from subsidiaries	-	-	(298,505)	(291,264)
Reversal of allowance for doubtful debts	(4)	(48)	-	-
Change in actuarial reserves/ unearned contributions reserve	(6,915)	14,270	-	-
Equity settled share-based payment	6,558	3,856	-	-
Amortisation of intangible assets	12,264	5,110	-	-
Gain on disposal of an associate company	-	(247)	-	(247)
Finance cost	110,509	83,395	73,809	70,366
Operating profit/(loss) before working capital changes	1,186,191	1,221,356	(3,262)	(8,765)

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**Condensed Consolidated Statement of Cash Flows for the financial year
ended 31 December 2016 (continued)**

	Group		Company	
	12 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes	1,186,191	1,221,356	(3,262)	(8,765)
Changes in working capital:				
Deposits and placements of banks and other financial institutions	30,000	(300,000)	-	-
Financing of customers	(5,086,913)	(4,973,658)	-	-
Statutory deposits with Bank Negara Malaysia	216,584	(256,460)	-	-
Other assets	298,757	(17,145)	(115,356)	(1,152)
Deposits from customers	2,373,224	2,440,150	-	-
Investment accounts of customers	2,897,766	676,105	-	-
Other liabilities	(45,222)	309,689	(349)	1,962
Bills and acceptance payable	(76,299)	(4,947)	-	-
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Cash used in operations	1,794,088	(904,910)	(118,967)	(7,955)
Zakat paid	(9,009)	(12,941)	-	-
Tax paid	(180,864)	(226,344)	(2,509)	(1,284)
Tax refund	10,869	615	-	457
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Net cash generated from/(used in) operating activities	1,615,084	(1,143,580)	(121,476)	(8,782)
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Cash flows from investing activities				
Net proceeds from (purchase)/disposal of securities	(68,464)	416,931	-	-
Purchase of property and equipment	(43,339)	(74,356)	(42)	(203)
Proceeds from disposal of property and equipment	1,554	801	-	-
Dividends from subsidiaries	-	-	298,505	291,264
Dividends from securities	5,060	2,930	-	-
Subscription of ordinary shares pursuant to Dividend Reinvestment Plan	-	-	(130,439)	(127,847)
Disposal of an associate company	-	247	-	247
Intangible assets	-	(61,321)	-	-
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Net cash (used in)/generated from investing activities	(105,189)	285,232	168,024	163,461
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BIMB Holdings Berhad (423858-X)
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**Condensed Consolidated Statement of Cash Flows for the financial year
ended 31 December 2016 (continued)**

	Group		Company	
	12 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Proceeds from issuance of				
Subordinated Sukuk Murabahah	-	700,000	-	-
Dividends paid	(30,688)	(38,854)	(30,688)	(38,854)
Dividends paid to non-controlling interest	(23,835)	(22,644)	-	-
Proceeds from issuance of ordinary shares pursuant to conversion of warrants	4	-	4	-
Payment of coupon on Sukuk	(61,588)	(33,686)	(24,900)	(25,037)
Capital repayment	-	(4,207)	-	-
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Net cash (used in)/generated from financing activities	(116,107)	600,609	(55,584)	(63,891)
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Net increase/(decrease) in cash and cash equivalents	1,393,788	(257,739)	(9,036)	90,788
Cash and cash equivalents at beginning of the year	4,280,835	4,619,496	214,354	123,566
Foreign exchange differences	(19,215)	(80,922)	-	-
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Cash and cash equivalents at end of the year	5,655,408	4,280,835	205,318	214,354
	=====	=====	=====	=====
Cash and cash equivalents comprise:				
Cash and short-term funds	4,502,270	3,304,005	205,318	214,354
Deposits and placements with financial institutions	1,153,138	976,830	-	-
	-----	-----	-----	-----
	5,655,408	4,280,835	205,318	214,354
	=====	=====	=====	=====

BIMB Holdings Berhad (423858-X)
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**Explanatory Notes to the Financial Statements for the financial year ended
31 December 2016**

1. Basis of preparation

BIMB Holdings Berhad ("BHB") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The condensed consolidated financial statements of the Group for the financial year ended 31 December 2016 comprise that of the Company and its subsidiaries (together referred to as the Group).

These condensed consolidated financial statements were approved for issue by the Board of Directors.

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Financial Reporting for Islamic Banking Institution policy issued by Bank Negara Malaysia ("BNM"), the provisions of the Companies Act, 1965 and Shariah requirements.

The condensed consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015. The explanatory notes attached to the condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

The audited financial statements of the Group for the financial year ended 31 December 2015, are available upon request from the Company's registered office at 31st Floor, Menara Bank Islam, No. 22 Jalan Perak, 50450 Kuala Lumpur.

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1. Basis of preparation (continued)

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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1. Basis of preparation (continued)

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.
- from the annual period beginning on 1 January 2019 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned in the subsequent paragraphs:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15, MFRS 9 and MFRS 16.

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2. Audit report of preceding financial year ended 31 December 2015

The auditors' report on the audited financial statements for the financial year ended 31 December 2015 was not qualified.

3. Seasonality and cyclicity of operations

The operations of the Group were not materially affected by any seasonal or cyclical factors for the financial year ended 31 December 2016.

4. Exceptional or unusual items

There were no items of an exceptional or unusual nature that may affect the assets, liabilities, equity, net income or cash flows of the Group for the financial year ended 31 December 2016.

5. Changes in estimates of amounts reported previously

There were no material changes in estimates of amounts reported in the prior financial year that may have a material effect to the financial statements for the financial year ended 31 December 2016.

6. Issuance or repayment of debt and equity securities

On 22 January 2016, the Company increased its issued and paid-up capital from RM1,542,209,734 to RM1,588,679,214 via the issuance of 46,469,480 new ordinary shares of RM1.00 each at a consideration of RM3.3885 each arising from the Dividend Reinvestment Plan.

On 19 September 2016, a further 800 new ordinary shares of RM1.00 each at an issue price of RM4.72 was issued following the conversion of warrants.

As at 31 December 2016, 426,715,078 (2015: 426,715,878) warrants remained unexercised.

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7. Significant events during the financial year ended 31 December 2016

- **Dividend received**

On 17 February 2016, Syarikat Takaful Malaysia Berhad paid a single tier dividend of 7.35 sen per ordinary share totalling RM36.129 million for the financial year ended 31 December 2015.

On 18 May 2016, Bank Islam paid a final single tier dividend of 5.49 sen per ordinary share totalling RM129.744 million for the financial year ended 31 December 2015. From the total dividend amount, approximately 50% was reinvested for acquisition of 20,927,000 new ordinary shares of Bank Islam of RM1.00 each at the consideration value of RM3.10 each via the Dividend Reinvestment Plan ("DRP").

On 22 September 2016, Bank Islam paid an interim dividend of 5.50 sen per ordinary share totalling RM131.132 million for the six months ended 30 June 2016. From the total dividend amount, approximately 50% was reinvested for acquisition of 20,174,000 new ordinary shares of Bank Islam of RM1.00 each at the consideration value of RM3.25 each via the DRP.

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8. Cash and short-term funds

	31.12.2016	31.12.2015
	RM'000	RM'000
Group		
Cash and balances with banks and other financial institutions	1,029,924	822,169
Money at call and interbank placements with remaining maturity not exceeding one month	3,472,346	2,481,836
	<u>4,502,270</u>	<u>3,304,005</u>
	=====	=====
Company		
Cash and balances with banks and other financial institutions	205,318	214,354
	<u>205,318</u>	<u>214,354</u>
	=====	=====

9. Deposits and placements with financial institutions

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
Licensed banks	1,129,260	968,716
Other financial institutions	23,878	8,114
	<u>1,153,138</u>	<u>976,830</u>
	=====	=====

BIMB Holdings Berhad (423858-X)
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10. Financial assets held-for-trading

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
At fair value		
<i>Quoted securities in Malaysia</i>		
- Shares	55,305	64,215
- Unit trusts	5,085	5,255
<i>Quoted securities outside Malaysia</i>		
- Shares	65,935	61,435
- Unit trusts	14,823	9,392
- Sukuk	48,121	94,527
	189,269	234,824
	-----	-----
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Investment Issues	324,500	241,717
- Sukuk	263,841	193,465
	588,341	435,182
	-----	-----
	777,610	670,006
	=====	=====

BIMB Holdings Berhad (423858-X)
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11. Derivative financial assets/liabilities

The following tables summarise the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities respectively.

Group	Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
31.12.2016			
Forward contracts	3,117,570	117,445	(107,469)
Profit rate swaps	836,027	7,127	(3,620)
	<hr/>	<hr/>	<hr/>
	3,953,597	124,572	(111,089)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
31.12.2015			
Forward contracts	2,323,286	106,402	(98,593)
Profit rate swaps	862,568	12,857	(3,320)
	<hr/>	<hr/>	<hr/>
	3,185,854	119,259	(101,913)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BIMB Holdings Berhad (423858-X)
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12. Financial assets available-for-sale

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
At fair value		
<i>Quoted securities in Malaysia</i>		
- Unit trusts	303,573	237,679
- Shares	343,240	600,540
<i>Quoted securities outside Malaysia</i>		
- Unit trusts	50,027	72,265
- Shares	31,219	53,818
- Sukuk	334	311
	728,393	964,613
	-----	-----
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Islamic Papers	148,793	164,728
- Malaysian Government Investment Issues	2,057,324	2,556,539
- Negotiable Islamic Debt Certificate	496,681	-
- Sukuk	10,158,362	9,952,942
- Shares	380	380
- Institutional Trust Account	160,112	152,641
<i>Unquoted securities outside Malaysia</i>		
- Shares	44	42
	13,021,696	12,827,272
	-----	-----
At cost		
<i>Unquoted securities in Malaysia</i>		
- Unquoted shares in Malaysia	25,468	24,319
Less: Accumulated impairment loss*	(20,187)	(19,328)
	5,281	4,991
	-----	-----
<i>Unquoted securities outside Malaysia</i>		
- Unquoted shares outside Malaysia	329	329
Less: Impairment loss	(310)	-
	19	329
	-----	-----
	-----	-----
	13,755,389	13,797,205

* Movement in accumulated impairment loss is due to translation difference.

BIMB Holdings Berhad (423858-X)
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12. Financial assets available-for-sale (continued)

	Company	
	31.12.2016	31.12.2015
	RM'000	RM'000
At fair value		
<i>Quoted securities in Malaysia</i>		
- Unit trusts	135,406	19,215
	=====	=====

13. Financial assets held-to-maturity

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
<i>Quoted securities outside Malaysia</i>		
- Sukuk	94,009	64,184
<i>Unquoted securities in Malaysia</i>		
- Malaysian Government Islamic Papers	105,037	145,157
- Sukuk	438,927	440,710
Less: Accumulated impairment loss	(6,887)	(6,887)
	-----	-----
	631,086	643,164
	=====	=====

BIMB Holdings Berhad (423858-X)
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14. Financing, advances and others

(a) By type and Shariah contract

Group	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai Al-Dayn RM'000	Bai Al-Inah RM'000	At-Tawarruq RM'000	Ijarah Muntahiah Bit-Tamleek RM'000	Ijarah Thumma Al-Bai RM'000	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
31 December 2016										
At amortised cost										
Cash line	-	-	-	37,899	1,199,021	-	-	-	-	1,236,920
Term financing										
House financing ^	4,484,247	-	-	-	9,503,014	-	-	59,088	-	14,046,349
Syndicated financing	-	-	-	196,129	1,045,889	-	123,189	-	-	1,365,207
Leasing financing	-	-	-	-	-	90,610	902	-	-	91,512
Bridging financing	-	-	-	-	-	-	-	82,313	-	82,313
Personal financing ^	-	-	-	42,177	11,197,744	-	-	-	-	11,239,921
Other term financing	2,086,188	933,316	-	4,063	7,106,669	-	-	1,503	-	10,131,739
Staff financing	83,743	5,087	-	-	98,821	-	-	14,218	-	201,869
Credit cards	-	-	-	9,004	450,388	-	-	-	-	459,392
Trade bills discounted	-	741,037	180,010	-	-	-	-	-	-	921,047
Trust receipts	-	5,169	-	-	-	-	-	-	-	5,169
Pawn broking	-	-	-	-	-	-	-	-	85,315	85,315
Investment Account Platform *	-	-	-	-	5,690	-	-	-	-	5,690
	<u>6,654,178</u>	<u>1,684,609</u>	<u>180,010</u>	<u>289,272</u>	<u>30,607,236</u>	<u>90,610</u>	<u>124,091</u>	<u>157,122</u>	<u>85,315</u>	<u>39,872,443</u>
Allowance for impaired financing, advances and others										
- collective assessment allowance										(554,971)
- individual assessment allowance										(128,198)
Net financing, advances and others										<u>39,189,274</u>

^ Included in house financing and personal financing are the underlying assets under the Unrestricted Investment Accounts ("URIA") amounting RM2,568,123,000 and RM1,005,748,000 respectively as disclosed in Note 18 of these financial statements.

* This represents a term financing of Bank Islam's participation in Investment Account Platform ("IAP") to finance viable ventures via Restricted Investment Account.

BIMB Holdings Berhad (423858-X)
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14. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group	Bai'		Bai	Bai		Ijarah	Ijarah			Total
31 December 2015	Bithaman	Murabahah	Al-Dayn	Al-Inah	At-Tawarruq	Muntahiah	Thumma	Istisna'	Ar-Rahnu	RM'000
	Ajil					Bit-Tamleek	Al-Bai			RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost										
Cash line	-	-	-	62,300	997,097	-	-	-	-	1,059,397
Term financing										
House financing ^	4,851,790	-	-	-	6,628,865	-	-	62,580	-	11,543,235
Syndicated financing	8,603	-	-	164,301	1,021,805	-	127,399	-	-	1,322,108
Leasing financing	-	-	-	-	-	81,223	1,769	-	-	82,992
Bridging financing	-	-	-	-	-	-	-	87,630	-	87,630
Personal financing	-	-	-	82,054	10,247,851	-	-	-	-	10,329,905
Other term financing	2,583,462	685,973	-	18,444	5,385,013	-	-	1,762	-	8,674,654
Staff financing	96,919	1,515	-	-	68,007	-	-	16,401	-	182,842
Credit cards	-	-	-	12,695	430,848	-	-	-	-	443,543
Trade bills discounted	-	888,408	251,419	-	-	-	-	-	-	1,139,827
Trust receipts	-	20,210	-	-	-	-	-	-	-	20,210
Pawn broking	-	-	-	-	-	-	-	-	73,883	73,883
Investment Account Platform *	-	-	-	-	-	-	-	-	-	-
	<u>7,540,774</u>	<u>1,596,106</u>	<u>251,419</u>	<u>339,794</u>	<u>24,779,486</u>	<u>81,223</u>	<u>129,168</u>	<u>168,373</u>	<u>73,883</u>	<u>34,960,226</u>
Allowance for impaired financing, advances and others										
- collective assessment allowance										(541,065)
- individual assessment allowance										(124,471)
Net financing, advances and others										<u>34,294,690</u>

^ Included in house financing are the underlying assets under the Unrestricted Investment Accounts ("URIA") amounting RM676,105,000 as disclosed in Note 18 of these financial statements.

* This represents a term financing of Bank Islam's participation in Investment Account Platform ("IAP") to finance viable ventures via Restricted Investment Account.

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14. Financing, advances and others (continued)

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
(b) By type of customer		
Domestic non-bank financial institutions	1,376,559	1,004,961
Domestic business enterprise	6,908,806	5,907,856
Small medium industries	896,530	939,552
Government and statutory bodies	938,069	897,923
Individuals	28,957,975	25,618,163
Other domestic entities	7,239	7,678
Foreign entities	787,265	584,093
	<u>39,872,443</u>	<u>34,960,226</u>
	=====	=====
(c) By profit rate sensitivity		
Fixed rate		
House financing	1,268,632	1,403,863
Others	4,059,422	4,855,968
Floating rate		
House financing	13,382,969	10,733,848
Others	21,161,420	17,966,547
	<u>39,872,443</u>	<u>34,960,226</u>
	=====	=====
(d) By remaining contractual maturity		
Maturity within one year	4,312,581	3,543,984
More than one year to three years	1,400,480	1,121,154
More than three years to five years	2,197,573	1,613,849
More than five years	31,961,809	28,681,239
	<u>39,872,443</u>	<u>34,960,226</u>
	=====	=====
(e) By geographical distribution		
Central Region	18,853,925	16,254,666
Eastern Region	6,534,376	5,856,505
Northern Region	5,864,200	5,297,531
Southern Region	5,499,121	4,725,173
East Malaysia Region	3,120,821	2,826,351
	<u>39,872,443</u>	<u>34,960,226</u>
	=====	=====

BIMB Holdings Berhad (423858-X)
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14. Financing, advances and others (continued)

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
(f) By sector		
Primary agriculture	377,285	403,666
Mining and quarrying	12,931	13,494
Manufacturing (including agro-based)	747,410	930,013
Electricity, gas and water	868,319	681,984
Wholesale & retail trade, and hotels & restaurants	1,274,954	1,102,861
Construction	2,161,215	2,225,492
Real estate	1,205,740	1,088,961
Transport, storage and communications	870,559	395,914
Finance, insurance and business activities	2,134,947	1,406,399
Education, health and others	1,256,209	1,092,052
Household sectors	28,962,874	25,619,390
	<u>39,872,443</u>	<u>34,960,226</u>
	=====	=====
(g) Movement in impaired financing and advances (“impaired financing”) are as follows:		
At 1 January 2016/2015	381,270	344,539
Classified as impaired during the year	580,341	513,966
Reclassified as not impaired during the year	(284,602)	(205,690)
Amount recovered	(112,502)	(144,268)
Amount written off	(178,052)	(139,053)
Exchange differences	2,990	11,776
	<u>389,445</u>	<u>381,270</u>
	=====	=====
Gross impaired financing as a percentage of gross financing, advances and others	0.98%	1.09%
	=====	=====

BIMB Holdings Berhad (423858-X)
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14. Financing, advances and others (continued)

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
(h) Impaired financing by geographical distribution		
Central Region	142,841	184,568
Eastern Region	92,848	47,369
Northern Region	36,299	35,880
Southern Region	31,329	29,892
East Malaysia Region	86,128	83,561
	<hr/>	<hr/>
	389,445	381,270
	=====	=====
(i) Impaired financing by sector		
Primary agriculture	1,311	1,307
Manufacturing (including agro-based)	36,739	6,650
Wholesale & retail trade, and hotels & restaurants	25,651	24,986
Construction	13,714	56,344
Transport, storage and communications	15,579	29,332
Finance, insurance and business activities	70,948	69,533
Education, health and others	3,076	7,502
Household sectors	222,427	185,616
	<hr/>	<hr/>
	389,445	381,270
	=====	=====
(j) Movement of allowance for impaired financing		
<u>Collective assessment allowance</u>		
At 1 January 2016/2015	541,065	444,388
Allowance made during the year	161,667	189,391
Amount written off	(146,725)	(94,748)
Exchange differences	(1,036)	2,034
	<hr/>	<hr/>
At 31 December 2016/31 December 2015	554,971	541,065
	=====	=====

BIMB Holdings Berhad (423858-X)
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14. Financing, advances and others (continued)

(j) Movement of allowance for impaired financing (continued)

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
<u>Individual assessment allowance</u>		
At 1 January 2016/2015	124,471	142,753
Allowance made during the year	54,566	46,420
Amount recovered	(23,904)	(32,272)
Amount written off	(29,928)	(44,139)
Exchange differences	2,993	11,709
	<hr/>	<hr/>
At 31 December 2016/31 December 2015	128,198	124,471
	<hr/> <hr/>	<hr/> <hr/>

15. Other assets

	31.12.2016	31.12.2015
	RM'000	RM'000
Group		
Clients' and dealers' debit balances	63,599	215,265
Deposits and prepayments	46,237	47,600
Other financing	81,850	85,496
Other receivables	253,075	138,494
	<hr/>	<hr/>
	444,761	486,855
	<hr/> <hr/>	<hr/> <hr/>
Company		
Amount due from subsidiaries	479	887
Deposits and prepayments	409	429
Income receivable	1,410	966
Other receivables	35	59
	<hr/>	<hr/>
	2,333	2,341
	<hr/> <hr/>	<hr/> <hr/>

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16. Takaful assets

		Group	
	Note	31.12.2016	31.12.2015
		RM'000	RM'000
Retakaful assets:			
- Claims liabilities	21(a)(i)	261,426	404,205
- Contribution liabilities	21(a)(ii)	62,969	55,893
- Actuarial liabilities	21(a)(iii)	144,096	242,477
		-----	-----
		468,491	702,575
		-----	-----
Takaful receivables			
- Due contributions		136,214	119,350
- Due from retakaful/co-takaful		42,869	36,440
		-----	-----
		179,083	155,790
Less: Allowance for impaired receivables		(9,375)	(7,517)
		-----	-----
		169,708	148,273
		-----	-----
		638,199	850,848
		=====	=====

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17. Deposits from customers

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
(a) By type of deposit		
Savings deposits		
<i>Wadiah</i>	4,131,604	4,674,687
Demand deposits		
<i>Wadiah</i>	9,928,598	10,567,552
Term Deposit	31,325,023	27,781,846
Special Investment Deposit <i>Mudharabah</i>	27,711	26,058
General Investment Deposit <i>Mudharabah</i>	394,472	478,802
Term Deposit-i <i>Tawarruq</i>	27,833,428	23,982,499
Negotiable Islamic Debt Certificates (NIDC) <i>Waheed-i</i>	3,069,412	3,287,644
	-	6,843
Others	106,528	94,444
Total Deposits	45,491,753	43,118,529
	45,491,753	43,118,529
(b) Maturity structure of term deposits are as follows:		
Due within six months	26,108,266	22,794,274
More than six months to one year	4,157,963	4,000,106
More than one year to three years	690,590	946,690
More than three years to five years	368,204	40,776
	31,325,023	27,781,846
	31,325,023	27,781,846

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17. Deposits from customers (continued)

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
(c) By type of customer		
Domestic non-bank financial institutions	15,053,052	11,144,330
Business enterprises	11,730,076	12,183,999
Government and statutory bodies	6,890,474	7,419,397
Individuals	4,817,561	5,576,637
Domestic banking institutions	2,994,256	2,590,445
Others	4,006,334	4,203,721
	<u>45,491,753</u>	<u>43,118,529</u>

18. Investment accounts of customers

(a) By type and Shariah contract

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
Unrestricted investment accounts		
Without maturity		
<i>Mudharabah</i>	1,516,844	461,312
With maturity		
<i>Wakalah</i>	2,057,027	214,793
	<u>3,573,871</u>	<u>676,105</u>
Restricted investment accounts ("RIA") managed by Bank Islam[^]		
With maturity		
<i>Wakalah</i>	141,343	82,567
	<u>141,343</u>	<u>82,567</u>

[^] Included in RIA managed by Bank Islam ("the Bank") is an arrangement between the Bank and its ultimate holding entity where the Bank acts as an investment agent to manage and administer the RIA, with underlying assets amounting to RM141,033,000 (2015:RM82,567,000).

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18. Investment accounts of customers (continued)

(b) By type of customers

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
Individuals	1,677,636	458,801
Government and statutory bodies	762,888	9
Business enterprises	737,961	397
Non-bank financial institutions	237,735	214,763
Bank and other financial institutions	45,919	-
Others	111,732	2,135
	<u>3,573,871</u>	<u>676,105</u>
	=====	=====

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18. Investment accounts of customers (continued)

(c) Movement of investment accounts of customers

Group	Unrestricted investment accounts			Restricted investment accounts
	Mudharabah RM'000	Wakalah RM'000	Total RM'000	Wakalah RM'000
As at 1 January 2015	-	-	-	-
<i>Funding inflows/outflows:</i>				
Net movement	461,046	-	461,046	-
New placement	-	212,315	212,315	83,998
Redemption/Principal repayment	-	-	-	(2,118)
Income from investment	13,861	2,932	16,793	1,087
<i>Bank Islam's share of profit:</i>				
Profit distributed to Mudharib	(13,595)	-	(13,595)	-
Wakalah performance incentive fee	-	(454)	(454)	(400)
As at 31 December 2015/ 1 January 2016	461,312	214,793	676,105	82,567
<i>Funding inflows/outflows:</i>				
Net movement	1,054,331	-	1,054,331	-
New placement	-	12,316,909	12,316,909	75,412
Redemption/Principal repayment	-	(10,500,249)	(10,500,249)	(20,256)
Income from investment	61,379	34,620	95,999	8,948
<i>Bank Islam's share of profit:</i>				
Profit distributed to Mudharib	(60,178)	-	(60,178)	-
Wakalah performance incentive fee	-	(9,046)	(9,046)	(5,328)
	<u>1,516,844</u>	<u>2,057,027</u>	<u>3,573,871</u>	<u>141,343</u>
<i>Investment portfolio:</i>				
2015				
House financing	461,312	214,793	676,105	-
Personal financing	-	-	-	-
Other term financing	-	-	-	82,567
	<u>461,312</u>	<u>214,793</u>	<u>676,105</u>	<u>82,567</u>
2016				
House financing	1,516,844	1,051,279	2,568,123	-
Personal financing	-	1,005,748	1,005,748	-
Other term financing	-	-	-	141,343
	<u>1,516,844</u>	<u>2,057,027</u>	<u>3,573,871</u>	<u>141,343</u>

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18. Investment accounts of customers (continued)

(d) By maturity structures, profit sharing ratio and rate of return

	Investment account holders			Bank Islam's wakalah performance incentive fee (%)
	Total Amount RM'000	Average profit sharing ratio (%)	Average rate of return (%)	
2016				
Unrestricted investment accounts:				
<i>Less than 3 months</i>				
- <i>Mudharabah</i>	1,516,844	2	0.13	-
- <i>Wakalah</i>	1,863,040	-	3.61	1.27
	<u>3,379,884</u>			
<i>Between 3 to 12 months</i>				
- <i>Wakalah</i>	193,987	-	3.72	1.16
	<u>3,573,871</u>			
	=====			
Restricted investment accounts:				
<i>Between 2 to 5 years</i>	141,343	-	3.00	1.18
	<u>141,343</u>			
	=====			
2015				
Unrestricted investment accounts:				
<i>Less than 3 months</i>				
- <i>Mudharabah</i>	461,312	2	0.12	-
- <i>Wakalah</i>	214,793	-	3.78	0.69
	<u>676,105</u>			
	=====			
Restricted investment accounts:				
<i>Between 2 to 5 years</i>	82,567	-	3.00	0.98
	<u>82,567</u>			
	=====			

19. Deposits and placements of banks and other financial institutions

	Group	
	31.12.2016 RM'000	31.12.2015 RM'000
<i>Mudharabah fund</i>		
Licensed Islamic banks	30,000	-
	<u>30,000</u>	<u>-</u>
	=====	=====

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20. Other liabilities

	31.12.2016	31.12.2015
	RM'000	RM'000
Group		
Accruals and other payables	836,208	745,785
Clients' and dealers' credit balances	63,205	214,578
Dividend payable	206,529	188,150
	<u>1,105,942</u>	<u>1,148,513</u>
	=====	=====
Company		
Accruals and other payables	3,607	3,684
Amount due to subsidiaries	1	274
Dividend payable	206,529	188,150
	<u>210,137</u>	<u>192,108</u>
	=====	=====

The amount due to subsidiaries is non-trade, unsecured, not subject to financing charge and repayable on demand.

21. Takaful liabilities

		Group	
	Note	31.12.2016	31.12.2015
		RM'000	RM'000
Takaful contract liabilities	21(a)	6,396,375	6,350,983
Expense reserves	21(b)	159,310	142,258
Takaful payables	21(c)	83,411	95,647
		<u>6,639,096</u>	<u>6,588,888</u>
		=====	=====

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21. Takaful liabilities (continued)

(a) Takaful contract liabilities

The takaful contract liabilities comprise the following:

		Group	
	Note	31.12.2016	31.12.2015
		RM'000	RM'000
Provision for outstanding claims	21(a)(i)	582,184	741,069
Provision for unearned contributions	21(a)(ii)	316,569	297,773
Participants' fund	21(a)(iii)	5,497,622	5,312,141
		<u>6,396,375</u>	<u>6,350,983</u>
		=====	=====

(i) Provision for outstanding claims

The provision for outstanding claims is further analysed as follows:

	Gross	31.12.2016	Net
	RM'000	Retakaful	RM'000
		RM'000	RM'000
Group			
Provision for claims reported by participants	259,275	(150,305)	108,970
Provision for IBNR*	322,909	(111,121)	211,788
	<u>582,184</u>	<u>(261,426)</u>	<u>320,758</u>
	=====	=====	=====
		Note 16	

	Gross	31.12.2015	Net
	RM'000	Retakaful	RM'000
		RM'000	RM'000
Group			
Provision for claims reported by participants	393,705	(277,771)	115,934
Provision for IBNR*	347,364	(126,434)	220,930
	<u>741,069</u>	<u>(404,205)</u>	<u>336,864</u>
	=====	=====	=====
		Note 16	

* Incurred-but-not-reported ("IBNR")

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21. Takaful liabilities (continued)

(a) Takaful contract liabilities (continued)

(i) Provision for outstanding claims (continued)

Movement of provision for outstanding claims:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
At 1 January 2015	808,491	(405,867)	402,624
Claims incurred during the year	961,213	(194,906)	766,307
Adjustment to claims incurred in prior accident years	(69,483)	25,192	(44,291)
Claims paid during the year	(910,336)	155,586	(754,750)
(Decrease)/Increase in IBNR	(53,636)	16,531	(37,105)
Effect of movement in exchange rates	4,820	(741)	4,079
	-----	-----	-----
At 31 December 2015/ 1 January 2016	741,069	(404,205)	336,864
Claims incurred during the year	1,053,099	(161,586)	891,513
Adjustment to claims incurred in prior accident years	(60,464)	44,530	(15,934)
Claims paid during the year	(1,127,519)	244,762	(882,757)
(Decrease)/Increase in IBNR	(24,576)	15,275	(9,301)
Effect of movement in exchange rates	575	(202)	373
	-----	-----	-----
At 31 December 2016	582,184	(261,426)	320,758
	=====	=====	=====

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21. Takaful liabilities (continued)

(a) Takaful contract liabilities (continued)

(ii) Provision for unearned contributions

The provision for unearned contributions is further analysed as follows:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
31.12.2016	316,569	(62,969)	253,600
	=====	=====	=====
		Note 16	
31.12.2015	297,773	(55,893)	241,880
	=====	=====	=====
		Note 16	

Movement of provision for unearned contributions:

	Gross RM'000	Group Retakaful RM'000	Net RM'000
At 1 January 2015	290,899	(69,949)	220,950
Contributions written during the year	476,329	(186,996)	289,333
Contributions earned during the year	(470,740)	201,266	(269,474)
Effect of movement in exchange rates	1,285	(214)	1,071
	-----	-----	-----
At 31 December 2015/ 1 January 2016	297,773	(55,893)	241,880
Contributions written during the year	516,247	(201,122)	315,125
Contributions earned during the year	(498,227)	194,207	(304,020)
Effect of movement in exchange rates	776	(161)	615
	-----	-----	-----
At 31 December 2016	316,569	(62,969)	253,600
	=====	=====	=====

BIMB Holdings Berhad (423858-X)
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21. Takaful liabilities (continued)

(a) Takaful contract liabilities (continued)

(iii) Participants' fund

Participants' fund balance at end of the reporting period comprises the following:

	Gross	Group	Net
	RM'000	Retakaful	RM'000
		RM'000	RM'000
31.12.2016			
Actuarial liabilities	4,389,596	(144,096)	4,245,500
Unallocated surplus/accumulated surplus	954,378	-	954,378
AFS reserve	(54,684)	-	(54,684)
Translation reserve	(872)	-	(872)
Net assets value attributable to unitholders	209,204	-	209,204
	<u>5,497,622</u>	<u>(144,096)</u>	<u>5,353,526</u>
	=====	=====	=====
		Note 16	
31.12.2015			
Actuarial liabilities	4,222,570	(242,477)	3,980,093
Unallocated surplus/accumulated surplus	1,001,257	-	1,001,257
AFS reserve	(81,639)	-	(81,639)
Translation reserve	(162)	-	(162)
Net assets value attributable to unitholders	170,115	-	170,115
	<u>5,312,141</u>	<u>(242,477)</u>	<u>5,069,664</u>
	=====	=====	=====
		Note 16	

(b) Expense reserves

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
At 1 January 2016/2015	142,258	142,127
Provision for the year, net	16,676	(333)
Effect of movement in exchange rates	376	464
	<u>159,310</u>	<u>142,258</u>
	=====	=====

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21. Takaful liabilities (continued)

(c) Takaful payables

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
Due to retakaful companies	65,610	73,197
Due to Intermediaries/Participants	17,801	22,450
	<u>83,411</u>	<u>95,647</u>
	=====	=====

22. Sukuk liabilities

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Sukuk liabilities	1,227,494	1,178,585	1,227,494	1,178,585
Subordinated Sukuk Murabahah	654,257	704,380	-	-
	<u>1,881,751</u>	<u>1,882,965</u>	<u>1,227,494</u>	<u>1,178,585</u>
	=====	=====	=====	=====

The Sukuk liabilities comprise the following:

- a) The 10-year Islamic securities of RM1.66 billion (2015: RM1.66 billion) in nominal value issued by the Company on 12 December 2013; and
- b) Two (2) Tranches of the Subordinated Sukuk Murabahah amounting to RM700 million (December 2015: RM700 million) issued by Bank Islam Malaysia Berhad are as follows:
 - On 22 April 2015, the Bank issued the first tranche of RM300 million in nominal value of the 10-year Subordinated Sukuk Murabahah which is due on 22 April 2025, with optional redemption on 22 April 2020 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.75% per annum payable semi-annually in arrears.
 - On 15 December 2015, the Bank issued the second tranche of RM400 million which is due on 15 December 2025, with optional redemption on 15 December 2020 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.50% per annum payable semi-annually in arrears.

The Subordinated Sukuk Murabahah qualifies as Tier II capital for the computation of the regulatory capital of the Bank in accordance with the Capital Adequacy Framework (Capital Components) for Islamic Banks issued by BNM.

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23. Other reserves

Breakdown of other reserves are as follows:

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
Capital reserve	6,863	6,863
Warrant reserve	129,300	129,300
Statutory reserve	1,124,774	992,022
Fair value reserve	(42,601)	(16,356)
Translation reserve	(138,991)	(123,644)
LTIP reserve	4,611	4,613
	<u>1,083,956</u>	<u>992,798</u>
Acquisition reserve	(1,199,747)	(1,199,747)
	<u>(115,791)</u>	<u>(206,949)</u>
	=====	=====

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23. Other reserves (continued)

Group	Capital reserve RM'000	Statutory reserve RM'000	Warrant reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	LTIP* reserve RM'000	Total RM'000
At 1 January 2015	6,863	738,606	129,300	(24,669)	(40,283)	3,099	812,916
Foreign exchange translation differences	-	-	-	-	(83,361)	-	(83,361)
Fair value reserve:							
Net change in fair value	-	-	-	17,143	-	-	17,143
Net amount reclassified to profit or loss	-	-	-	(16,110)	-	-	(16,110)
Income tax credit relating to components of other comprehensive income	-	-	-	7,280	-	-	7,280
Transfer from current year profit	-	253,416	-	-	-	-	253,416
Share-based payment transactions	-	-	-	-	-	2,326	2,326
LTIP exercised	-	-	-	-	-	(812)	(812)
At 31 December 2015	<u>6,863</u>	<u>992,022</u>	<u>129,300</u>	<u>(16,356)</u>	<u>(123,644)</u>	<u>4,613</u>	<u>992,798</u>
At 1 January 2016	6,863	992,022	129,300	(16,356)	(123,644)	4,613	992,798
Foreign exchange translation differences	-	-	-	-	(15,347)	-	(15,347)
Fair value reserve:							
Net change in fair value	-	-	-	15,769	-	-	15,769
Net amount reclassified to profit or loss	-	-	-	(50,659)	-	-	(50,659)
Income tax credit relating to components of other comprehensive income	-	-	-	8,645	-	-	8,645
Transfer from current year profit	-	132,752	-	-	-	-	132,752
Share-based payment transactions	-	-	-	-	-	3,927	3,927
LTIP exercised	-	-	-	-	-	(3,929)	(3,929)
At 31 December 2016	<u>6,863</u>	<u>1,124,774</u>	<u>129,300</u>	<u>(42,601)</u>	<u>(138,991)</u>	<u>4,611</u>	<u>1,083,956</u>

* Long Term Incentive Plan

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24. Income derived from investment of depositors' funds

Group	Quarter		Year-to-date	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	14,356	9,701	55,715	74,986
(ii) Term deposit-i	353,220	328,043	1,339,854	1,209,301
(iii) Saving and demand deposits	176,840	191,240	793,868	761,132
(iv) Other deposits	32,281	29,049	152,767	158,264
	<u>576,697</u>	<u>558,033</u>	<u>2,342,204</u>	<u>2,203,683</u>
	=====	=====	=====	=====

BIMB Holdings Berhad (423858-X)
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24. Income derived from investment of depositors' funds (continued)

(i) Income derived from investment of general investment deposits

Group	Quarter 3 months ended		Year-to-date 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Finance income and hibah				
Financing, advances and others	12,394	7,260	46,815	60,344
Financial assets:				
- Held-for-trading	129	125	497	1,025
- Available-for-sale	1,863	1,804	6,207	10,326
- Held-to-maturity	19	80	128	174
Money at call and deposit with financial institutions	201	348	697	2,576
	<u>14,606</u>	<u>9,617</u>	<u>54,344</u>	<u>74,445</u>
Other dealing income				
Net (loss)/gain from sale of financial assets held-for-trading	(119)	(16)	149	103
Net (loss)/gain on revaluation of financial assets held-for-trading	(212)	34	(70)	(20)
	<u>(331)</u>	<u>18</u>	<u>79</u>	<u>83</u>
Other operating income				
Net gain from sale of financial assets available-for-sale	81	66	1,292	458
	<u>81</u>	<u>66</u>	<u>1,292</u>	<u>458</u>
	<u>14,356</u>	<u>9,701</u>	<u>55,715</u>	<u>74,986</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<i>181</i>	<i>244</i>	<i>827</i>	<i>1,212</i>

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24. Income derived from investment of depositors' funds (continued)

(ii) **Income derived from investment of term deposit-i**

Group	Quarter 3 months ended		Year-to-date 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Finance income and hibah				
Financing, advances and others	300,636	282,527	1,137,396	1,014,402
Financial assets:				
- Held-for-trading	3,401	2,405	11,313	13,613
- Available-for-sale	48,727	33,607	142,503	139,074
- Held-to-maturity	527	1,438	2,861	2,603
Money at call and deposit with financial institutions	5,304	6,591	16,007	33,529
	<u>358,595</u>	<u>326,568</u>	<u>1,310,080</u>	<u>1,203,221</u>
Other dealing income				
Net (loss)/gain from sale of financial assets held-for-trading	(2,842)	(257)	2,995	695
Net (loss)/gain on revaluation of financial assets held-for-trading	(5,173)	532	(2,247)	(603)
	<u>(8,015)</u>	<u>275</u>	<u>748</u>	<u>92</u>
Other operating income				
Net gain from sale of financial assets available-for-sale	2,640	1,200	29,026	5,988
	<u>2,640</u>	<u>1,200</u>	<u>29,026</u>	<u>5,988</u>
	<u>353,220</u>	<u>328,043</u>	<u>1,339,854</u>	<u>1,209,301</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<i>4,840</i>	<i>4,477</i>	<i>18,818</i>	<i>16,543</i>

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24. Income derived from investment of depositors' funds (continued)

(iii) **Income derived from investment of saving and demand deposits**

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and others	150,614	165,172	673,911	638,463
Financial assets:				
- Held-for-trading	1,755	1,320	6,703	8,568
- Available-for-sale	25,786	19,330	84,433	87,533
- Held-to-maturity	236	885	1,695	1,638
Money at call and deposit with financial institutions	2,791	3,683	9,484	21,103
	<u>181,182</u>	<u>190,390</u>	<u>776,226</u>	<u>757,305</u>
Other dealing income				
Net (loss)/gain from sale of financial assets held-for-trading	(1,876)	(178)	1,775	438
Net (loss)/gain on revaluation of financial assets held-for-trading	(3,162)	355	(1,331)	(380)
	<u>(5,038)</u>	<u>177</u>	<u>444</u>	<u>58</u>
Other operating income				
Net gain from sale of financial assets available-for-sale	696	673	17,198	3,769
	<u>696</u>	<u>673</u>	<u>17,198</u>	<u>3,769</u>
	<u>176,840</u>	<u>191,240</u>	<u>793,868</u>	<u>761,132</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>2,408</u>	<u>2,609</u>	<u>11,150</u>	<u>10,413</u>

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24. Income derived from investment of depositors' funds (continued)

(iv) **Income derived from investment of other deposits**

Group	Quarter 3 months ended		Year-to-date 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Finance income and hibah				
Financing, advances and others	27,499	25,445	129,683	132,757
Financial assets:				
- Held-for-trading	324	139	1,290	1,782
- Available-for-sale	4,796	2,737	16,248	18,201
- Held-to-maturity	42	170	327	341
Money at call and deposit with financial institutions	518	438	1,825	4,388
	<u>33,179</u>	<u>28,929</u>	<u>149,373</u>	<u>157,469</u>
Other dealing income				
Net (loss)/gain from sale of financial assets held-for-trading	(372)	(49)	341	91
Net (loss)/gain on revaluation of financial assets held-for-trading	(613)	88	(256)	(79)
	<u>(985)</u>	<u>39</u>	<u>85</u>	<u>12</u>
Other operating income				
Net gain from sale of financial assets available-for-sale	87	81	3,309	783
	<u>87</u>	<u>81</u>	<u>3,309</u>	<u>783</u>
	<u>32,281</u>	<u>29,049</u>	<u>152,767</u>	<u>158,264</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>439</u>	<u>395</u>	<u>2,145</u>	<u>2,164</u>

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25. Income derived from investment account funds

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Finance income				
Unrestricted investment accounts				
- <i>Mudharabah</i>	19,925	7,045	61,379	13,861
- <i>Wakalah</i>	24,350	2,493	40,902	2,932
	<u>44,275</u>	<u>9,538</u>	<u>102,281</u>	<u>16,793</u>
	=====	=====	=====	=====

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26. Income derived from investment of shareholders' funds

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and others	1,646	1,503	6,355	6,033
Financial assets available-for-sale	14,581	40,640	125,468	144,473
Money at call and deposits with financial institutions	848	(297)	5,814	3,504
	<u>17,075</u>	<u>41,846</u>	<u>137,637</u>	<u>154,010</u>
Other dealing income				
Net gain from foreign exchange transactions	22,110	22,456	73,114	81,668
Net gain/(loss) from sale of financial assets held-for-trading	1	161	(213)	474
Net gain on revaluation of financial assets held-for-trading	2	16	362	180
Net derivatives gain/(loss)	2,884	(3,781)	(4,515)	(1,152)
	<u>24,997</u>	<u>18,852</u>	<u>68,748</u>	<u>81,170</u>
Other operating income				
Net gain from sale of financial assets available-for-sale	-	-	424	-
Gain on liquidation of securities	-	3,737	-	3,737
Reversal of/(Allowance for) doubtful debts	1	(4)	4	48
Gross dividend income from securities:				
- Quoted in Malaysia	33	24	69	335
- Unquoted in Malaysia	-	-	1,612	1,612
- Unit trust in Malaysia	1,032	923	4,190	1,543
- Unit trust outside Malaysia	-	-	-	82
Fees and commission	26,543	52,564	179,581	192,815
Net gain on disposal of property and equipment	1,009	598	551	101
Gain on disposal of shares in associated company	-	-	-	247
Rental income	403	363	1,439	1,981
Others	77	8,158	173	8,613
	<u>29,098</u>	<u>66,363</u>	<u>188,043</u>	<u>211,114</u>
	<u>71,170</u>	<u>127,061</u>	<u>394,428</u>	<u>446,294</u>

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26. Income derived from investment of shareholders' funds (continued)

Company	Quarter		Year-to-date	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Money at call and deposits with financial institutions	3,048	2,277	10,394	5,649
	<u>3,048</u>	<u>2,277</u>	<u>10,394</u>	<u>5,649</u>
	-----	-----	-----	-----
Other operating income				
Gross dividend income from securities:				
- Unit trust in Malaysia	268	102	811	642
Gross dividend income from subsidiary companies	510	-	298,505	291,264
Gain on disposal of shares in associated company	-	-	-	247
Others	1	2	3	22
	<u>779</u>	<u>104</u>	<u>299,319</u>	<u>292,175</u>
	-----	-----	-----	-----
	<u>3,827</u>	<u>2,381</u>	<u>309,713</u>	<u>297,824</u>
	=====	=====	=====	=====

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27. Net income from Takaful business

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Net earned contributions				
Gross earned contributions	444,058	380,776	1,725,099	1,518,984
Contribution ceded to retakaful	(64,784)	(61,145)	(242,172)	(262,578)
	<u>379,274</u>	<u>319,631</u>	<u>1,482,927</u>	<u>1,256,406</u>
	-----	-----	-----	-----
Other income				
Administration income	20,487	9,644	56,583	40,267
Investment income	69,269	68,457	275,381	264,962
Realised gains and losses	(21,886)	7,590	(2,997)	21,404
Fair value gains and losses	19	13,839	15,562	(7,784)
Other operating income	2,459	(2,498)	6,002	14,039
	<u>70,348</u>	<u>97,032</u>	<u>350,531</u>	<u>332,888</u>
	-----	-----	-----	-----
Net benefits and claims				
Gross benefits and claims paid	(283,193)	(221,339)	(1,127,519)	(910,336)
Claims ceded to retakaful	66,004	37,583	244,762	155,586
Gross change to contract liabilities	64,014	43,345	159,460	72,242
Change to contract liabilities ceded to takaful	(31,465)	(11,229)	(142,981)	(2,403)
	<u>(184,640)</u>	<u>(151,640)</u>	<u>(866,278)</u>	<u>(684,911)</u>
	-----	-----	-----	-----
Expense reserves	(8,311)	(2,983)	(16,676)	333
	-----	-----	-----	-----
Income from takaful business	256,671	262,040	950,504	904,716
Profits attributable to participants/ takaful operator	(93,445)	(72,759)	(266,547)	(261,279)
	<u>163,226</u>	<u>189,281</u>	<u>683,957</u>	<u>643,437</u>
	=====	=====	=====	=====

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28. Allowance for impairment on financing and advances

Group	Quarter		Year-to-date	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired financing, advances and others				
- collective assessment allowance	39,781	50,412	161,667	189,391
- individual assessment allowance	(4,262)	(12,693)	30,662	14,148
Bad debts and financing recovered	(31,401)	(19,019)	(100,224)	(134,208)
	<u>4,118</u>	<u>18,700</u>	<u>92,105</u>	<u>69,331</u>
	=====	=====	=====	=====

29. Income attributable to depositors

Group	Quarter		Year-to-date	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah Fund	3,338	4,141	18,467	62,413
- Non-Mudharabah Fund	261,776	257,997	1,012,306	949,434
Deposits and placements of banks and other financial institutions				
- Mudharabah Fund	-	-	-	2,261
- Non-Mudharabah Fund	428	1,493	30,640	4,037
	<u>265,542</u>	<u>263,631</u>	<u>1,061,413</u>	<u>1,018,145</u>
	=====	=====	=====	=====

30. Income attributable to investment account holders

Group	Quarter		Year-to-date	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	397	148	1,201	266
- <i>Wakalah</i>	15,706	2,181	25,574	2,477
	<u>16,103</u>	<u>2,329</u>	<u>26,775</u>	<u>2,743</u>
	=====	=====	=====	=====

BIMB Holdings Berhad (423858-X)
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31. Personnel expenses

	Quarter		Year-to-date	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Group				
Salaries and wages	113,482	130,145	518,586	483,091
Employees' Provident Fund	15,543	14,744	66,522	61,517
Directors' remuneration	17,616	18,417	23,743	23,419
Others	20,701	15,667	64,836	57,842
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	167,342	178,973	673,687	625,869
	<hr/>	<hr/>	<hr/>	<hr/>
Company				
Salaries and wages	169	2,263	5,790	6,513
Employees' Provident Fund	160	117	634	474
Directors' remuneration	511	505	1,762	1,399
Others	125	238	550	556
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	965	3,123	8,736	8,942
	<hr/>	<hr/>	<hr/>	<hr/>

BIMB Holdings Berhad (423858-X)
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32. Other overhead expenses

Group	Quarter		Year-to-date	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Promotion				
Advertisement and publicity	12,868	7,416	47,374	30,645
Credit and debit card expenses	6,326	6,758	25,513	21,029
Commission	5,466	31,805	122,916	141,355
	<u>24,660</u>	<u>45,979</u>	<u>195,803</u>	<u>193,029</u>
	-----	-----	-----	-----
Establishment				
Office rental	14,372	12,874	57,061	55,758
Depreciation of property and equipment	18,272	18,527	72,580	77,664
Depreciation of investment property	3	(64)	224	145
Information technology expenses	14,952	5,586	49,978	32,096
Rental equipment	1,143	1,787	5,055	6,250
Office maintenance	7,051	7,421	22,504	23,764
Utilities	6,219	5,423	22,659	20,391
Security services	5,220	2,630	18,138	14,094
Takaful and insurance	1,580	(761)	10,353	8,873
Others	185	152	1,190	1,005
	<u>68,997</u>	<u>53,575</u>	<u>259,742</u>	<u>240,040</u>
	-----	-----	-----	-----
General expenses				
Auditors' remuneration	605	609	2,300	2,078
Professional fees	15,034	16,489	45,080	36,333
Office supplies	3,094	2,842	11,250	10,758
Travelling & transport	3,956	3,185	11,890	11,006
Subscription fees	919	1,447	4,150	3,620
Outsourcing fees	8,112	3,328	20,891	16,861
Processing charges	236	460	852	1,933
Others	42,925	60,326	122,516	133,631
	<u>74,881</u>	<u>88,686</u>	<u>218,929</u>	<u>216,220</u>
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	<u>168,538</u>	<u>188,240</u>	<u>674,474</u>	<u>649,289</u>
	=====	=====	=====	=====

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32. Other overhead expenses (continued)

Company	Quarter		Year-to-date	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Advertisement and publicity	144	271	507	1,423
	144	271	507	1,423
	-----	-----	-----	-----
<i>Establishment</i>				
Office rental	255	255	1,014	1,002
Depreciation of property and equipment	79	171	406	686
Information technology expenses	12	72	22	86
Rental equipment	23	24	97	101
Office maintenance	8	5	19	34
Utilities	12	8	37	27
Takaful and insurance	29	39	116	101
	418	574	1,711	2,037
	-----	-----	-----	-----
<i>General expenses</i>				
Auditors' remuneration	173	54	286	150
Professional fees	656	336	1,118	342
Office supplies	19	19	55	60
Travelling & transport	20	7	39	13
Subscription fees	-	1	2	3
Others	583	455	1,624	2,152
	1,451	872	3,124	2,720
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	-----	-----	-----	-----
	2,013	1,717	5,342	6,180
	=====	=====	=====	=====

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33. Operating segment information

The Group comprises of the following main business segments:

Banking	Islamic banking and provision of related services.
Takaful	Underwriting of family and general Islamic insurance ("Takaful").
Others	Investment holding, currency trading, ijarah financing, stockbroking and unit trust.

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33. Operating segment information (continued)

Quarter ended 31 December 2016	Banking	Takaful	Others	Elimination	Consolidated
<i>Business segments</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment result					
Revenue from external customers	692,389	161,702	2,720	-	856,811
Inter-segment revenue	29,376	8,309	4,770	(42,455)	-
Total revenue	721,765	170,011	7,490	(42,455)	856,811
Net income from operations (before allowance for impairment on financing and other assets)	434,405	170,011	7,490	(36,740)	575,166
Operating overheads	(241,162)	(126,946)	(6,304)	33,465	(340,947)
Operating results	193,243	43,065	1,186	(3,275)	234,219
Allowance for impairment	(4,374)	-	-	-	(4,374)
Finance cost	(9,893)	-	(18,649)	2,765	(25,777)
Profit before zakat and taxation	178,976	43,065	(17,463)	(510)	204,068

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33. Operating segment information (continued)

Quarter ended 31 December 2015	Banking	Takaful	Others	Elimination	Consolidated
<i>Business segments</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment result					
Revenue from external customers	683,646	188,141	12,470	-	884,257
Inter-segment revenue	(128)	1,776	(5,561)	3,913	-
Total revenue	683,518	189,917	6,909	3,913	884,257
Net income from operations (before allowance for impairment on financing and other assets)	413,623	189,917	6,909	7,848	618,297
Operating overheads	(229,019)	(141,557)	(8,620)	7,137	(372,059)
Operating results	184,604	48,360	(1,711)	14,985	246,238
Allowance for impairment	(23,188)	-	-	-	(23,188)
Finance cost	(5,373)	-	(17,416)	-	(22,789)
Profit before zakat and taxation	156,043	48,360	(19,127)	14,985	200,261

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33. Operating segment information (continued)

Year-to-date 12 months ended 31 December 2016	Banking	Takaful	Others	Elimination	Consolidated
<i>Business segments</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment result					
Revenue from external customers	2,838,654	677,188	12,356	-	3,528,198
Inter-segment revenue	30,128	15,463	312,441	(358,032)	-
Total revenue	2,868,782	692,651	324,797	(358,032)	3,528,198
Net income from operations (before allowance for impairment on financing and other assets)	1,760,758	692,651	324,797	(338,196)	2,440,010
Operating overheads	(909,129)	(468,713)	(27,122)	36,416	(1,368,548)
Operating results	851,629	223,938	297,675	(301,780)	1,071,462
Allowance for impairment	(91,752)	-	-	-	(91,752)
Finance cost	(39,465)	-	(73,809)	2,765	(110,509)
Profit before zakat and taxation	720,412	223,938	223,866	(299,015)	869,201
Segment assets	55,676,697	7,693,806	5,540,532	(5,765,908)	63,145,127
Segment liabilities	51,291,231	6,974,410	1,502,934	(840,585)	58,927,990

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33. Operating segment information (continued)

Year-to-date 12 months ended 31 December 2015	Banking	Takaful	Others	Elimination	Consolidated
<i>Business segments</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Segment result					
Revenue from external customers	2,648,329	640,015	22,263	-	3,310,607
Inter-segment revenue	1,067	6,013	290,741	(297,821)	-
Total revenue	2,649,396	646,028	313,004	(297,821)	3,310,607
Net income from operations (before allowance for impairment on financing and other assets)	1,617,703	646,028	313,004	(287,016)	2,289,719
Operating overheads	(845,194)	(439,491)	(29,221)	15,837	(1,298,069)
Operating results	772,509	206,537	283,783	(271,179)	991,650
Allowance for impairment	(73,819)	-	-	-	(73,819)
Finance cost	(13,029)	-	(70,366)	-	(83,395)
Profit before zakat and taxation	685,661	206,537	213,417	(271,179)	834,436
Segment assets	49,763,719	7,474,108	5,459,902	(5,333,901)	57,363,828
Segment liabilities	45,731,151	6,785,048	1,592,406	(440,503)	53,668,102

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34. Valuation of property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. There was no valuation carried out during the financial year ended 31 December 2016.

35. Changes in composition of the Group

There were no changes in the composition of the Group for the financial year ended 31 December 2016.

36. Fair value of financial instruments

Fair value hierarchy

MFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques adopted are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes profit rates swap and structured debt. The sources of input parameters include Bank Negara Malaysia ("BNM") indicative yields or counterparty credit risk.

There has been no transfer between Level 1 and 2 Fair values during the financial year ended 31 December 2016.

- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include short-term / on demand financial assets and financial liabilities where the carrying amount is a reasonable approximation of their fair value:

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36. Fair value of financial instruments (continued)

Fair value information

31.12.2016 RM'000 Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets										
Financial assets held-for-trading	169,361	608,249	-	777,610	-	-	-	-	777,610	777,610
Derivative financial assets	-	124,572	-	124,572	-	-	-	-	124,572	124,572
Financial assets available-for-sale	669,072	12,920,481	160,112	13,749,665	-	-	5,300	5,300	13,754,965	13,755,389
Financial assets held-to-maturity	-	-	-	-	93,990	482,378	57,703	634,071	634,071	631,086
Financing, advances and others	-	-	-	-	-	-	39,233,082	39,233,082	39,233,082	39,189,274
Total assets	838,433	13,653,302	160,112	14,651,847	93,990	482,378	39,296,085	39,872,453	54,524,300	54,477,931
Financial liabilities										
Derivative financial liabilities	-	111,089	-	111,089	-	-	-	-	111,089	111,089
Sukuk liabilities	-	-	-	-	-	-	1,917,468	1,917,468	1,917,468	1,881,751
Total liabilities	-	111,089	-	111,089	-	-	1,917,468	1,917,468	2,028,557	1,992,840
31.12.2016 Company										
Financial assets										
Financial assets available-for-sale	135,406	-	-	135,406	-	-	-	-	135,406	135,406
Total assets	135,406	-	-	135,406	-	-	-	-	135,406	135,406
Financial liabilities										
Sukuk liabilities	-	-	-	-	-	-	1,227,494	1,227,494	1,227,494	1,227,494
Total liabilities	-	-	-	-	-	-	1,227,494	1,227,494	1,227,494	1,227,494

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36. Fair value of financial instruments (continued)

Fair value information (continued)

31.12.2015 RM'000 Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets										
Financial assets held-for-trading	220,177	449,829	-	670,006	-	-	-	-	670,006	670,006
Derivative financial assets	-	119,259	-	119,259	-	-	-	-	119,259	119,259
Financial assets available-for-sale	879,013	12,759,809	152,641	13,791,463	-	-	5,320	5,320	13,796,783	13,797,205
Financial assets held-to-maturity	-	-	-	-	61,770	522,051	59,352	643,173	643,173	643,164
Financing, advances and others	-	-	-	-	-	-	34,334,821	34,334,821	34,334,821	34,294,690
Total assets	1,099,190	13,328,897	152,641	14,580,728	61,770	522,051	34,399,493	34,983,314	49,564,042	49,524,324
Financial liabilities										
Derivative financial liabilities	-	101,913	-	101,913	-	-	-	-	101,913	101,913
Sukuk liabilities	-	-	-	-	-	-	1,891,568	1,891,568	1,891,568	1,882,965
Total liabilities	-	101,913	-	101,913	-	-	1,891,568	1,891,568	1,993,481	1,984,878
31.12.2015 Company										
Financial assets										
Financial assets available-for-sale	19,215	-	-	19,215	-	-	-	-	19,215	19,215
Total assets	19,215	-	-	19,215	-	-	-	-	19,215	19,215
Financial liabilities										
Sukuk liabilities	-	-	-	-	-	-	1,178,585	1,178,585	1,178,585	1,178,585
Total liabilities	-	-	-	-	-	-	1,178,585	1,178,585	1,178,585	1,178,585

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36. Fair value of financial instruments (continued)

The following table presents the changes in Level 3 instruments for the financial year ended 31 December 2016 for the Group:

	12 months 31.12.2016 RM'000	12 months 31.12.2015 RM'000
<i>Financial assets available-for-sale</i>		
At 1 January 2016 / 2015	152,641	153,933
Purchases	48,545	69,313
Maturities	(48,545)	(73,115)
Gains	7,471	7,130
Allowance for impairment	-	(4,620)
	<hr/>	<hr/>
At 31 December 2016/31 December 2015	160,112	152,641
	<hr/> <hr/>	<hr/> <hr/>

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets available-for-sale	Valued at cost less impairment	Not applicable	Not applicable
Institutional trust account	Discounted cash flows using market profit rate for a similar instrument at the measurement date	4.58% (2015: 4.58%)	The estimated fair value would increase (decrease) if the discount rate were (lower) higher.

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36. Fair value of financial instruments (continued)

(b) Financial instruments not carried at fair value

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Financial investments held-to-maturity ("HTM")

The fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, the fair values are valued at cost less impairment or estimated using discounted cash flow analysis. Where discounted cash flow technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(ii) Financing and advances

The fair values of variable rate financing are estimated to approximate their carrying values. For fixed rate financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired financing, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

(iii) Subordinated Sukuk Murabahah

The fair values of subordinated obligations are estimated by discounting the expected future cash flows using the applicable prevailing profit rates of borrowings with the similar risk profiles.

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37. Off balance sheet financial instruments by value of contracts classified by remaining period to maturity/net re-pricing date (whichever earlier)

Group Items	31.12.2016				
	Principal Amount RM'000	up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000
Foreign exchange related contracts					
- forwards	1,336,779	115,205	388,503	563,500	269,571
- swaps	1,712,077	440,996	350,254	671,724	249,103
- spot	68,714	68,714	-	-	-
Total	3,117,570	624,915	738,757	1,235,224	518,674

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2016, the amount of contracts which were not hedged and, hence, exposed to market risk was RM609.93 million. (31 December 2015: RM668.16 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. This amount will increase or decrease over the life of the contracts, maturity dates and rates or prices. As at 31 December 2016, the credit risk measured in terms of the cost to replace the profitable contracts was RM192.49 million (31 December 2015: RM184.32 million).

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38. Commitments and contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. These exclude all contracts cleared in the normal course of the takaful business.

The off-balance sheet and counterparties credit risk for Bank Islam is as follows:

As at 31.12.2016	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Credit-related Exposures				
Direct credit substitutes	294,460		294,460	293,848
Assets sold with recourse	-		-	-
Transaction related contingent items	952,188		476,094	443,165
Short term self-liquidating trade related contingencies	341,524		68,305	67,309
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	591,031		118,206	88,979
- exceeding one year	1,792,008		896,004	715,873
Unutilised credit card lines	1,140,141		228,028	171,563
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	4,639,610		-	-
	<u>9,750,962</u>	<u>-</u>	<u>2,081,097</u>	<u>1,780,737</u>
Derivative Financial Instruments				
Foreign exchange related contracts				
- Less than one year	3,117,570	117,445	163,823	79,734
Profit rate related contracts				
- Less than one year	200,000	1,397	200	40
- One year to less than five years	400,000	2,729	9,497	1,899
- Five years and above	236,027	3,001	18,971	11,606
	<u>3,953,597</u>	<u>124,572</u>	<u>192,491</u>	<u>93,279</u>
	<u>13,704,559</u>	<u>124,572</u>	<u>2,273,588</u>	<u>1,874,016</u>

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38. Commitments and contingencies (continued)

**The off-balance sheet and counterparties credit risk for Bank Islam is as follows:
(continued)**

As at 31.12.2015	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Credit-related Exposures				
Direct credit substitutes	343,731		343,731	301,001
Assets sold with recourse	2		2	2
Transaction related contingent items	956,822		478,411	413,964
Short term self-liquidating trade related contingencies	374,892		74,978	72,446
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	2,014		403	403
- exceeding one year	837,455		418,728	333,700
Unutilised credit card lines	1,169,445		233,889	176,494
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	5,822,088		-	-
	<u>9,506,449</u>	<u>-</u>	<u>1,550,142</u>	<u>1,298,010</u>
Derivative Financial Instruments				
Foreign exchange related contracts				
- Less than one year	2,323,286	106,402	139,771	67,272
Profit rate related contracts				
- Less than one year	-	-	-	-
- One year to less than five years	600,000	9,200	20,504	4,101
- Five years and above	262,568	3,657	24,048	13,688
	<u>3,185,854</u>	<u>119,259</u>	<u>184,323</u>	<u>85,061</u>
	<u>12,692,303</u>	<u>119,259</u>	<u>1,734,465</u>	<u>1,383,071</u>

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39. Capital adequacy

Total capital and capital adequacy ratios of Bank Islam Group ("the Bank") have been computed based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets) issued on 13 October 2015. The minimum regulatory capital adequacy ratios requirement for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and total capital ratio are 5.125%, 6.625% and 8.625% respectively for the year 2016 (2015: 4.5%, 6.0% and 8.0%). The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

The capital adequacy ratios of the Bank are set out below:

	31.12.2016	31.12.2015
	%	%
Common Equity Tier I ("CET I") Capital Ratio	12.397	12.087
Total Tier I Capital Ratio	12.397	12.087
Total Capital Ratio	15.518	15.320

The components of CET I, Tier I and Tier II capital of Bank Islam:

	31.12.2016	31.12.2015
	RM'000	RM'000
Paid-up share capital	2,404,384	2,363,283
Share premium	264,790	175,452
Retained earnings	523,247	385,913
Other reserves	1,193,045	1,107,920
Less: Deferred tax assets	(48,378)	(35,182)
Total CET I and Tier I Capital	4,337,088	3,997,386
Sukuk Murabahah	700,000	700,000
Collective assessment allowance ^	391,782	369,414
Total Tier II Capital	1,091,782	1,069,414
Total Capital	5,428,870	5,066,800
	=====	=====

^ Collective assessment allowance on non-impaired financing subject to maximum of 1.25% of total credit risk-weighted assets less credit absorbed by unrestricted investment accounts.

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39. Capital adequacy (continued)

The breakdown of risk-weighted assets by each major risk category is as follows:

	31.12.2016	31.12.2015
	RM'000	RM'000
Credit risk	33,908,778	29,841,140
Less: Credit risk absorbed by unrestricted investment accounts	(2,566,180)	(288,030)
Market risk	609,931	668,158
Operational risk	3,031,801	2,851,129
	<u>34,984,330</u>	<u>33,072,397</u>
	=====	=====

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**Explanatory notes pursuant to Appendix 9B of the listing requirements of
Bursa Malaysia Securities Berhad**

B1. Performance review for the financial year ended 31 December 2016

BIMB Holdings Berhad ("BHB") Group reported a Profit Before Zakat and Taxation ("PBZT") for the financial year ended 31 December 2016 of RM869.2 million, representing a growth of 4.2% or RM34.8 million as compared to the corresponding period in 2015 of RM834.4 million. BHB registered a respectable Return on Equity ("ROE") of 21.97% (based on PBZT).

The net profit attributable to shareholders also grew by 2.2% or RM11.8 million to RM559.0 million during the year. Consequently, net asset per share has also improved to RM2.44 as at 31 December 2016 compared to RM2.21 as at 31 December 2015.

Islamic Banking

Bank Islam Group ("Bank Islam" or "the Bank") recorded a PBZT of RM720.4 million for the twelve months period ended 31 December 2016. This represented an increase of 5.1% compared to the previous financial year.

Year-on-year net financing assets grew by RM4.9 billion or 14.3% to reach RM39.2 billion as at end December 2016. Correspondingly, fund based income from financing also increased by RM239.3 million or 12.8%. Non-fund based income was higher by 17.3% or RM49.2 million mainly due to higher gain derived from sale of investment securities.

As at end of December 2016, customer deposits and investment accounts stood at RM45.9 billion and RM3.8 billion with a year-on-year increase by RM2.4 billion and RM3.1 billion respectively. The low cost current and savings accounts (CASA) reported a year-on-year decrease of RM1.1 billion or 7.4%. However, the transactional investment accounts increased by RM1.1 billion compared to the previous financial year.

The CASA ratio as at end December 2016 was 30.8%.

The Bank's gross impaired financing ratio as at end of December 2016 improved to 0.98% compared to 1.09% as at end of December 2015. The net impaired financing ratio stood at a negative 0.75% as at end of December 2016.

The Bank's pre-tax return on average total equity was 17.1% and the pre-tax return on average total assets was 1.4%.

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B1. Performance review for the financial year ended 31 December 2016
(continued)

Takaful

For the financial year ended 31 December 2016, Syarikat Takaful Malaysia Berhad Group's ("Takaful Malaysia") operating revenue increased by 12.6% to RM2,013.3 million from RM1,788.6 million in the same period of the preceding year. The increase is mainly attributable to higher sales generated by both Family Takaful and General Takaful business.

For the 12 months period, Family Takaful generated gross earned contributions of RM1,229.4 million, an increase of 17.3% as compared to RM1,048.2 million in the corresponding period last year. The increase is mainly attributable to higher sales from Family Takaful mortgage related products.

For the period under review, General Takaful recorded gross earned contributions of RM498.6 million, increased by 6.0%, as compared to RM470.5 million in the corresponding period last year. The growth was mainly from fire and commercial classes.

For the financial year ended 31 December 2016, the Group recorded profit before zakat and taxation of RM221.0 million, increased by 8.2% as compared to RM204.2 million in the same period last year. The higher profit is attributable to higher net wakalah fee income.

B2. Comparison with the preceding quarter's results for the three months performance (Fourth Quarter 2016 vs. Third Quarter 2016)

For the fourth quarter ended 31 December 2016, the BHB Group reported a PBZT of RM204.1 million against a PBZT of RM226.9 million achieved for the third quarter ended 30 September 2016, a decrease of RM22.8 million or 10.0%.

Takaful Malaysia's PBZT of RM40.9 million was lower than the preceding quarter ended 30 September 2016 by RM22.9 million or 35.9%. The decrease in profit was mainly attributable to increase in management expenses, agency-related expenses and loss on liquidation of a subsidiary. The increase in management expenses and agency-related expenses have also indirectly resulted in higher expense reserves.

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B3. Prospects for 2017

Outlook on the economy

For 2017, the gross domestic product ("GDP") is projected to grow by 4.4%. There is a possibility of excess capacity in certain industries namely oil & gas, electrical and engineering, manufacturing and financial services which could lead to lower demand for capital and labour. The Overnight Policy Rate ("OPR") is expected to remain at 3.00% while the MYR/USD may remain above RM4.00 for the rest of 2017.

Although funding conditions in Malaysia are tightening due to heightened macroeconomic risks domestically and abroad, the banking system as a whole remains profitable, liquid and well capitalised. However with the continued challenges, the industry is expected to grow at a modest rate with loans growth of approximately between 3% and 4% in 2017 as banks remain cautious in lending activities and plan on ensuring stable asset quality. The banks are also likely to deepen their engagement with the fintech ecosystem as the trend towards digitization accelerates.

Islamic banking

Taking cognizance of these factors, Bank Islam's strategic focus in 2017 revolves around continuous deposit drive and embracing digitalization while at the same time focusing on a more balanced growth. The Bank intends to continue to manage liquidity and deploy capital efficiently in line with the Basel III rules. Notwithstanding the need to sustain net income margin, preserving asset quality will remain an important agenda for the Bank given the cautious operating outlook.

Takaful

For the year 2017, Takaful Malaysia will continue to emphasize the four core areas of customer reach, operational agility, cost competitiveness and stakeholder confidence to increase its overall market shares and continuously improving shareholders' value. Through its extensive range of products and services, Takaful Malaysia is poised to sustain its position as the market leader in the Family Takaful business. Takaful Malaysia will amplify its presence as the preferred choice for insurance through various advertising and marketing activities and promote its unique proposition of rewarding a 15% Cash Back to its General Takaful customers for no claims during coverage period. Takaful Malaysia will also undertake an enhanced approach to its distribution channel by accelerating digital initiatives to optimize its operations and marketing activities. Takaful Malaysia will actively cultivate its digital presence through an online sales portal and integrated online marketing initiatives as part of its long term strategy to meet the growing needs of the consumers.

B4. Variance from profit forecast and profit guarantee

The Group neither made any profit forecast nor issued any profit guarantee.

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B5. Tax expense

Major components of tax expense

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense	232,952	213,273	2,401	1,314
(Over)/Under provision in prior years	(8,313)	(11,370)	54	54
Deferred tax expense:				
Origination and reversal of temporary differences	906	7,902	-	-
Effect of changes in tax rate	-	1,196	-	-
Under provision in prior years	475	1,318	-	-
	-----	-----	-----	-----
	226,020	212,319	2,455	1,368
	=====	=====	=====	=====

A reconciliation of effective tax expense for the Group and Company are as follows:

Profit before tax	869,201	834,436	221,826	212,336
	=====	=====	=====	=====
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)	208,608	208,609	53,238	53,084
Non-deductible expenses	48,956	35,273	3,285	3,454
Non-deductible Sukuk's finance cost	17,714	17,592	17,714	17,592
Effect of changes in tax rate	-	1,196	-	-
Effect of tax rates in foreign jurisdictions	-	(1,154)	-	-
Non-taxable income	(41,420)	(40,537)	(71,836)	(72,816)
Deferred tax assets not recognised	-	127	-	-
Utilisation of previously unrecognised unabsorbed capital allowances	-	1,265	-	-
	-----	-----	-----	-----
	233,858	222,371	2,401	1,314
(Over)/Under provision in prior years	(8,313)	(11,370)	54	54
Under provision of deferred tax	475	1,318	-	-
	-----	-----	-----	-----
Tax expense	226,020	212,319	2,455	1,368
	=====	=====	=====	=====

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B6. Corporate proposals

There were no corporate proposals outstanding as at the date of this submission.

B7. Status of utilisation of proceeds raised from corporate proposals

The proceeds raised from the issuances of all debt securities in prior years have been used for working capital, general banking and other corporate purposes, as intended.

B8. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
Total retained earnings of the Group		
- realised	1,020,772	858,636
- unrealised	82,223	74,614
	<hr/>	<hr/>
	1,102,995	933,250
Less: Consolidation adjustments	(795,643)	(846,468)
	<hr/>	<hr/>
Total retained earnings	307,352	86,782
	<hr/> <hr/>	<hr/> <hr/>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

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B9. Deposits and placements of financial institutions and debt securities

	Group	
	31.12.2016	31.12.2015
	RM'000	RM'000
Deposits from customers		
Mudharabah and Tawarruq term deposits and Negotiable Islamic Debt Certificates		
- One year or less (short-term)	30,914,953	27,702,591
- More than one year (medium/long-term)	410,070	79,255
	31,325,023	27,781,846
Current accounts	9,928,598	10,567,552
Savings accounts	4,131,604	4,674,687
Others	106,528	94,444
Total deposits	45,491,753	43,118,529
Investment accounts of customers		
- One year or less (short-term)	3,573,871	676,105
	3,573,871	676,105
Deposits and placements of banks and other financial institutions		
- One year or less (short-term)	30,000	-
	30,000	-

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B10. Material litigation

Save as disclosed below, there were no changes in material litigation, including the status of pending material litigations since the last annual balance sheet date of 31 December 2015.

- (a) On 27 August 2007, Bank Islam filed a civil suit against four (4) senior management staff of Bank Islam Labuan Ltd (BILL) ("the Defendants") claiming for an amount of USD8,586,483.00 being the outstanding financing facilities granted by BILL to certain customers whose accounts had been in default, namely Faaris Investment Holding Plc, Profound Heritage Sdn Bhd, Commerce Resources Inc., Commerce Trading Inc., Crest Group, Crestek Inc. and Trident Timber Co. Ltd. Bank Islam claimed that the Defendants had acted contrary to the interest of BILL and were in breach of their statutory duties, common law duty of care and skill and contractual duties. All the Defendants are no longer in BILL or under Bank Islam's employment. On 16 June 2015, the High Court decided in favour of Bank Islam and ordered the Defendants to pay damages totaling USD8,586,483.00 to Bank Islam.

On 13 July 2015, the Defendants (except for the 3rd Defendant) appealed to the Court of Appeal ("COA") against the High Court's decision. On 9 September 2016, the COA dismissed the Defendants' appeal with costs. On 7 October 2016, the three Defendants appealed to the Federal Court ("FC").

The FC has fixed 31 January 2017 for hearing.

- (b) On 14 November 2016, Bank Islam filed a civil suit against Tidalmarine Engineering Sdn Bhd ("Customer") and the guarantors, namely Nik Mohd Kamel Bin Nik Hassan and Nik Faizah Binti Nik Mohd Kamel (collectively be referred to as "the Defendants") claiming for an amount of RM18,563,506.17 being the outstanding financing facilities granted by Bank Islam to the Customer whose accounts had been defaulted.

Bank Islam had filed a Summary Judgement application and the Court has fixed 21 February 2017 for hearing.

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B11. Dividend

- a) On 22 January 2016, the Company had paid an interim dividend of 12.20 sen per ordinary share totaling RM188,149,587 in respect of the financial year ended 31 December 2015. From the total dividend amount, approximately 16.3% or RM30.7 million was distributed as cash dividend whilst the remaining 83.7% amounting to RM157.5 million was reinvested to subscribe for 46,469,480 new ordinary shares of RM1.00 at RM3.3885 each via the Dividend Reinvestment Plan.
- b) i) On 2 December 2016, the Board of Directors of BIMB Holdings Berhad had declared an interim single tier dividend of 13.0% per ordinary share of RM1.00 each for the financial year ended 31 December 2016 and was paid on 27 January 2017.

From the total amount declared, approximately 10.9% or RM22.5 million was distributed as cash dividend whilst the remaining 89.1% amounting to RM184.0 million was reinvested to subscribe for 49,061,000 new ordinary shares of RM1.00 each at RM3.75 each via the Dividend Reinvestment Plan.

- ii) Amount per share : Single tier dividend of 13.00 sen.
- iii) Previous corresponding period : Single tier dividend of 12.20 sen.
- iv) Payment date : 27 January 2017.
- v) Entitlement to dividend was determined on the basis of the record of shareholders as at book closing date on 30 December 2016.

B12. Earnings per share

Basic EPS is calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the number of average ordinary shares in issue during the period.

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the period under review attributable to equity holders of the parent	139,468	161,864	559,040	547,275
Number of ordinary shares	1,588,680	1,542,210	1,588,680	1,542,210
Number of average ordinary shares	1,588,680	1,542,210	1,586,013	1,540,609
Earnings per share (sen)	8.78	10.50	35.25	35.53

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B13. Economic profit statement

Group	Quarter		Year-to-date	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Net Operating profit after zakat & tax (NOPAT)				
Profit before zakat and taxation (PBZT)	204,068	200,261	869,201	834,436
Zakat & Taxation	(48,485)	(22,005)	(239,537)	(221,489)
NOPAT	<u>155,583</u>	<u>178,256</u>	<u>629,664</u>	<u>612,947</u>
Economic charge computation				
Average invested capital (excludes the debit balance of the acquisition reserve arising from the acquisition of shares from non-controlling interests)	5,519,383	4,863,540	5,156,179	4,642,241
Weighted Average Cost of Capital (WACC) (%)	6.35	6.82	6.35	6.82
Economic charge	88,099	83,605	327,417	316,601
Economic profit	67,484	94,651	302,247	296,346

By order of the Board

MARIA MAT SAID (LS 0009400)
Company Secretary
January 27, 2017