



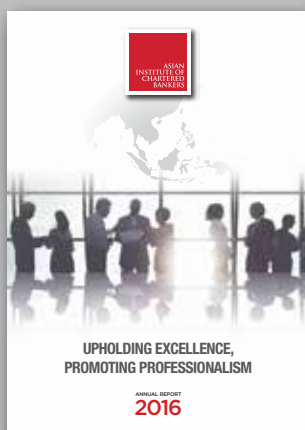
ASIAN
INSTITUTE OF
CHARTERED
BANKERS



**UPHOLDING EXCELLENCE,
PROMOTING PROFESSIONALISM**

ANNUAL REPORT
2016

At the core of every bank's success is the quality of its people. In a changing banking landscape, the Asian Institute of Chartered Bankers (AICB) anchors the industry to a sustainable pipeline of qualified professionals. AICB's focus is on championing professional education, enhancing membership value, facilitating strategic alliances and advancing thought leadership to cultivate high professional standards in the banking industry.



UPHOLDING EXCELLENCE, PROMOTING PROFESSIONALISM

AICB'S THEME

The strength and stability of our banking and finance industry today is a testament to the diligence and close cooperation of its various stakeholders in establishing its foundations as a stable and secure financial market.

The Asian Institute of Chartered Bankers (AICB) is a significant player in the realisation of this outcome – by championing the professionalisation of bankers since 1977, we entrenched and upheld standards of excellence for the banking industry through the provision of qualifications and knowledge-sharing platforms. The Institute's multilateral initiatives with other industry players to further advance the market through membership, education, examinations, awards and thought leadership reflect our unwavering desire to reach new heights of possibilities as a unified collective.



MEMBERSHIP



QUALIFICATIONS

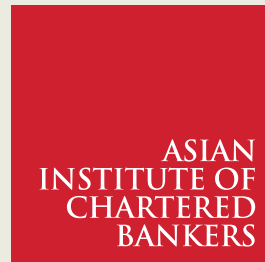


EXAMINATIONS & AWARDS



RESEARCH

CONTENTS



39th

ANNUAL GENERAL MEETING OF ASIAN INSTITUTE OF CHARTERED BANKERS

Saturday, 13 May 2017 at 8.30 a.m.

VE Hotel & Residence, The Zenith, Level M1, CCEC @ Vertical,
Bangsar South City, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur

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VISION

To be the professional body
of choice for bankers

MISSION

- Support members' growth through innovative learning and opportunity
- Advocate professionalism and ethics
- Catalyse advancement of thought leadership
- Facilitator for networking opportunities





ABOUT AICB



The Asian Institute of Chartered Bankers (AICB) is the professional body for the banking services industry in Malaysia. AICB is governed by a Council comprising representatives from Bank Negara Malaysia (BNM), The Association of Banks in Malaysia, and the Malaysian Investment Banking Association.

The Institute's aim is to elevate professional and ethical standards of banking practitioners and create a banking workforce which subscribes to high standards of professional conduct, knowledge and competence.

In line with our mission, AICB continues to ensure that our professional qualifications are aligned with industry needs in order for talent in the banking industry to be equipped with the requisite skills and values through its series of professional qualifications. The Institute's flagship qualification, the prestigious Chartered Banker qualification, is internationally recognised and jointly awarded by the Chartered Banker Institute, UK.

ASIAN INSTITUTE OF CHARTERED BANKERS

AICB champions the vision of professionalising bankers and advocates high standards of professionalism

2014
Transformation to a professional body







Mission
To be the professional body of choice for bankers

Exclusive Training Partner

8
Specialist Qualifications in key areas of banking



Key Networking Groups (Industry Engagement)



HR, Risk, Compliance & Internal Audit



18,665
Banking Professionals who have graduated with our qualifications since 1980



28
Employees



45
Chartered Bankers & Fellow Chartered Bankers




39 years
of banking education expertise in Malaysia



8,473
Individual Members
83
Corporate Members

Individual members are governed by the Code of Professional Conduct



12
AICB Council Members, comprising the central bank and leading banks who govern the Institute

AICB'S TRANSFORMATION JOURNEY

- ✓ Rebranded Credit Certification Programme to Professional Credit Certification (PCC)
- ✓ Successfully chaired the 2013 Asia-Pacific Association of Banking Institutes (APABI) Biennial Conference in Kuala Lumpur

2012

- ✓ Officially launched the Chartered Banker qualification - the gold standard in banking qualifications
- ✓ Registration of the Asian Banking School (ABS)
- ✓ Formation of the Knowledge Management Task Force (KMTF)
- ✓ Introduced the Investor Protection Professional Certification (IPPC)
- ✓ Inaugural graduation of the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) students
- ✓ Hosted the inaugural Risk Management Conference

2013

2014

- ✓ Officially rebranded as the Asian Institute of Chartered Bankers (AICB)
- ✓ Collaborated with the International Compliance Association (ICA) to offer the Professional Qualifications in Regulatory Compliance
- ✓ Organised the inaugural HR Knowledge Bazaar and Conference themed "Driving Transformation"
- ✓ Organised the inaugural Labuan Conference themed "Combating Financial Fraud"

- ✓ Launched the Professional Banker, the second level of the Chartered Banker qualification
- ✓ Introduced the new Memorandum and Articles of Association (M&A)
- ✓ Introduced the new Membership Framework and Risk Management Framework
- ✓ Released the new Admission and Exemption Policy for qualifications
- ✓ Officially launched the Asian Banking School (ABS)
- ✓ Organised the inaugural Global Banking Conference themed “The New Banking Paradigm: Disruptions, Risks and Opportunities”
- ✓ Published two survey reports - “Recovery and Resolution Planning” with PwC Malaysia and “Data Analytics” with EY Malaysia
- ✓ Forged smart industry-academia partnerships via the signing of Memoranda of Understanding with Multimedia University, Universiti Utara Malaysia and Taylor’s University
- ✓ Implemented the AICB Integrated Management System (AIMS)
- ✓ Held Malaysia’s inaugural Chartered Banker Conferment Ceremony where 45 top bankers were conferred the Chartered Banker status
- ✓ Launched new AICB qualifications including the Retail Credit Professional and Business Credit Professional, the Professional Banker and the Bank Risk Management
- ✓ Established the AICB Board of Examiners

2015

2016

- ✓ Signed the Joint Declaration on Industry-Wide Commitment to Professionalise the Malaysian Banking Industry, where Member Banks of the Association of Banks in Malaysia, together with AICB formalised their commitment to professionalise the domestic banking workforce
- ✓ Signed the Collaboration Agreement with the ACI-Financial Markets Association of Malaysia (FMAM) and the Asian Banking School (ABS), further solidifying the working relationship between AICB and ABS with FMAM
- ✓ Launched the iconic AICB building with a groundbreaking ceremony at Bukit Perdana, Kuala Lumpur
- ✓ Four Memoranda of Understanding were signed with Asia Pacific University, Universiti Tunku Abdul Rahman, Curtin University, and KDU University College
- ✓ Launched the Global Banking Discourse Series
- ✓ Rollout of the Continuing Professional Development (CPD) regulations to members
- ✓ Launched the Chartered Banker qualification (Level 3)
- ✓ The Chartered Banker qualification and Bank Risk Management qualification were opened for enrolment

CORPORATE INFORMATION

CHAIRMAN

TAN SRI AZMAN HASHIM, FCB
Chairman,
AmInvestment Bank Berhad

VICE CHAIRMAN

DATUK ABDUL FARID ALIAS, FCB
Group President & Chief Executive Officer,
Malayan Banking Berhad

COUNCIL MEMBERS

MR DONALD JOSHUA JAGANATHAN, FCB
Assistant Governor,
Bank Negara Malaysia

TAN SRI DATO' SRI TAY AH LEK, FCB
Managing Director/Chief Executive Officer,
Public Bank Berhad

DATUK MOHAMED AZMI MAHMOOD, FCB
Former Deputy Group Chief Executive Officer,
AMMB Holdings Berhad

DATUK MOHD NAJIB HJ ABDULLAH, FCB
Group Managing Director/Chief Executive Officer,
MIDF Amanah Investment Bank Berhad

DATO' HOWARD CHOO KAH HOE, FCB
Managing Director/Chief Executive Officer,
IBH Investment Bank Limited

DATUK YVONNE CHIA, FCB
Chairman and Independent Non-Executive Director,
Standard Chartered Bank Malaysia Berhad

DATO' KHAIRUSSALEH RAMLI, FCB
Group Managing Director/Group Chief Executive Officer,
RHB Banking Group

MR WONG KIM CHOONG, FCB
Chief Executive Officer,
United Overseas Bank (Malaysia) Berhad

MR ONG ENG BIN, FCB
Chief Executive Officer,
OCBC Bank (Malaysia) Berhad

MR LEE LUNG NIEN
(appointed on 15 April 2016)
Chief Executive Officer,
Citibank Berhad

TAN SRI AZLAN MOHD ZAINOL, FCB
(resigned w.e.f. 21 March 2016)
Chairman,
RHB Banking Group

MR TAN KONG KHOON, CB
(resigned w.e.f. 15 March 2016)
Chief Executive Officer and President,
Hong Leong Financial Group Berhad

CHIEF EXECUTIVE**MR PRASAD PADMANABAN****SECRETARY****MS LUM SOO YAN****AUDITORS****SJ GRANT THORNTON**
(Member of Grant Thornton
International)
Chartered Accountants**BANKER****MALAYAN BANKING BERHAD****SOLICITOR****SKRINE****REGISTERED OFFICE**Wisma IBI
5 Jalan Semantan
Damansara Heights
50490 Kuala Lumpur**COUNCIL COMMITTEES****EDUCATION COMMITTEE****MR DONALD JOSHUA JAGANATHAN, FCB**
Chairman**TAN SRI DATO' SRI TAY AH LEK, FCB****DATO' HOWARD CHOO KAH HOE, FCB****MR LEE LUNG NIEN****MR TAN KONG KHOON, CB**
(Resigned w.e.f. 15 March 2016)**CO-OPTED MEMBERS****PROFESSOR DATO' DR ANSARY AHMED,**
Associate Fellow
President/Chief Executive Officer,
Asia e University**DATUK JOHAR CHE MAT**Director,
Rural Capital Berhad**MR CHOO YEE KWAN**Associate Fellow
Director, HSBC Bank Malaysia Berhad**GENERAL PURPOSE COMMITTEE****DATUK ABDUL FARID ALIAS, FCB**
Chairman**DATUK MOHAMED AZMI MAHMOOD, FCB****MR WONG KIM CHOONG, FCB****AUDIT COMMITTEE****DATO' HOWARD CHOO KAH HOE, FCB**
Chairman**MR WONG KIM CHOONG, FCB****TAN SRI AZLAN MOHD ZAINOL, FCB**
(Resigned w.e.f. 21 March 2016)**HUMAN RESOURCE
COMMITTEE****DATUK MOHD NAJIB HAJI ABDULLAH, FCB**
Chairman**MR ONG ENG BIN, FCB****MR LEE LUNG NIEN****MEMBERSHIP COMMITTEE****DATUK MOHAMED AZMI MAHMOOD, FCB**
Chairman**DATUK YVONNE CHIA, FCB****DATO' KHAIRUSSALEH RAMLI, FCB****BOARD OF EXAMINERS****DATO' HOWARD CHOO KAH HOE, FCB**
Chairman**CO-OPTED MEMBERS****MR ALEX POR PENG SEONG, CB**
Executive Director, Country Head
Risk Management
United Overseas Bank (Malaysia)
Berhad**MR COLIN MORRISON**
Deputy Chief Executive &
Director of Education
Chartered Banker Institute, UK**DR CORDELIA MASON**
Research Fellow
Asian Institute of Finance**PUAN NORA ABD MANAF**
Group Chief Human Capital Officer
Malayan Banking Berhad**PROFESSOR DATO'
DR SAYED MUSHTAQ HUSSAIN**
Professor, School of Management
Asia e University**PROFESSOR LEE CHEW GING**
Dean of the Faculty of Arts and
Social Sciences
The University of Nottingham
Malaysia Campus
(Appointed on 21 December 2016)**PROFESSOR CHRISTINE ENNEW**
Former Provost,
Pro Vice Chancellor and Professor
of Marketing
The University of Nottingham
Malaysia Campus
(Resigned w.e.f. 21 September 2016)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT

the 39th Annual General Meeting of Asian Institute of Chartered Bankers (Company No. 35880-P) will be held on Saturday, 13 May 2017 at 8.30 a.m. at VE Hotel & Residence, The Zenith, Level M1, CCEC @ Vertical, Bangsar South City, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur for the following purposes:

1. To receive the Audited Financial Statements of Asian Institute of Chartered Bankers for the financial year ended 31 December 2016 together with the Reports of the Council and Auditors thereon.
2. To receive the Audited Financial Statements of the Staff Training Fund for the financial year ended 31 December 2016 together with the Report of the Auditors thereon.
3. To note the appointment of the following nominees as members of the Council for the 2017/2018 term of office pursuant to Articles 66(1)(a), 66(1)(b), 66(1)(c) and 66(1)(d) of the Institute's Constitution:

Article 66(1)(a): **Mr Donald Joshua Jaganathan**

Article 66(1)(b): **Datuk Abdul Farid Alias
Dato' Khairussaleh Ramli
Mr Wong Kim Choong
Mr Ong Eng Bin
Mr Lee Lung Nien**

Article 66(1)(c): **Tan Sri Azman Hashim
Datuk Mohd Najib Haji Abdullah**

Article 66(1)(d): **Tan Sri Dato' Sri Tay Ah Lek
Datuk Mohamed Azmi Mahmood
Dato' Howard Choo Kah Hoe
Datuk Yvonne Chia
Tengku Dato' Sri Zafrul Tengku Abdul Aziz**

4. To reappoint Messrs SJ Grant Thornton as Auditors and authorise the Council to fix their remuneration.
5. To transact any other business duly notified. Such other business to be transacted shall be notified in writing to the Secretary, together with the names of the proposers and seconders, not later than five (5) weeks before the date fixed for the Meeting.



It is hereby informed that a Member shall not be eligible for election to the Council unless he/she is a Fellow or a Chartered Banker and in both cases, has been a Member eligible to vote for at least five (5) years.

The Membership Register of Asian Institute of Chartered Bankers is available for inspection at the Institute's registered address, Wisma IBI, 5 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur.

By Order of the Council,

LUM SOO YAN (MIA 24562)
Secretary

Kuala Lumpur
7 April 2017

NOTES:

Every Individual Member of Asian Institute of Chartered Bankers entitled to attend and vote at this Meeting is also entitled to appoint a proxy to attend and to vote in his stead. A proxy shall be a Member entitled to vote. The instrument appointing the proxy (Form of Proxy printed on page 93 of this Annual Report) must be deposited with the Secretary not less than forty-eight (48) hours before the time set for the Meeting or adjourned Meeting.

Every Corporate Member of Asian Institute of Chartered Bankers is entitled to nominate one corporate representative (Form of Nominee printed on page 94 of this Annual Report) to attend and vote at all General Meetings. Alternate representatives may be appointed by such Corporate Member, but no Member may have more than one corporate representative at one General Meeting. Every Corporate Member shall have one vote.

COUNCIL MEMBERS



Tan Sri Azman Hashim, FCB, Chairman
Chairman
AmlInvestment Bank Berhad



Mr Donald Joshua Jaganathan, FCB
Assistant Governor
Bank Negara Malaysia



Tan Sri Dato' Sri Tay Ah Lek, FCB
Managing Director/
Chief Executive Officer
Public Bank Berhad



Datuk Mohamed Azmi Mahmood, FCB
Former Deputy
Group Chief Executive Officer
AMMB Holdings Berhad



Dato' Khairussaleh Ramli, FCB
Group Managing Director/
Group Chief Executive Officer,
RHB Banking Group



Mr Wong Kim Choong, FCB
Chief Executive Officer
United Overseas Bank (Malaysia) Berhad



Mr Ong Eng Bin, FCB
Chief Executive Officer
OCBC Bank (Malaysia) Berhad



**Datuk Abdul Farid Alias, FCB, Vice Chairman
Group President & Chief Executive Officer
Malayan Banking Berhad**



**Datuk Mohd Najib Hj Abdullah, FCB
Group Managing Director/
Chief Executive Officer
MIDF Amanah Investment Bank Berhad**



**Datuk Yvonne Chia, FCB
Chairman and
Independent Non-Executive Director
Standard Chartered Bank Malaysia Berhad**



**Dato' Howard Choo Kah Hoe, FCB
Managing Director/
Chief Executive Officer
IBH Investment Bank Limited**



**Mr Lee Lung Nien
(appointed on 15 April 2016)
Chief Executive Officer
Citibank Berhad**



**Tan Sri Azlan Zainol, FCB
(resigned w.e.f. 21 March 2016)
Chairman
RHB Banking Group**



**Mr Tan Kong Khoon, CB
(resigned w.e.f. 15 March 2016)
Chief Executive Officer and President
Hong Leong Financial Group Berhad**

AICB
MANAGEMENT
TEAM





Mr Prasad Padmanaban
Chief Executive



Ms Mithila Sathasivam
Director
Membership and Marketing



Ms Shireen Kandiah-Fuad
Director
Strategy, Partnerships and Communications



Ms Nazlin Karim
Director
Assessment



Ms Hartinah Annuar
Head
Education



Ms Kristine Williams
Head
Marketing



Ms Susan Lee Yoon Lian
Head
Admissions





AICB and ABS continue to focus on elevating Malaysia's financial talent development landscape by developing world-class banking talent with the right skills and values.

TAN SRI AZMAN HASHIM



CHAIRMAN'S STATEMENT

Despite the challenging operating environment that characterised much of 2016, AICB made encouraging progress in our various initiatives to further professionalise the domestic banking and financial services industry.

I am pleased to present the Annual Report of the Asian Institute of Chartered Bankers (AICB) for the financial year ended 31 December 2016. It was another memorable year in AICB's journey of transformation.

THE YEAR IN REVIEW

The global economy decelerated in 2016 as international trade flows and private investment weakened. Developed markets' financial conditions remained accommodative to help mitigate the near-term policy uncertainty brought about by the Brexit Referendum, the results of the US elections, and the US Federal Reserve's path to policy normalisation.

The operating environment for financial-sector players, accordingly, became more challenging. Currency volatility, ASEAN's complex trade and financial links with China in rebalancing mode, and the sustained increase in debt are presenting risks to the near-term outlook. Furthermore, the introduction of stringent financial regulations, the rise of disruptive technology like FinTech, as well as the uncertainties seen in the banking and financial markets will undoubtedly alter the face of global banking and drive changes that are yet to be seen.

This challenging backdrop assigns greater weight to the need for international standards of professionalism, human capital development and ethical conduct in the banking industry. This is to ensure that it continues playing the role of an effective, efficient and competitive sector for financial intermediation amidst global and regional headwinds. In this respect, I am pleased to report that AICB has made encouraging progress in our various initiatives to professionalise the Malaysian banking industry in the year under review.

PROMOTING PROFESSIONALISM

AICB shares a common vision and commitment with the Asian Banking School (ABS) in raising the bar for professional certification and capability development.

By aligning our shared goals with national priorities in the area of talent development, AICB and ABS continue to focus on elevating Malaysia's financial landscape by developing world-class banking talent with the right skills and values.

Led by a team of highly specialised training professionals, ABS delivers a wide variety of high-quality training for AICB's professional qualification programmes as well as for the School's proprietary industry-relevant banking training programmes. Additionally, ABS continues to strengthen the financial services talent pipeline through the industry-recognised Financial Sector Talent Enrichment Programme (FSTEP), a collaboration with Bank Negara Malaysia (BNM) which aims to equip young talents with the right skills and knowledge to ease their transition into the financial services industry. In 2016, ABS delivered over 1,000 trainings to the banking sector.

AICB's role in professionalising bankers in the year under review was further underpinned through the signing of a Collaboration Agreement in October 2016 between AICB, ABS and the ACI-Financial Markets Association of Malaysia (FMAM). This signing, witnessed by Governor Datuk Muhammad bin Ibrahim of Bank Negara Malaysia, further solidifies our relationship with FMAM, whom we have been working closely with since 1995 to formulate and undertake the entry examinations for the Pasaran Kewangan Malaysia Certificate (PKMC) for dealers and brokers in the Malaysian wholesale financial markets, which is a prerequisite for practice in the treasury domain.

To date, over 2,000 dealers and brokers, including BNM dealers, have been certified, making the PKMC an industry standard. Our new collaboration with FMAM allows all existing FMAM Ordinary Members and International Members to be granted dual membership in both FMAM and AICB, thus serving as a unique platform for the extension of AICB's membership value to more practitioners in the industry.

AICB also signed a Joint Declaration in November 2016 with 25 Member Banks of the Association of Banks in



Malaysia aspiring to create a workforce characterised by high standards of professional conduct, knowledge and competence through the Chartered Banker Programme. This signing ceremony held on the sidelines of the launch of ABS' flagship Global Banking Leaders Programme was witnessed by Governor Datuk Muhammad bin Ibrahim of Bank Negara Malaysia. It was a significant event which further reinforced industry's unified stand on upholding standards of conduct that will inspire confidence in the financial system. Effective January 2017, all new graduates hired by the banking industry are to complete a programme on professional ethics developed and conducted by ABS, and become members of AICB.

ENHANCING MEMBERSHIP VALUE

One of AICB's founding principles is to provide excellent membership value to our members, and we continued to fulfill this through our various initiatives in 2016.

Throughout the year, AICB organised events that served as engaging platforms for the meaningful exchange of insights and perspectives among our members and other industry practitioners. With the establishment of our new membership framework, AICB organised the inaugural Members Induction with "Building New Competence" as the theme to highlight the salient features of this new framework and the continued relevance of our qualification content to industry practitioners.

AICB also conducted several onsite engagements at Member Banks to promote our qualifications and strengthen our engagement with potential and existing members. In addition, AICB rolled out the Continuing Professional Development (CPD) regulations to members, who will now be required to declare their CPD compliance annually.

Furthermore, AICB also continued to strengthen and promote AICB's branding and qualifications internationally and domestically through various thought leadership platforms, including the Evening Series and the Global Banking Discourse Series. These initiatives provided a platform for local and international industry players and subject matter experts to gather and share their deep industry expertise with members, so that they stay abreast of global developments and best practices whilst enhancing their networking opportunities. AICB also actively participated in external conferences to promote greater engagement and collaboration between global banking education institutes to further advance the collective body of knowledge.

Our multidisciplinary networking groups specialising in internal audit, compliance, risk management and human resources further augmented AICB's provision of value to our members. In 2016, these groups served as effective channels for members to engage in knowledge sharing and dialogue with key stakeholders on the critical issues and developments affecting the industry today.

CHAIRMAN'S STATEMENT (CONT'D)



Joint Declaration on the Industry-Wide Commitment to Professionalise the Malaysian Banking Industry

AICB continues to publish a variety of thought-leadership publications, including the *Banking Insight* magazine that covers global banking trends and developments with a special focus on the Asian region, as well as the *Law and Regulations in Malaysian Banking* publication.

With the emergence of FinTech, the adoption of new digital technologies and business models has not only changed consumer expectations around the delivery and types of financial services, but has also upended the traditional ways of doing things. AICB produced a survey entitled *Catching the FinTech Wave* in partnership with PwC Malaysia to shed light on the state of FinTech in Malaysia with the aim of helping financial institutions and incumbents to better understand the FinTech disruption and further develop and fine-tune their digital FinTech strategies.

STRENGTHENING AWARENESS

Our close collaborations with universities to further align their curriculum with ours help build the talent pipeline for the Malaysian banking industry. In 2016, AICB signed Memoranda of Understanding with four universities throughout Malaysia to promote awareness of our Chartered Banker programme among the student population, and encourage them to consider banking as a career option. We also invited professionals in the industry to share their personal stories and experiences in banking, and touch on the wide-ranging career options available in the banking sector.

SHARED SERVICES

STF Resources Sdn Bhd (STFR), a company wholly owned by Staff Training Fund was established in February 2016 to provide shared services functions to its affiliates. Since May 2016, AICB and ABS outsourced their operational functions in the following areas, including Finance, Corporate Services, HR, IT and General Facilities Admin to STFR. The introduction of this shared services model allows the entities to focus their efforts on improving operational agility, cost competitiveness, as well as driving organisational growth.

The shared services model is intended to be introduced to affiliated institutes based in the AICB building. This is to further harness greater synergies across all levels to increase competence, create value, deliver quality, reduce costs, and improve business performance. The financial campus, which is scheduled for completion in 2019, is an industry-led initiative with strong support from the central bank and its governance led by AICB. This state-of-the-art building, with world-class learning and knowledge management facilities, is envisioned to transform the Malaysian financial education landscape and be an education hub for talent development for the financial services industry.



An artist impression of the new AICB building, which will come equipped with world-class learning and development facilities

ACKNOWLEDGMENTS

As Henry Ford once said, “Coming together is a beginning. Keeping together is progress. Working together is success.”

The progress we made in 2016 and the years before it testify to the hard work, sacrifice and perseverance of the esteemed organisations we partner with to realise our vision. I wish to thank Governor Datuk Muhammad bin Ibrahim of Bank Negara Malaysia for his unwavering support of AICB’s work. The Governor was instrumental in AICB’s transformation journey through his past role as Chairman of the Steering Committee for the Transformation of the Malaysian Banking Education Landscape.

I would also like to thank my fellow Council Members and all who have contributed in one way or another to our Council, Committees, and Task Forces in the past year. Your unique perspectives and fresh insights have proven invaluable in further advancing our vision of banking professionalism.

My appreciation also goes out to the Management and staff of AICB, whose commitment and untiring efforts have been crucial in translating our strategies and Council discussions into tangible results on the ground. While it is good to take stock of our accomplishments, we must remain cognisant of the need to carefully navigate the challenging passages that these current times present.

This would require us to stay focussed on efforts to be the financial sector’s professional body of choice that is admired for its global standards and awards, and highly regarded for its dedication to integrity and professional development. I look forward to your continued support as we make the coming year yet another fruitful and rewarding one.

Thank you.

TAN SRI AZMAN HASHIM
Chairman

CHIEF EXECUTIVE'S STATEMENT

As a professional body for the banking and financial sector, our on-going commitment to developing a skilled, ethical and professional workforce remains at the core of what we do.

The year 2016 was a challenging yet productive one as we made significant progress in the pillars of membership, qualification development and delivery, and engagement with our stakeholders.

MEMBERSHIP

A major thrust of our work involved growing our membership and enhancing our provision of value to members. AICB's current membership framework, instituted on 1 September 2015, has helped us engage more effectively with our members, expand pathways to membership, develop more innovative means for knowledge-sharing, and enhance international recognition of our offerings throughout the year.

AICB actively promoted this framework and our suite of professional qualifications nationwide through our inaugural Members Induction session themed "Building New Competence" as well as through several briefings with industry players, networking groups, State Advisory Groups, and road-show participants. Industry players and members gained a deeper understanding of our new membership structure, professional qualifications, Code of Professional Conduct, as well as our Continuing Professional Development (CPD) resources. We also harnessed the efficiencies afforded by our digital platforms, namely our website and social media channels, to further promote membership benefits.

With this framework in place, AICB's membership numbers increased by 1,029 individual members, bringing our total membership to 8,473. While most of them are based in Malaysia, international members now account for almost 2% of our membership, reflecting the growing international repute of our qualifications. Corporate membership stood at an encouraging 83 members, testifying to the unstinting support of licensed financial institutions, banking and financial industry regulators, and other institutions approved by our Council.

A noteworthy milestone for 2016 was the signing of the Joint Declaration between AICB and the 25 Member Banks of the Association of Banks in Malaysia (ABM) in November 2016 to further professionalise the Malaysian banking industry. This game-changing initiative represents a momentous step towards elevating professional standards in banking. Our Chartered Banker qualification, conferred jointly by AICB and the Chartered Banker Institute in the UK, is the chosen vehicle to deliver this outcome as it embodies a commitment to the highest standards of professionalism and ethics, further strengthening public trust.

Another highlight of the Institute's 2016 calendar was our signing of a Collaboration Agreement with the ACI-Financial Markets Association of Malaysia (FMAM) and the Asian Banking School (ABS) in October 2016. This agreement entitles existing FMAM Ordinary Members and International Members to be granted membership in AICB as well, thus extending our membership value to more niches of the industry.



QUALIFICATION DEVELOPMENT AND DELIVERY

During the year, AICB continued to enhance our qualification range and delivery to keep up with industry developments.

The Professional Banker, our Level 2 qualification in the Chartered Banker programme, was well received with 66 candidates completing this qualification in 2016. We envision this number to grow as university graduates from any discipline can now enrol directly into this qualification instead of having to first complete the Executive Banker, our Level 1 qualification. This flexibility aims to promote the take-up of Level 3 of the Chartered Banker programme, for which enrolment commenced in February 2016.

Level 3 of the Chartered Banker programme comprises seven modules, of which “Professionalism, Ethics and Regulation” is made compulsory, in line with the Institute’s aim to instill professionalism and ethical conduct amongst industry practitioners. Additionally, Chartered Banker candidates have access to a range of study materials, including study texts, programme and assignment guides, online forums, mock assignments and mock examination papers on AICB’s open-source Learning Management System (Moodle), which is accessible round the clock. The online forums enable members to post questions on their assessments and receive guidance from online tutors from the Chartered Banker Institute, UK.

February 2016 also saw the inaugural enrolment for our two-module Bank Risk Management qualification that was developed in collaboration with the Ateneo-Bankers Association of the Philippines Institute of Banking. In a short time, the qualification has garnered much interest from domestic and international markets.

During the year, we reviewed our Certificate in Internal Auditing for Financial Institutions (CIAFIN) to ensure it reflects current practices and regulatory demands. A Curriculum Working Committee comprising representatives from industry was set up for this purpose and the updated CIAFIN is set for launch in January 2018, with its first examination in April 2018.

In facilitating our efforts to ensure good examination governance and standards, our Board of Examiners (BOE) undertook reviews of the quality assurance processes for our examinations. The current BOE members will step down in October 2017. Plans are afoot to appoint the next Board and expand their role further.

Over 1,000 banking practitioners successfully completed their studies with us in 2016. This further underscores the importance of professional development in banking as well as our commitment to continuous improvements to our qualification development and delivery processes in meeting the ever-changing demands of the banking industry.

CHIEF EXECUTIVE'S STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

In 2016, AICB undertook a diverse set of engagements with financial and non-financial institutions alike to tighten our extensive stakeholder collaborations.

ABS is integral to our aim in raising the standards of banking professionalism, integrity and ethical conduct through professional certification and capability development. Throughout the year, AICB worked closely with the School to ensure that the qualification trainings meet core industry competency needs in order to help equip members with the relevant banking knowledge and skills.

AICB also held 18 briefing sessions with various stakeholders throughout the year to further strengthen AICB's brand and promote our membership. We facilitated talks, including the PIAM Dialogue Session with Bank Negara Malaysia (BNM), as well as events with universities that introduced professional banking as a viable career path, such as the AICB UTAR Career Talk at UTAR, and the Risk and Compliance Session at Multimedia University. AICB also inked several Memoranda of Understanding with four universities to raise awareness of our qualifications and work among the student population.

AICB continued to work closely with industry through the Institute's networking groups that function as effective channels for knowledge sharing and discourses on important issues and developments affecting the industry. To extend our influence and network on the global stage, we participated in several international banking education forums organised by our global counterparts, including the Asia-Pacific Association of Banking Institutes (APABI), the World Conference of Banking Institutes (WCBI), and the Asian Banking Council, where AICB plays a significant role as a permanent committee member of the Banking Education Committee. We also continued to strengthen our partnership with the Chartered Banker Institute, UK in several areas, including professional education and assessment. On the domestic front, AICB worked closely with BNM and other financial institutions to ensure that our mandate to professionalise the banking industry is well implemented.

AICB also published a variety of thought-leadership publications and surveys in the year for members that generated significant publicity and interest from various institutions.

FOCUSSED ON THE FUTURE

Transformation is a process that takes place over time as we continually identify challenges and move towards our desired goals. In line with our vision, we are continually refining AICB's offerings to ensure that as a professional body, we are responsive to change and fully equipped to serve our members. We have, in this respect, identified several key priorities which will shape our development in 2017.

An immediate priority for us is to ensure that the Joint Declaration signed with the 25 ABM Member Banks is implemented smoothly, and that the relevant infrastructure and processes are in place to support the admission of FMAM members.

As we move forward, we will also review the Institute's entire qualification suite and streamline them into the Chartered Banker pathway to provide specialist streams (e.g. credit, risk, and internal audit) within the Chartered Banker programme, reflecting the more specialised nature of professional banking roles today.

Further, the Institute has initiated steps to update our Executive Banker and Professional Banker content to ensure their continued relevance to industry. We are also working to attain international accreditation, including the Triple-E accreditation from the European Banking and Financial Services Training Association (EBTN) for Executive Banker and Professional Banker. This accreditation will confer international recognition on these qualifications alongside Chartered Banker, which is already referenced to the Scottish Credit Qualification Framework (SCQF). Indeed, accreditation for all three qualifications will facilitate their cross-border portability and enhance the professional mobility of their holders.

Another priority is to develop our online CPD resources that will further enhance our members' knowledge and capabilities, and assist them in meeting their CPD requirements.

Operationally, we will continue to invest in our infrastructure. Though we have in 2016 introduced an integrated campus management system to create greater efficiencies, we will improve on this in the coming year so members can have a richer online experience. We are also reviewing our entire network of examination centres to improve the delivery of our examinations. In a world of increasing digitisation, we are planning to have the Chartered Banker programme examinations go online in 2017 for greater convenience and accessibility.

ACKNOWLEDGMENTS

I would like to express my appreciation to our Council and Committee Members for their invaluable contributions and support they provide to the work of the Institute.

The Institute is also grateful for the dedication of Tan Sri Azlan Mohd Zainol and Mr Tan Kong Khoo, who retired from their positions as Council Members as well as from the Audit and Education Committees respectively in 2016.

I also extend my sincere gratitude to our Management and staff for their hard work and dedication. With the new and exciting initiatives being rolled out in the coming months, we can expect 2017 to be an even better year.

Thank you.



PRASAD PADMANABAN
Chief Executive

COMMITTEE MEMBERS

EDUCATION COMMITTEE

The Education Committee (EC) guides and provides the oversight on the development of AICB's education standards and policies. The role of EC is to ensure that AICB's learning curricula are relevant and aligned to industry needs.

1. **Mr Donald Joshua Jaganathan**, FCB (Chairman)
2. **Tan Sri Dato' Sri Tay Ah Lek**, FCB
3. **Dato' Howard Choo Kah Hoe**, FCB
4. **Mr Lee Lung Nien**

Co-opted members

1. **Professor Dato' Dr Ansary Ahmed**, Associate Fellow
President/Chief Executive Officer, Asia e University
2. **Datuk Johar Che Mat**
Director, Rural Capital Berhad
3. **Mr Choo Yee Kwan**, Associate Fellow
Director, HSBC Bank Malaysia Berhad

GENERAL PURPOSE COMMITTEE

The General Purpose Committee (GPC) ensures the creation and implementation of financial management related policies and acts as the approving body for expenditures according to the delegated authority limits. The role of GPC is to provide guidance on the preparation, presentation and management of annual budgets.

1. **Datuk Abdul Farid Alias**, FCB (Chairman)
2. **Datuk Mohamed Azmi Mahmood**, FCB
3. **Mr Wong Kim Choong**, FCB

AUDIT COMMITTEE

The Audit Committee (AC) provides the independent oversight on accounting policies, financial reporting policies, business processes and operational controls. The role of AC is to ensure that internal and statutory audit functions are properly conducted and all audit recommendations are effectively carried out.

1. **Dato' Howard Choo Kah Hoe**, FCB (Chairman)
2. **Mr Wong Kim Choong**, FCB

HUMAN RESOURCE COMMITTEE

The Human Resource Committee (HRC) guides Management in executive recruitment, compensation and people development policies. The role of HRC is to help the implementation of human resource related policies and practices.

1. **Datuk Mohd Najib Hj Abdullah**, FCB (Chairman)
2. **Mr Ong Eng Bin**, FCB
3. **Mr Lee Lung Nien**

MEMBERSHIP COMMITTEE

The membership committee (MC) guides and provides the oversight on the development of AICB's professional standards in membership conduct and professional development to support the agenda of professionalising bankers. The role of MC is to review the implementation of the policies and the effectiveness of the membership programmes in ensuring creation of value to members.

1. **Datuk Mohamed Azmi Mahmood**, FCB (Chairman)
2. **Datuk Yvonne Chia**, FCB
3. **Dato' Khairussaleh Ramli**, FCB

BOARD OF EXAMINERS

The establishment of the Board of Examiners as an integral part of examination strategy is to ensure governance and standards of the examinations supporting the awarding role of AICB.

1. **Dato' Howard Choo Kah Hoe**, FCB (Chairman)

Co-opted members

1. **Mr Alex Por Peng Seong**, CB
Executive Director, Country Head
Risk Management
United Overseas Bank (Malaysia) Berhad
2. **Mr Colin Morrison**
Deputy Chief Executive & Director of Education
Chartered Banker Institute, UK
3. **Dr Cordelia Mason**
Research Fellow
Asian Institute of Finance
4. **Puan Nora Abd Manaf**
Group Chief Human Capital Officer
Malayan Banking Berhad

5. **Professor Dato' Dr Sayed Mushtaq Hussain**
Professor, School of Management
Asia e University
6. **Professor Lee Chew Ging**
Dean, Faculty of Arts and Social Sciences
The University of Nottingham Malaysia Campus
(Appointed on 21 December 2016)
7. **Professor Christine Ennew**
Former Provost,
Pro Vice Chancellor and Professor of Marketing
The University of Nottingham Malaysia Campus
(Resigned w.e.f. 21 September 2016)

CURRICULUM WORKING COMMITTEE

To ensure our curricula reflect the latest developments in the industry, AICB invites industry experts to be a part of our various curriculum working committees. These subject matter experts provide input regarding the curriculum framework, content design and development.

In revising our Pasaran Kewangan Malaysia Certificate (PKMC) qualification, the content development of the revised PKMC qualification began in 2016. The AICB PKMC Curriculum Working Committee and FMAM Education Committee jointly worked on the design and development of the revised PKMC qualification. The four modules in the PKMC are expected to be published in July 2017, and the revised PKMC qualification will be launched in January 2018.

The AICB PKMC Curriculum Working Committee comprises the following subject matter experts:

1. **Mr Yeo Chin Teong**
Senior Advisor, Industrial and Commercial Bank of China (M) Berhad
2. **Mr Chong Jin Yoong**
Consultant
3. **Mr Stantley James Tan Boon Teck**
Director, Head, Treasury Division, Kenanga Investment Bank Berhad)
4. **Mr Erik Chin Yaw Loong**
VP, Group Risk Management Department, AmBank (M) Berhad
5. **Mr Bacil Fernandez**
Deputy Director, Treasury Division, Public Bank Berhad
6. **Mr Eddie Lim Eng Cheng**
Consultant
7. **Mr Azidy Daud**
Senior VP, Chief Treasurer, Asian Finance Bank Berhad
8. **Ms Beh Cheng Hoon**
Deputy Director, Investment Operations and Financial Markets, Bank Negara Malaysia

9. **Mr Christopher Chan**
VP Audit, Bangkok Bank Berhad
10. **Mr Fong Chee Choong**
Deputy Head, Global Market, Industrial and Commercial Bank of China (M) Berhad
(Resigned from Curriculum Working Committee w.e.f. 14 September 2016)

The FMAM Education Committee members overseeing the PKMC curriculum revision are:

1. **Mr Ng Seow Pang**
(Former Head of Global Treasury, OCBC Bank (Malaysia) Berhad)
2. **Ms Sylvia Wong**
(Managing Director, Head of Sales, Malaysia, Financial Markets, Standard Chartered Bank Malaysia Berhad)
3. **Mr Kapil Gupta**
(Head, Interest Rates & Derivatives Trading, HSBC Bank (M) Berhad)
4. **Mr Tan Eng Kiang**
(Head of Group Financial Markets, Alliance Bank Malaysia Bhd)

The following industry experts are updating the Certificate in Internal Auditing for Financial Institutions (CIAFIN):

1. **Mr Alan Chang Kong Chong, CB**
Chief Internal Auditor, Hong Leong Bank Berhad
2. **Mr Mohamed Iran Moriff bin Mohd Shariff**
Chief Internal Auditor, Bank Islam Malaysia Berhad
3. **Mr Thein Kim Mon, CB**
Group Chief Internal Auditor, AmBank Group

The Compliance Officers Networking Group also serves as one of our Curriculum Working Committees to provide input and guidance on the framework and content of the new Certification in Regulatory Compliance and Advanced Certification in Regulatory Compliance. These committee members were:

1. **Mr Kwan Keen Yew**
Chief Compliance Officer,
CIMB Group Holdings Berhad
2. **Mr V. Maslamani, CB**
Chief Compliance Officer,
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
3. **Mr Nik Azmir Nik Anis**
Chief Compliance Officer,
Bank Islam Malaysia Berhad
4. **Mr Wan Mazlan Wan Johari**
Deputy Chief Compliance Officer,
Bank Islam Malaysia Berhad
5. **Y.M. Raja Shahrman Raja Harun Al Rashid**
Director, Group Compliance & Risk Management,
SME Bank

HIGHLIGHTS OF 2016

AICB continued to drive initiatives that advanced its vision to be the professional body of choice for bankers. The Institute achieved positive results in its efforts throughout the year to enhance membership value, improve qualification development and delivery, and engage with our stakeholders.

KEY DEVELOPMENTS

AICB actively continued to strengthen our engagement and collaborations with key industry stakeholders to further promote professional development in the banking sector. In 2016, several such collaborations were formed.

Joint Declaration with the Association of Banks in Malaysia



At the signing of the Joint Declaration between AICB and ABM

A significant milestone in AICB's 2016 calendar was the signing of the Joint Declaration between AICB and the 25 Member Banks of the Association of Banks in Malaysia to enhance efforts to professionalise the Malaysian banking industry. The signing ceremony, which was held on 28 November 2016 on the sidelines of the launch of the Asian Banking School's (ABS) flagship Global Banking Leaders Programme, was also witnessed by the Governor of Bank Negara Malaysia, Datuk Muhammad bin Ibrahim. In the Governor's remarks he also emphasised that all graduates who are employed by the banking industry are to become members of AICB, and complete a mandatory programme on ethics and professional standards.

The joint declaration represented a momentous step towards creating a workforce that subscribes to the highest standards of professional conduct, knowledge and competence. The joint declaration sets out the following areas of commitment in professionalising the banking workforce:

- Ensure relevant **key Senior Management** personnel attain the Chartered Banker qualification.

- Ensure at least one member of **the Board of Directors** in each commercial bank attains the Chartered Banker qualification.
- Ensure **all Boards of Directors** complete the "Professionalism, Ethics and Regulation" module of the Chartered Banker programme.
- Encourage and sponsor **high-potential employees** for the Chartered Banker programme.
- Encourage and sponsor **non-graduate employees** for the Chartered Banker programme as an alternative route to a recognised professional qualification.
- Recognise employees with the Chartered Banker qualification through **rewards and career progression**.

The Chartered Banker programme, jointly awarded by AICB and the Chartered Banker Institute in the UK, has been chosen as the vehicle to achieve the aims of this joint declaration. The programme is also recognised as a world-class professional qualification to enhance standards, competencies and professionalism in the banking industry.

Collaboration with FMAM and ABS



At the signing of the Collaboration Agreement between AICB, FMAM and ABS

Another important development was the signing of a Collaboration Agreement between AICB, the Asian Financial Markets Association of Malaysia (FMAM) and the Asian Banking School (ABS) on 31 October 2016 at Sasana Kijang, Bank Negara Malaysia. The Agreement,

witnessed by the Governor of Bank Negara Malaysia, Datuk Muhammad bin Ibrahim, further solidified the working relationship AICB and ABS have had with FMAM since 1995.

HIGHLIGHTS OF 2016 (CONT'D)

FMAM has been working closely with AICB to formulate and undertake the entry examinations for the Pasaran Kewangan Malaysia Certificate (PKMC) for the dealers and brokers in the Malaysian wholesale financial markets. Bank Negara Malaysia's Code of Conduct of 1994 had made it mandatory for all dealers and brokers to be authorised and to secure a pass in the PKMC examination as a pre-condition to practise in the treasury domain.

Since the introduction of the PKMC, a total of 2,062 dealers and brokers have graduated and this certification is now seen as an industry standard to be recognised as a professional dealer or broker. With this new collaboration, new members who pass all the examinations, as well as existing FMAM Ordinary Members and International Members, will be granted dual membership in both FMAM and AICB.

Rollout of Continuing Professional Development (CPD) Regulations

The year 2016 also marked the rolling out of CPD regulations to our members. About 1,500 qualified members are expected to comply with these requirements.

Annual CPD declaration forms were sent to AICB members in December 2016 for them to declare their CPD status. An audit will take place later in 2017 as part

of our new membership framework's emphasis on good membership governance.

Commencement of Chartered Banker and Bank Risk Management Qualifications

The Chartered Banker qualification (Level 3 of our Chartered Banker pathway) was open for enrolment in February 2016 and had its first examination sitting for Module 1 "Professionalism, Ethics and Regulations" on 13 November 2016.

The inaugural enrolment for our two-module Bank Risk Management qualification, developed in collaboration with the Ateneo-Bankers Association of the Philippines Institute of Banking, took place in February 2016. More details on this qualification can be found in the section entitled "Performance Overview of AICB Qualifications" of this Annual Report.

A ground-breaking ceremony of the new AICB building in Bukit Perdana, Kuala Lumpur was held on 19 February 2016. The then-Bank Negara Malaysia Governor, Tan Sri Dr Zeti Akhtar Aziz, officiated the launch of this iconic building which would house AICB's operations as well as several other affiliated institutes under one roof with environmentally friendly features and state-of-the-art facilities to facilitate our educational agenda for the banking and financial industry.



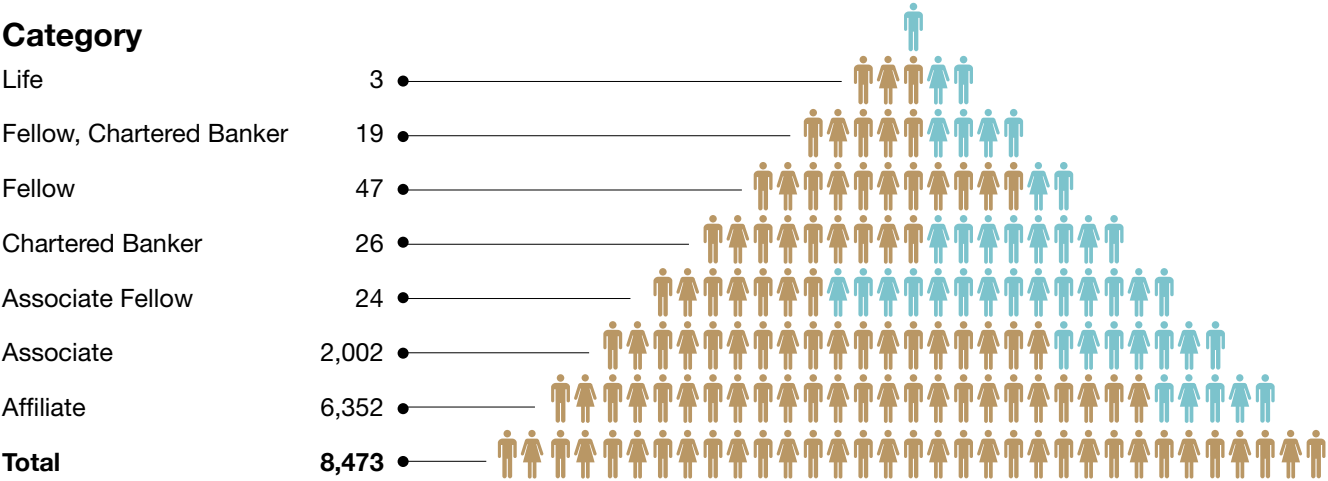
At the ground-breaking ceremony of the new AICB building in Bukit Perdana, Kuala Lumpur

MEMBERSHIP

Membership Base

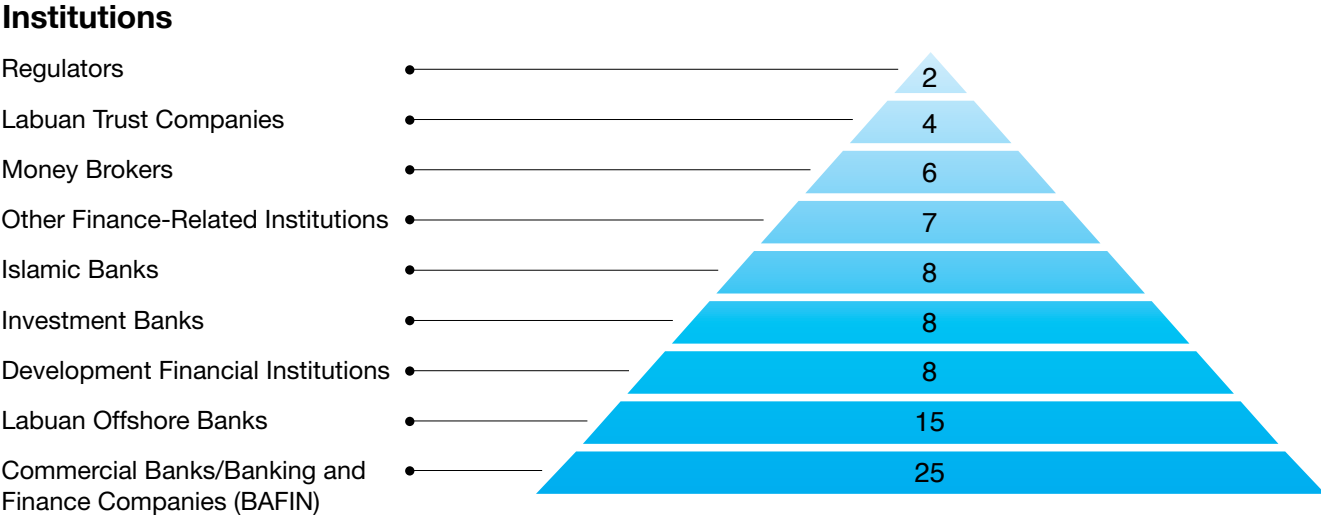
In 2016, we registered 1,029 new individual members, increasing our membership base to 8,473 members. The number of members based outside Malaysia is almost 2% of our total membership. This international membership growth reflects the growing reputation internationally of the Institute’s qualifications amongst employers and professionals looking to build a career in the banking industry.

The breakdown of individual membership by category is as follows:



AICB’s corporate membership is open to licensed banks, licensed investment banks, other licensed financial institutions, regulators of the banking and financial services industry, and other institutions approved by the Council. As at 31 December 2016, these institutions featured prominently on our corporate membership roll.

The breakdown of corporate membership by institution type is as follows:



HIGHLIGHTS OF 2016 (CONT'D)

Enhancing Membership Value

The following initiatives were undertaken to provide our members with access to technical knowledge, industry updates, and networking opportunities.

a. New Membership Framework

In 2016, we focussed on consolidating our constitutional and infrastructural support and reinforcing our membership framework. These were done through greater engagement with our members, enhancement of our offerings and facilitation of talent development and knowledge transfers.

While this transformation took up significant resources in 2015, 2016 was a year to optimise processes as a result of the enhanced system capabilities and to take advantage of the flexibility that the new framework provides us in serving our members.

b. Members Induction



The Member Induction Programme in session

In light of the new membership framework, AICB organised its inaugural Member Induction Programme themed “Building New Competence” on 22 September 2016 at Hotel Istana Kuala Lumpur. This session attracted about 80 individual members who were pursuing their professional education journey with AICB.

At this inaugural Induction event, the first session entitled “Preparing for the Future – An Employer’s Perspective on Professionalism in Banking” highlighted the industry’s view on promoting professionalism and dealing with its associated challenges. The second session, “The Ecosystem of Professional Education – An Examiner’s Perspective” comprising a panel of examiners addressed the relevance of qualification

content in today’s world of banking and provided insights on how best to tackle examinations.

c. Onsite Membership Services



The Onsite Membership Services team addressing enquiries

The year 2016 also saw AICB organising onsite membership service desks, which included briefing sessions at AmBank Berhad, Bank Kerjasama Rakyat Malaysia Berhad, Hong Leong Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. With the support received from the Learning and Development departments of these banks, our service team was able to facilitate applications and enquiries on the following areas:

- Membership applications and qualification enrolments
- Membership upgrades
- Membership renewals
- CPD enquiries
- Examination registrations and enquiries

d. International Accreditation

To achieve AICB’s goal of being the leading professional body for bankers, there has been a concerted effort to achieve recognition for its Chartered Banker qualifications across key markets. One of our efforts to achieve national recognition is through accreditation by the Finance Accreditation Agency (FAA).

Accreditation status denotes that the qualification has met the fundamental learning standards required of the respective qualifications at the basic, intermediate and advanced levels. It also attests to the quality of the curriculum content, where meeting accreditation requirements means that the development process of the qualification is aligned to international best practices.

Provisional Accreditation for Chartered Banker qualification – May 2016

FAA awarded the Provisional Accreditation (FPV) for the Chartered Banker in May 2016. The provisional status will remain valid for a year, after which AICB will seek Full Accreditation status in late-2017.

Provisional Accreditation for Professional Banker qualification – July 2016

The Provisional Accreditation (FPV) for the Professional Banker was awarded by FAA in July 2016. The provisional status will remain valid for a year, after which AICB will seek Full Accreditation status in late-2017.

We are also working to attain international accreditation in 2017, including the Triple-E accreditation from the European Banking and Financial Services Training Association (EBTN) for Executive Banker (Level 1) and Professional Banker (Level 2) of the Chartered Banker programme.

Examiners' Training

Further, in an effort to improve the standards of its suite of examinations, AICB conducted an Examiners' Training for members of the Examination Committee. The event was held on 1 October 2016 at Lanai Kijang. The first session was conducted by Professor Philip Ormrod, Professor of Accounting at the University of Liverpool, who is also an examiner for ICAEW, UK. Professor Ormrod's session was on "Quality of Items and Blooms Taxonomy". The second session was on "Exam Analytics and Psychometrics", conducted by Mr Sang Kyun Chong, a subject matter expert from the testing industry. The event was attended by 32 examiners.

e. Briefings and Talks

AICB conducts nationwide briefings throughout the year to keep Malaysian bank employees updated on AICB's range of qualifications. In 2016, a total of 18 briefings, comprising in-person and teleconference sessions, were held with banks to bring them up to speed on the latest industry qualifications under our umbrella.

Among the enlightening talks hosted by AICB was a dialogue with the General Insurance Association of Malaysia (PIAM) and the International Compliance Association (ICA) for our Compliance Officers Networking Group (CONG), where discussions focussed on compliance regulations and the relevant compliance certifications for the insurance sector. Similarly, with support from our Human Resource Networking Group (HRNG), AICB organised a talk for

human resource practitioners on "Organising HR to Lead Enterprise Change" at the Maybank Academy on 2 March 2016, which focussed on the critical role played by HR functions in building a change-capable organisation.

During the year, AICB initiated the Evening Series to bring subject matter experts to speak on the latest developments in the industry, including Dato' Mohammad Faiz Azmi, the Executive Chairman of PwC Malaysia, and Mr Ong Ching Chuan, Partner, Head of Financial Services, Assurance of PwC Malaysia. Approximately 100 professionals attended the talk that covered the Malaysian Financial Reporting Standard 9, its implementation challenges for financial institutions in Malaysia, as well as the potential business impacts of the new standard. AICB also hosted the Labuan Conference themed "Combating Financial Fraud: The Perfect Storm" on 10-11 August 2016 for members and industry practitioners based in Labuan. The event brought together several industry experts in the area of financial fraud to share their expertise and insights on the latest industry trends in anti-money laundering. Over 120 industry professionals attended the event.

f. Global Banking Discourse Series

The AICB Global Banking Discourse Series is a significant part of AICB's continuous learning and thought leadership programmes to provide members with a better understanding of key issues and trends impacting the Malaysian banking industry.

In 2016, the Institute organised four sessions in this Series as follows:

i) Global Banking Discourse Series 1: C-Suite's Next Game Plan: Data Analytics? Malaysia's Survey of Banks, 28 January 2016, Hilton Kuala Lumpur



Panel Discussion in session

HIGHLIGHTS OF 2016 (CONT'D)

Data Analytics has become a significant business agenda for banks and has gained much interest in the banking industry given the fast pace of technological advancements and massive scale on which data is being accumulated.

This first session of the year encompassed an industry briefing and panel discussion on the findings of the joint AICB-EY survey report titled “C-Suite’s Next Game Plan: Data Analytics?” that was launched at the event that was attended by approximately 60 industry practitioners.

The survey revealed that Malaysia-based banks are one to two years behind current global standards when it comes to realising value from their data assets in the areas of people management, processes and technology.

ii) Global Banking Discourse Series 2: “Building A Successful Data-Driven Organisation”, 3 August 2016, Sasana Kijang, Kuala Lumpur

Given that data analytics has become one of the key focus areas for banks, data-driven decision-making is no longer just the responsibility of business analysts. The half-day session was conducted by Professor David Godes from the University of Maryland who is also a former Professor at Harvard Business School.

AICB organised this thought leadership session to enable senior banking practitioners to better understand the opportunities that big data strategy and management offers. This session also showed them how to build and manage a company that leverages on data analytics to maximise long-term profitability. Over 100 senior banking practitioners attended this event.

iii) Global Banking Discourse Series 3: “The 3 Lines of Defence”, 19 October 2016, Sasana Kijang, Kuala Lumpur



The panel of industry experts who spoke on the 3 Lines of Defence

The 3 Lines of Defence model has become the most common benchmark for assigning risk management and control responsibilities to business functions. However, there has been much debate on its effectiveness thus far.

This session provided a platform for industry experts to share their views on current issues, and offer solutions that organisations could adopt for more effective risk management and control. Close to 140 industry practitioners from risk, compliance and audit attended the event.

iv) Global Banking Discourse Series 4: “Catching the FinTech Wave”, 25 November 2016, Sasana Kijang, Kuala Lumpur

This half-day session included an exclusive briefing on the findings of AICB and PwC Malaysia’s FinTech survey on the Malaysian financial industry, followed by a panel discussion, which enabled industry experts to share their insights on emerging financial technologies in banking, as well as their impact on the broader financial industry. This discourse was attended by 100 industry practitioners.

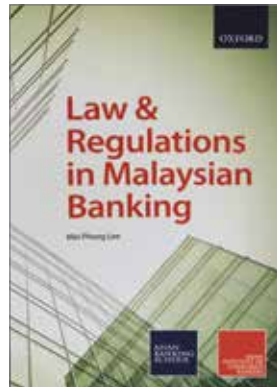


PwC presenting the survey findings on FinTech

g. Thought Leadership Publications and Survey

The Institute continues to publish a variety of thought leadership publications, including the *Banking Insight* magazine which covers global banking trends and developments with a special focus on the Asian region to keep members updated on banking developments and trends. The magazine attracts the readership of both local and global banking experts as well as academicians who contribute their views on issues in the banking industry.

In May 2016, AICB also published and launched the *Law and Regulations of Banking in Malaysia* publication authored by Dr Lee Mei Pheng. This book serves the need for a reference book on financial



services law and regulations in Malaysia. It provides an overview of the Malaysian banking system and covers in significant depth the key aspects of banking including, among others, the Malaysian legal framework, banking regulations and law. The book also highlights current issues and addresses discussions on relevant topics like compliance, corporate governance, ethics, fraud, money laundering and the financing of terrorism, and other key issues impacting the banking industry in Malaysia. Further, it lays down international financial services law and regulations by discussing various international issues, namely the rule of law; the global regulatory framework; international regulators, supervisors, organisations and agencies; as well as international compliance issues affecting global financial systems.

In November 2016, AICB together with PwC Malaysia launched a joint FinTech survey titled *Catching the FinTech Wave*. This survey was based on an online questionnaire and several interviews of the top management of both incumbents and newcomers. It provides useful insights on the state of FinTech in the financial industry in Malaysia (as benchmarked against global findings) to help players prepare for the FinTech disruption through development and fine-tuning of their digital strategies.

h. Digital Thought Leadership Series

In line with current trends, AICB also produced its Digital Thought Leadership Series called “AICB Leaderspeaks”. Three videos were produced featuring subject matter experts such as Professor David Godes, a Professor of Marketing at the University of Maryland’s Robert H. Smith School of Business and a former Harvard Business School professor, Martin Tolar, former Managing Director of GRC Institute Australia and the current Australian & New Zealand General Manager for the Red Flag Group, and Kimberly Whale, Senior Manager at Accenture Australia and compliance expert.

i. AICB’s Graduation and Awards Ceremony

Additionally, AICB’s 19th Graduation and Awards Ceremony was held on 30 July 2016 at the Mandarin Oriental Kuala Lumpur to award graduates their certificates for their corresponding qualifications. Approximately 700 people attended the event.

PERFORMANCE OVERVIEW OF AICB QUALIFICATIONS

AICB offers a suite of professional qualifications to upscale the talent pool of the banking and finance industry. While the Chartered Banker pathway remains our flagship offering, we continue to partner with reputable banking education institutions to offer more specialised qualifications for professionals wishing to be certified in these areas.

The Chartered Banker Programme

Serving as AICB’s flagship qualification, the Chartered Banker programme will help candidates achieve and maintain the highest standards of competence and professionalism. The Chartered Banker Education Pathway comprises three levels (i.e. Executive Banker, Professional Banker, and Chartered Banker). The Chartered Banker qualification is internationally recognised and is equivalent to a British honours degree. Besides an encouraging response to the Chartered Banker programme in 2016 from the domestic market, AICB also received international enrolments from Cambodia and Myanmar for the Executive Banker and Professional Banker levels, and these members will sit for their exams in 2017. The year 2016 also saw 11 members from the Maldives completing their Professional Banker qualification who will progress to complete the final level of the Chartered Banker qualification in 2017.

Executive Banker

Launched in May 2012, the Executive Banker qualification (EB) is the first level of the Chartered Banker programme.

This level is suitable for executives in the banking and finance industry who aspire to demonstrate their commitment to banking professionalism. It provides candidates with the essentials of how banking and financial services operate and the challenges they can expect to deal with.

The Executive Banker requires candidates to complete three compulsory modules:

- (a) **Module 1** – Financial Systems and Regulatory Frameworks;
- (b) **Module 2** – Risk in Financial Services; and
- (c) **Module 3** – Banking Operations and Professional Ethics.

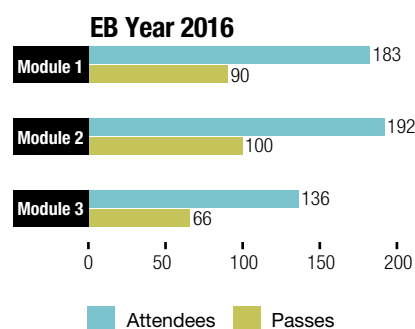
HIGHLIGHTS OF 2016 (CONT'D)

Upon successful completion of the Executive Banker, candidates may progress to the Professional Banker and ultimately, the Chartered Banker.

Candidates are required to complete three modules. Upon successful completion, candidates may progress to the final level, i.e. Chartered Banker.

Executive Banker – Statistical Summary

Module	2016		
	Module 1	Module 2	Module 3
Attendees	183	192	136
Passes	90	100	66



Professional Banker

The Professional Banker qualification (PB) is the second level of the Chartered Banker programme.

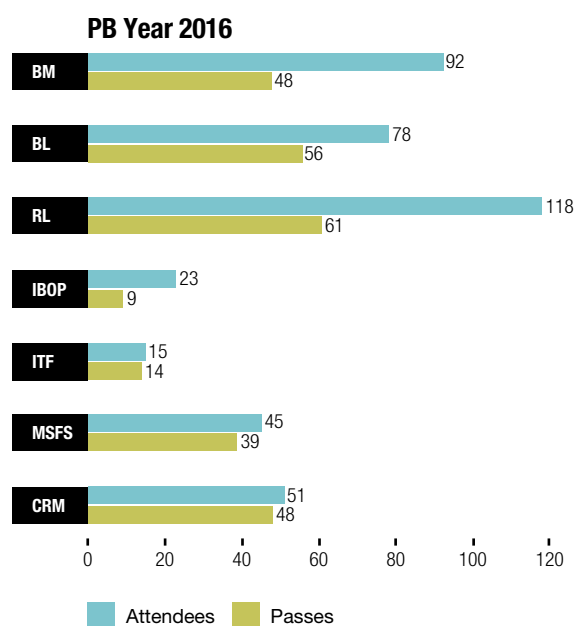
This level establishes candidates' understanding of how banking and financial services operate and the challenges they may face in their day-to-day operations. It is suitable for bankers who want to acquire operational knowledge.

Within the Professional Banker framework, there are seven examination papers as follows:

- Bank Management (BM);
- Business Lending (BL);
- Retail Lending (RL);
- International Banking and Offshore Practice (IBOP);
- International Trade Finance (ITF);
- Marketing and Selling in Financial Services (MSFS); and
- Customer Relationship Management (CRM).

Professional Banker – Statistical Summary

Module	2016	
	Attendees	Passes
BM	92	48
BL	78	56
RL	118	61
IBOP	23	9
ITF	15	14
MSFS	45	39
CRM	51	48



Chartered Banker

The Chartered Banker qualification (CB) is the third level of the Chartered Banker programme, which is a world-class qualification conferred jointly by AICB and the Chartered Banker Institute in the UK.

There are seven modules for the Chartered Banker programme, i.e.:

Compulsory Module

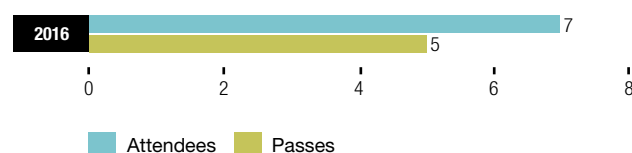
- Professionalism, Ethics and Regulation (PER)

Elective Modules

- Contemporary Issues in Banking (CIB)
- Credit and Lending (CL)
- Risk Management in Banking (RMB)
- Applied Business and Corporate Banking (ABCB)
- Retail Banking (RB)
- Banking for High Net Worth Individuals (BHNI)

To be awarded the Chartered Banker qualification, candidates are required to complete the compulsory module and any two electives within five years.

CB Year 2016



In 2016 we saw our first cohort of candidates from Executive Banker and Professional Banker progress into Level 3 of the Chartered Banker Programme.

To aid our candidates' learning and preparation for the Chartered Banker examinations, the Institute makes available study texts and revision passcards, programme and assignment guides, orientation videos, online forums, mock assignments and mock exam papers on AICB's open-source Learning Management System (Moodle), which is accessible round the clock. Furthermore, the online forums were set up for members enrolled in the Chartered Banker qualification to post questions on their individual assignments and examinations, with guidance provided by online tutors from the Chartered Banker Institute.

Chartered Banker - Statistical Summary

Module	2016	
	Attendees	Passes
PER	7	5

Revised Entry Requirements and Exemptions for the Chartered Banker Pathway

Key to enhancing AICB's offerings was the review and consolidation of our flagship Chartered Banker qualifications' accelerated routes in 2016.

The revised eligibility criteria, which took effect from 10 June 2016, are outlined below:

Qualification	Direct Entry Requirements (Accelerated Route)	Pathway to Chartered Banker Qualification
Professional Banker	(1) Recognised degree; OR AICB foundation-level qualification. (2) AICB intermediate-level qualification.	(1) Complete three Professional Banker modules and three Chartered Banker modules (per the qualification structure rules). (2) Complete two Professional Banker modules and three Chartered Banker modules (per the qualification structure rules).
Chartered Banker	Recognised professional qualification in accountancy OR CFA Charter; AND Have five years' work experience in financial services institutions (e.g. regulators, commercial banks, Islamic banks, investment banks, development financial institutions, Labuan offshore banks, Labuan trust companies).	Complete three Chartered Banker modules (per the qualification structure rules). Note: Applicants who do not have a credit qualification or relevant credit experience MUST complete the Credit and Lending module.

Application for the accelerated route is no longer an exemption application, but a direct entry application to the respective qualification. Hence, an exemption fee is no longer applicable.

HIGHLIGHTS OF 2016 (CONT'D)

Current candidates who met the new direct entry requirements were transitioned to the Professional Banker or Chartered Banker, where appropriate, during the transition period ending 31 December 2016.

Direct entry to the Chartered Banker pathway for senior bankers was also introduced in 2016 as follows:

Qualification	Direct Entry Requirements (Senior Bankers Pathway)	Pathway to Chartered Banker Qualification
Chartered Banker	<p>(1) Business Division Head (C-1 level) with at least five years in this position; AND</p> <ul style="list-style-type: none"> 15 years in core banking areas (NOT in support or corporate functions). The review will take into account the breadth and depth of experience; AND Recognised degree OR professional qualification. <p>(2) Business Division Head (C-2 level) with at least three years in this position; AND</p> <ul style="list-style-type: none"> 15 years in core banking areas (NOT in support or corporate functions). The review will take into account the breadth and depth of experience; AND IBBM Diploma qualification; OR IBBM CCP; OR recognised degree; OR professional qualification. 	<p>Complete two Chartered Banker modules:</p> <p><u>Compulsory</u></p> <ul style="list-style-type: none"> Professionalism, Ethics and Regulation; AND <p><u>Electives (one of the following)</u></p> <ul style="list-style-type: none"> Credit and Lending; OR Risk Management in Banking <p>Note: Applicants who do not have a credit qualification or relevant credit experience MUST complete the Credit and Lending module.</p> <p>Complete three Chartered Banker modules (per the qualification structure rules).</p> <p>Note: Applicants who do not have a credit qualification or relevant credit experience MUST complete the Credit and Lending module.</p>

Professional Credit Certification (PCC)

PCC is a modular programme for banking executives who seek to equip themselves with the skills, knowledge and tools to advance in the demanding and rapidly changing field of credit management.

AICB designed this course in collaboration with senior credit practitioners to cater to banking professionals at different stages of their career. Supporting this course are AICB's production in 2016 of 13 credit case studies (12 business lending and 1 consumer lending) for use as teaching tools at ABS, which is our exclusive training partner, and AICB's partner universities.

This three-level programme offers a total of four qualifications, providing a systematic progression of knowledge, skills and competencies required for a credit specialist:

• The First Level

Certified Credit Executive (CCE) is an entry-level qualification for candidates who complete modules on general credit. The modules at this level are:

- **CCE 1** – The Malaysian Financial System, Regulations and Ethics;
- **CCE 2** – Basic Credit Skills;
- **CCE 3** – Basic Accounting and Financial Statement Analysis; and
- **CCE 4** – Credit Writing Skills.

• The Second Level

Retail Credit Professional (RCP)/Business Credit Professional (BCP) is an intermediate-level award given upon completion of four modules in the retail or business credit specialisations. The modules at this level are:

RCP

- **RCP 1** – Credit Environment and the Lending Process;
- **RCP 2** – Consumer Lending Products and Services;
- **RCP 3** – Lending to Small Business; and
- **RCP 4** – Loan Portfolio Management.

Upon successful completion of the RCP qualification, candidates will receive the RCP certificate and the pathway ends here.

BCP

- **BCP 1** – Credit Analysis;
- **BCP 2** – Advanced Financial Analytical Techniques;
- **BCP 3** – Loan Structuring and Legal Documentation; and
- **BCP 4** – Loan Monitoring, Rehabilitation and Recovery.

Upon successful completion of the BCP qualification, candidates will receive the BCP certificate and can advance to the next level, which is the Corporate Credit Specialist.

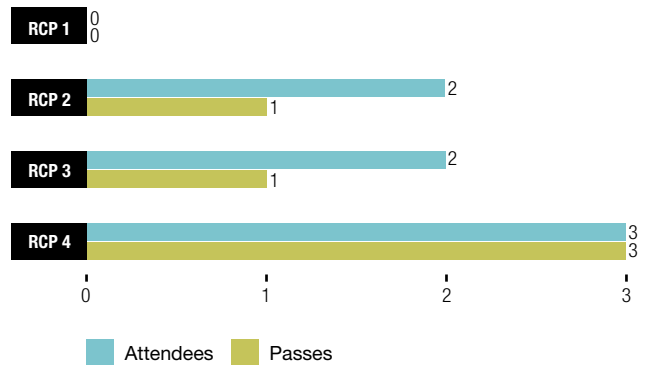
- The Third Level

The Corporate Credit Specialist (CCS) is currently still in development. It is an advanced-level award for candidates assessed through a combination of assignments and examinations.

RCP – Statistical Summary

Module	2016	
	Attendees	Passes
RCP 1	0	0
RCP 2	2	1
RCP 3	2	1
RCP 4	3	3
Total	7	5

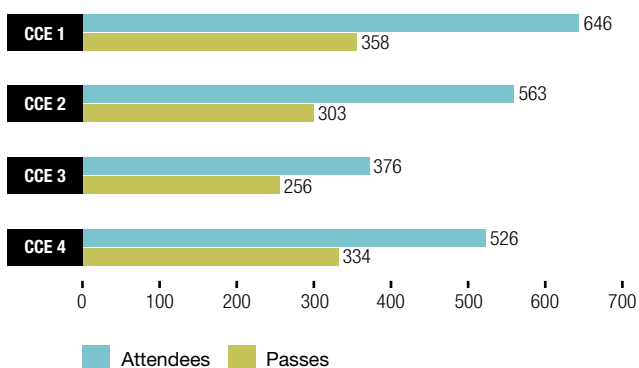
RCP Year 2016



CCE – Statistical Summary

Module	2016	
	Attendees	Passes
CCE 1	646	358
CCE 2	563	303
CCE 3	376	256
CCE 4	526	334
Total	2,111	1,251

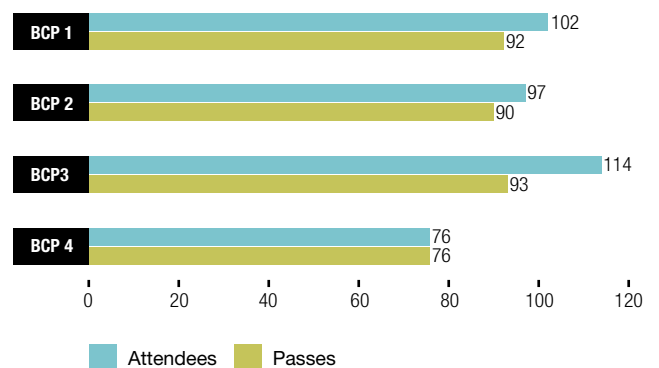
CCE Year 2016



BCP - Statistical Summary

Module	2016	
	Attendees	Passes
BCP 1	102	92
BCP 2	97	90
BCP 3	114	93
BCP 4	76	76
Total	389	351

BCP Year 2016



HIGHLIGHTS OF 2016 (CONT'D)

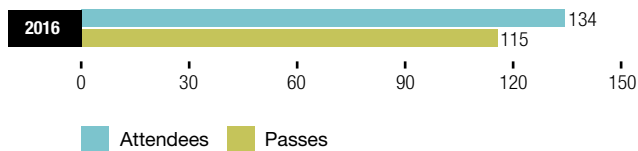
Professional Qualifications in Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT)

The professional qualifications in AML/CFT are awarded by AICB jointly with the International Compliance Association (ICA), in association with Alliance Manchester Business School, the University of Manchester.

The AML/CFT education takes the international qualifications of the ICA and embeds the core Malaysian principles, laws and practices alongside the best of international best practices. The three-tiered professional qualification comprises Certification, Advance Certification, and Certified Professional levels, with the knowledge, skills and competencies taught at each of these tiers tailored accordingly to suit candidates' experience levels.

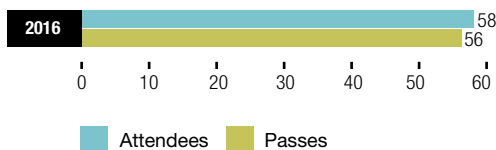
Certification in AML/CFT – Statistical Summary

Item	2016
Attendees	134
Passes	115



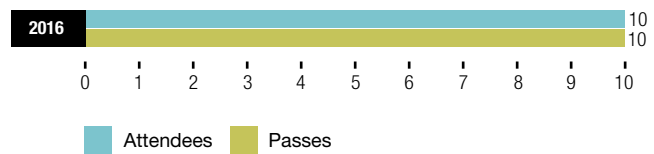
Advanced Certification in AML/CFT – Statistical Summary

Item	2016
Attendees	58
Passes	56



Certified Professional in AML/CFT – Statistical Summary

Item	2016
Attendees	10
Passes	10



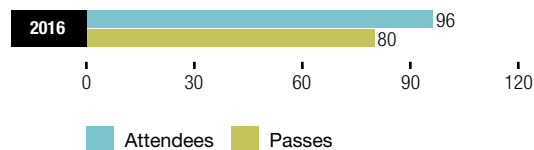
Professional Qualifications in Regulatory Compliance (RC)

The Regulatory Compliance professional qualifications are jointly awarded by AICB and the International Compliance Association (ICA), in association with Alliance Manchester Business School, the University of Manchester. It is designed to demonstrate knowledge, understanding and skills regarding:

- The regulatory environment, including the roles and powers of Bank Negara Malaysia;
- The roles and responsibilities of both the compliance function and the Compliance Officer, and the skills needed to successfully discharge these; and
- The implementation of key compliance activities plus awareness of the different types of financial crime.

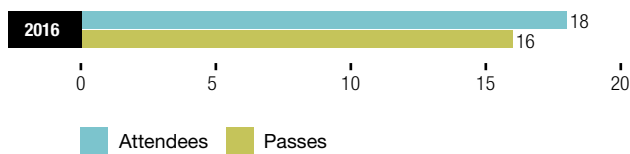
Certification in RC – Statistical Summary

Item	2016
Attendees	96
Passes	80



Advanced Certification in RC – Statistical Summary

Item	2016
Attendees	18
Passes	16

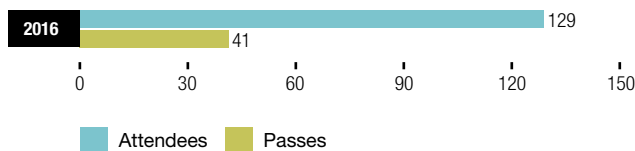


Certificate in Internal Auditing for Financial Institutions (CIAFIN)

CIAFIN is an introductory specialist qualification that equips candidates with the prerequisite knowledge and skills to function more effectively as an internal auditor in a financial institution. The qualification also provides an understanding of the ethical values and rules guiding internal auditing practices.

CIAFIN – Statistical Summary

Item	2016
Attendees	129
Passes	41

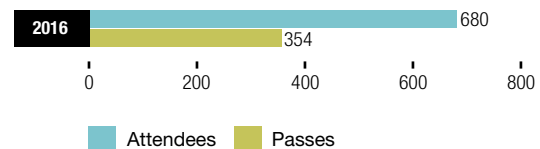


Investor Protection Professional Certification (IPPC)

IPPC is a regulatory qualification awarded jointly by AICB and the Financial Markets Association of Malaysia (FMAM) (also known as Persatuan Pasaran Kewangan Malaysia (PPKM)). It is designed for employees of registered persons (as defined in the Guidelines on Investor Protection, and jointly issued by Bank Negara Malaysia and the Securities Commission) involved in the selling and marketing of structured products and unlisted debt securities to meet the regulatory requirements under the guidelines.

IPPC – Statistical Summary

Item	2016
Attendees	680
Passes	354



HIGHLIGHTS OF 2016 (CONT'D)

Pasaran Kewangan Malaysia Certificate (PKMC)

PKMC is a regulatory qualification awarded jointly by AICB and the Financial Markets Association of Malaysia (FMAM) (also known as Persatuan Pasaran Kewangan Malaysia (PPKM)) for its Association's Provisional, Provisional Broker or Affiliate Members to upgrade to Ordinary, Broker or Associate Members.

Module I - The Malaysian Code of Conduct and Market Practices, Investor Protection, Law and Regulations, and the Malaysian Financial System and Conduct of Monetary Policy

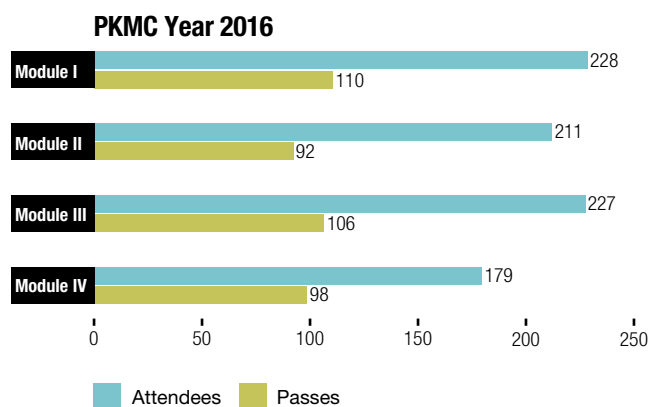
Module II - The Money Market

Module III - The Foreign Exchange Market

Module IV - Risk Management and Basic Derivatives

PKMC - Statistical Summary

Item	2016			
	Mod I	Mod II	Mod III	Mod IV
Attendees	228	211	227	179
Passes	110	92	106	98



Bank Risk Management (BRM)

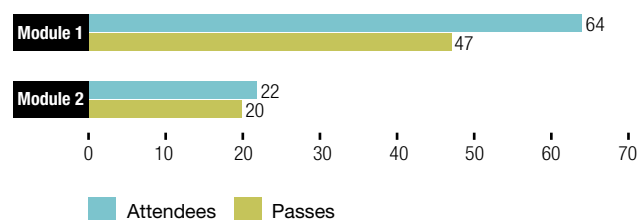
The Bank Risk Management (BRM) is a two-module intermediate-level qualification on risk management in banking. It provides a qualitative introduction to bank risk and bank risk management. It aims to produce a highly accessible guide to the procedures for managing risk in banking to as wide an audience as possible.

Module 1 - Risk Management in Banking: Principles and Framework

Module 2 - Risk Management in Banking: Risk Models, Capital and Asset Liability Management

BRM – Statistical Summary

Item	2016	
	Module 1	Module 2
Attendees	64	22
Passes	47	20



STRENGTHENING STAKEHOLDER ENGAGEMENTS

Networking Groups

AICB maintains four networking groups as channels to conduct knowledge-sharing sessions and dialogues with key stakeholders on important issues affecting the industry today, as well as to deliberate on and provide input on new industry policies. Throughout 2016, these networking groups met regularly and actively organised insightful talks and conferences featuring expert guest speakers.

Chief Internal Auditors Networking Group (CIANG)

Designation	Name
Chairman	Alan Chang Kong Chong, CB, Chief Internal Auditor, Hong Leong Bank Berhad
Secretary	Nazlee Abdul Hamid, Executive Vice President and Chief Audit Executive, Malayan Banking Berhad

The Chief Internal Auditors Networking Group met once in two months to discuss pertinent audit issues and best practices to elevate audit standards in the banking industry. Further, a cyber security framework for internal auditors is being deliberated on by the Group to set the standard for the industry. This is expected to be completed in 2017. The Group has also committed to revising the CIAFIN syllabus to ensure that it remains relevant to current practices and standards. The revised syllabus is expected to be launched in 2017.

The Group also engaged with Bank Negara Malaysia and other subject matter experts to organise knowledge-sharing sessions on treasury audit, foreign exchange administration, developments on the Anti-Money Laundering and Counter Financing of Terrorism Act, the Corporate Integrity Pledge, Compliance Knowledge Sharing Session, and the Shariah Audit Framework.

Compliance Officers Networking Group (CONG)

Designation	Name
Chairman	Wan Mazlan Wan Johari, Deputy Chief Compliance Officer, Bank Islam Malaysia Berhad
Secretary	Kwan Keen Yew, Group Chief Compliance Officer, CIMB Group Holdings Berhad

The Compliance Officers Networking Group (CONG) met once in two months to deliberate on pertinent compliance issues in the banking industry. The Group continued to play an important role as a reference point for the banking industry in channelling all pertinent issues on compliance to Bank Negara Malaysia.

CONG members were actively involved in driving the 8th International Conference on Financial Crime and Terrorism Financing (IFCTF), which was held in October 2016. Their significant contributions entailed working closely with the organiser to provide thought leadership, conceptual frameworks, policies, and processes to ensure the topics and speakers were of interest to industry members.

CONG also played a key role in initiating and providing input to the development of the Global Banking Conference Discourse Series entitled “The 3 Lines of Defence”, which was held in October 2016 and was very well received by the industry. A Compliance Workshop on Compliance 2.0 for compliance practitioners was conducted on the following day, arising from the recommendation and support from this Group.

Additionally, CONG engaged with Bank Negara Malaysia and other subject matter experts in organising knowledge-sharing sessions on Risk-Based Approach (RBA) Guidance, Cash Threshold Reporting (CTR), Implementing Exemptions to Tipping-off Provisions, Introduction to the National Revenue-Recovery Enforcement Team and Issues on Financial Institutions, Secrecy Provision and Prohibited Business Conduct, as well as Bank Negara Malaysia’s Expectations of Financial Institutions’

Heads of Compliance in relation to Statistical Reporting Requirements and presentation on Order 48 under the Anti-Money Laundering Act.

Chief Risk Officers Forum (CROs Forum)

Designation	Name
Chairman	David Richard Thomas, Group Chief Risk Officer, CIMB Group Holdings Berhad
Secretary	AICB

The Chief Risk Officers Forum (CROs Forum) provides the avenue for all chief risk officers in the banking industry to meet and discuss issues and best practices pertaining to risk management. The Forum also invited representatives from Bank Negara Malaysia and other subject matter experts to its meetings for more diverse exchanges of views and updates on the latest developments, such as:

- Guidelines on Outsourcing
- The Net Stable Funding Ratio (NSFR)
- SCEL Guidelines
- Nostro Account Issues
- Guidelines on the Liquidity Coverage Ratio (LCR)
- Cyber Threats
- Making Prudent Financial Management a Way of Life with the Credit Counselling and Debt Management Agency

The CROs Forum was instrumental in the development of our Bank Risk Management qualification, which was introduced in 2016. Members of the Forum have also volunteered as examiners for this qualification’s examinations.

Human Resource Networking Group (HRNG)

Designation	Name
Chairman	Nora Abd Manaf, Group Chief Human Capital Officer, Malayan Banking Berhad
Alternate Chairman	Florence Foo, Head of Human Resource (Malaysia), Standard Chartered Bank Malaysia Berhad

The Human Resource Networking Group (HRNG) met each quarter to discuss pertinent human capital development issues and best practices to further enhance

HIGHLIGHTS OF 2016 (CONT'D)

the effectiveness of the human capital development function within the financial services institutions in Malaysia. HRNG also acts as a liaison body for the human resource management and development profession by working with regulatory bodies, in particular, Bank Negara Malaysia.

An exclusive talk was held for members on 2 March 2016 at Maybank Academy in Bangi with the theme “Organising HR to Lead Enterprise Change”. The event, attended by 48 practitioners, featured Sureish Nathan, HR Practice of CEB who provided his views and perspectives on the topic. A focus group was also established in 1Q2016 to address issues relating to the risk pipeline pool and 30% Club. The issues were discussed in greater detail in 2Q2016.

HRNG also conducted a validation survey on the composition of bank staff in various divisions across the nation and with international counterparts with the aim to provide greater insights on the extent of how AICB qualifications are used by banks locally and internationally.

Partnerships with Industry

AICB continually strengthens its partnerships with industry leaders and strategic international partners, including universities, banking education institutions, and publishers to develop professional banking education of international standards.

These collaborations form an integral part of AICB's mission and promotes educational exchanges, curriculum development and research collaborations, helping ensure that the curriculum of our professional qualifications remains relevant and reflects core industry competencies in all the key areas of banking. This provides members with a clear benchmark to demonstrate that they have acquired the required knowledge and are able to carry out their responsibilities in a competent and professional manner.

To further shape and influence the future talent pipeline for the banking sector, AICB worked with institutes of higher learning such as Taylor's University, Universiti Tunku Abdul

Rahman (UTAR) and Multimedia University. AICB actively continued to promote and strengthen the recognition of the Chartered Banker pathway through several talks on charting career paths in the banking and finance industry. To further underpin this objective, four Memoranda of Understanding were signed with the following institutions:

- Asia Pacific University (APU) on 8 March 2016 at APU Campus at Bukit Jalil;
- UTAR on 23 March 2016 at UTAR Campus in Kampar, Perak;
- Curtin University on 29 March 2016 at Curtin University Miri Campus; and
- KDU University College on 19 July 2016 at KDU University College Campus.

AICB also held two case-study workshops for academics from AICB's partner universities on 31 May 2016 and 3 November 2016 respectively. The workshops provided participants with greater insights into subjects related to business credit analysis, and structures of business financing.

AICB continued to build its influence in the area of professional education through various local and international discourses. In 2016, AICB was elected as member of the Malaysian Qualifications Agency's (MQA) panel of experts for programme standards for Banking, Finance and Insurance (BFI) to produce the very first Programme Standards for BFI.

This is MQA's first attempt to align academic syllabi with professional education in BFI and upon approval by the MQA Council in July 2016, the standards are mandatory reference for all universities offering programmes in BFI, public and private alike, for the next five years or so beginning January 2017. AICB's involvement began in October 2015 and the Programme Standards for BFI were finally launched on MQA's portal in August 2016, ready for use by all higher-learning institutions in designing academic programmes in BFI.

Additionally, the AICB also works closely with publishing houses and academic institutes, including Oxford Fajar Bakti, Oxford University Press, BPP, Chartered Bankers UK, and Wiley Publishers to produce professional banking education material for our members.

International Engagements

The global financial landscape is undergoing massive changes and correspondingly, the requirements of talent profiles are rapidly shifting to meet these changes. This is driving the need for greater engagement and collaboration between global banking education institutes to further leverage global best practices and share knowledge with each other.

AICB continues to engage with its international counterparts and participates in several international banking education forums, including the Asia-Pacific Association of Banking Institutes (APABI), and the ASEAN Banking Council to further strengthen its global influence and network. The Institute has also received significant international interest in its qualifications and in 2016 has accepted international qualification enrolments from the Maldives, Cambodia, and Myanmar. AICB continues to engage with these international markets as well as the

Philippines and the United Arab Emirates to explore further potential collaboration.

The Asia-Pacific Association of Banking Institutes (APABI) 2016 Conference

In 2016, AICB participated in the APABI 2016 conference themed “Best Practices in Banking and Financial Industry’s Talent Development in Asia-Pacific” on 22-23 September 2016 in Kathmandu, Nepal.

This conference, organised by the National Banking Institute (NBI) Nepal, provided an avenue for global leading bankers, regulators and academia to gather and discuss best international banking practices in talent development.

APABI, founded in 1986, is an international grouping of banking academia from over 30 countries in the Asia Pacific region.



Key participants at the APABI 2016 Conference

HIGHLIGHTS OF 2016 (CONT'D)

The 21st ASEAN Banking Conference and 46th ASEAN Banking Council Meeting

Held from 27-30 November 2016 in Bangkok, Thailand and themed “Enhancing and Strengthening the Roles of Regional ASEAN Banks in the context of Growing the ASEAN Economic Community (AEC)”, this regional gathering of senior bankers, academia, and ASEAN policymakers saw participants having robust discussions on a variety of regional financial integration initiatives.

The conference comprised several panel discussions including digital and FinTech, regional trade and investment, sustainability finance, and regional infrastructure financing. More than 300 banking executives and experts from prominent banks across ASEAN attended the event.

Following the conference, there was a meeting of the three permanent committees of the ASEAN Banking Council: Cooperation in Finance, Investment and Trade (COFIT), Banking Education, and ASEAN Inter-Regional Relations.

AICB is a permanent committee member on the Banking Education Committee, which meets regularly to discuss cross-border banking education initiatives for the region.



Banking Education Committee Members at the 46th ASEAN Banking Council Meeting

Communication platforms

AICB continued to leverage on our communication platforms to keep members and the public informed on our activities. Our website (www.aicb.org.my) remains our key online resource and communications tool. The website, together with our social media channels (i.e. Facebook, Twitter and LinkedIn), have been adapted for mobile use, in keeping with current user trends.

Through these channels, AICB has cost-effectively promoted our programmes while granting easy access to corporate information, membership, and qualifications details.

Communicating through Social Media Channels

As at 31 December 2016



54,449
followers



1,271
followers



892
followers

FINANCIAL STATEMENTS

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- 64** Notes to the Financial Statements



CORPORATE INFORMATION

CHAIRMAN

Tan Sri Azman Hashim

VICE CHAIRMAN

Datuk Abdul Farid Alias

COUNCIL MEMBERS

Mr Donald Joshua Jaganathan

Tan Sri Dato' Sri Tay Ah Lek

Datuk Mohamed Azmi Mahmood

Datuk Mohd Najib Hj Abdullah

Datuk Yvonne Chia

Dato' Howard Choo Kah Hoe

Dato' Khairussaleh Ramli

Mr Wong Kim Choong

Mr Ong Eng Bin

Mr Lee Lung Nien

(appointed on 15 April 2016)

Tan Sri Azlan Mohd Zainol

(resigned w.e.f. 21 March 2016)

Mr Tan Kong Khoon

(resigned w.e.f. 15 March 2016)

CHIEF EXECUTIVE

Mr Prasad Padmanaban

(appointed on 5 September 2016)

Mr Tay Kay Luan

(resigned w.e.f. 30 June 2016)

SECRETARY

Ms Lum Soo Yan

AUDITORS

SJ GRANT THORNTON

(Member of Grant Thornton International Ltd)

Chartered Accountants

Level 11, Sheraton Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

BANKER

MALAYAN BANKING BERHAD

SOLICITOR

SKRINE

REGISTERED OFFICE

Wisma IBI

5 Jalan Semantan

Damansara Heights

50490 Kuala Lumpur

REPORT OF THE COUNCIL

The Council of Asian Institute of Chartered Bankers hereby submit the Council's report and the audited financial statements of the Institute for the financial year ended December 31, 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Institute are propelling the Institute as a distinct professional body focusing on membership, professional standards, education, awards and examination policies.

There have been no significant changes in the nature of these activities during the financial year except for the re-introduction of qualifications-based examinations.

FINANCIAL RESULTS

	RM
Loss before tax	200,893
Tax expense	1,293,903
Net loss for the financial year	1,494,796

RESERVES AND PROVISIONS

There have been no material transfers to or from reserves or provisions during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Institute were made out, the Council took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Institute, have been written down to an amount which they might be expected so to realise.

At the date of this report, the Council is not aware of any circumstances:-

- (a) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Institute; or
- (b) which would render the values attributed to current assets in the financial statements of the Institute misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

REPORT OF THE COUNCIL (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

As at the date of this report, there does not exist:-

- (a) any charge on the assets of the Institute which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability in respect of the Institute which has arisen since the end of the financial year.

In the opinion of the Council:-

- (a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Institute to meet their obligations as and when they fall due;
- (b) the results of the Institute's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Institute for the financial year in which this report is made.

COUNCIL AND CONSTITUTIONAL MATTERS

The Council of the Institute comprised the following office bearers:

- (a) Nominated by and representing Bank Negara Malaysia under Article 66(1)(a) of the Institute's Articles of Association:
 - Mr Donald Joshua Jaganathan
- (b) Nominated by and representing The Association of Banks in Malaysia under Article 66(1)(b) of the Institute's Articles of Association:
 - Datuk Abdul Farid Alias
 - Dato' Khairussaleh Ramli
 - Mr Wong Kim Choong
 - Mr Ong Eng Bin
 - Mr Lee Lung Nien (appointed on 15 April 2016)
 - Mr Tan Kong Khoon (resigned w.e.f. 15 March 2016)
- (c) Nominated by and representing the Malaysian Investment Banking Association under Article 66(1)(c) of the Institute's Articles of Association:
 - Tan Sri Azman Hashim
 - Datuk Mohd Najib Haji Abdullah
- (d) Nominated by the Council under Article 66(1)(d) of the Institute's Articles of Association:
 - Tan Sri Dato' Sri Tay Ah Lek
 - Datuk Mohamed Azmi Mahmood
 - Datuk Yvonne Chia
 - Dato' Howard Choo Kah Hoe
 - Tan Sri Azlan Mohd Zainol (resigned w.e.f. 21 March 2016)

BENEFITS OF THE COUNCIL MEMBERS

The Institute is a company limited by guarantee and there is no share in which a Council Member could have an interest. The Institute has not issued any debentures during the financial year under review.

BENEFITS OF THE COUNCIL MEMBERS (CONT'D)

During and at the end of the financial year, no Council Member has received or become entitled to receive any benefit by reason of a contract made by the Institute with the Council Member, or with a firm of which the Council Member is a member, or with a company in which the Council Member has a substantial financial interest.

In addition, neither during nor at the end of the financial year was the Institute a party to any arrangement whose object is to enable any Council Member to acquire benefits by means of the acquisition of shares in or debentures of any bodies corporate.

ORGANISATION AND MANAGEMENT

The management of the Institute is vested in the Council, which also manages the Staff Training Fund. The Council met regularly during the financial year to deliberate on and consider the Institute's matters. In discharging its responsibilities, the Council was supported by the Education, General Purpose, Audit, Human Resource and Membership Committees, as well as the Board of Examiners.

Education Committee

The Education Committee (EC) guides and provides the oversight on the development of the Institute's education standards and policies. The role of EC is to ensure that the Institute's learning curricula are relevant and aligned to industry needs.

The Committee comprised:

- Mr Donald Joshua Jaganathan (Chairman)
- Tan Sri Dato' Sri Tay Ah Lek
- Dato' Howard Choo Kah Hoe
- Mr Lee Lung Nien (appointed on 15 April 2016)
- Mr Tan Kong Khoon (resigned w.e.f. 15 March 2016)

The Council also co-opted the following to the Committee:

- Professor Dato' Dr Ansary Ahmed
President/Chief Executive Officer, Asia e University
- Datuk Johar Che Mat
Director, Rural Capital Berhad
- Mr Choo Yee Kwan (appointed on 1 July 2016)
Director, HSBC Bank Malaysia Berhad

General Purpose Committee

The General Purpose Committee (GPC) ensures the creation and implementation of financial management related policies and acts as the approving body for expenditures according to the delegated authority limits. The role of GPC is to provide guidance on the preparation, presentation and management of annual budgets.

The Committee comprised:

- Datuk Abdul Farid Alias (Chairman)
- Datuk Mohamed Azmi Mahmood
- Mr Wong Kim Choong

Audit Committee

The Audit Committee (AC) provides the independent oversight on accounting policies, financial reporting policies, business processes and operational controls. The role of AC is to ensure that internal and statutory audit functions are properly conducted and all audit recommendations are effectively carried out.

REPORT OF THE COUNCIL (CONT'D)

ORGANISATION AND MANAGEMENT (CONT'D)

Audit Committee (cont'd)

The Committee comprised:

- Dato' Howard Choo Kah Hoe (Chairman) (appointed on 9 June 2016)
- Mr Wong Kim Choong
- Dato' Khairussaleh Ramli (appointed on 5 April 2016, resigned w.e.f. 27 May 2016)
- Tan Sri Azlan Mohd Zainol (resigned w.e.f. 21 March 2016)

Human Resource Committee

The Human Resource Committee (HRC) guides management in executive recruitment, compensation and people development policies. The role of HRC is to facilitate the implementation of human resource-related policies and practices.

The Committee comprised:

- Datuk Mohd Najib Haji Abdullah (Chairman)
- Mr Ong Eng Bin
- Mr Lee Lung Nien (appointed on 9 June 2016)

Membership Committee

The Membership Committee (MC) guides and provides the oversight on the development of the Institute's professional standards in membership, conduct and professional development to support the agenda of professionalising bankers. The role of MC is to review the implementation of the policies and the effectiveness of the membership programmes in ensuring creation of value to members.

- Datuk Mohamed Azmi Mahmood (Chairman)
- Datuk Yvonne Chia
- Dato' Khairussaleh Ramli

Board of Examiners

The Board of Examiners is established as an integral part of examination strategy to ensure governance and standards of the examinations supporting the awarding roles of the Institute.

The Board comprised:

- Dato' Howard Choo Kah Hoe (Chairman)

The Council also co-opted the following to the Committee:

- Mr Alex Por Peng Seong
Executive Director, Country Head, Risk Management, United Overseas Bank (Malaysia) Berhad
- Mr Colin Morrison
Deputy Chief Executive & Director of Education, Chartered Banker Institute, UK
- Dr Cordelia Mason
Research Fellow, Asian Institute of Finance
- Puan Nora Abd Manaf
Group Chief Human Capital Officer, Malayan Banking Berhad
- Professor Dato' Dr Sayed Mushtaq Hussain
Professor, School of Management, Asia e University
- Professor Lee Chew Ging (appointed on 21 December 2016)
Dean of Faculty of Arts and Social Sciences, The University of Nottingham Malaysia Campus
- Professor Christine Ennew (resigned w.e.f. 21 September 2016)
Former Provost, The University of Nottingham Malaysia Campus

Personnel

As at end-2016, the Institute has a total staff strength of 32.

NOMINATION OF COUNCIL MEMBERS

The Institute has received the following nominations for the appointment of Council Members for the 2017/2018 term of office:

Nominated by Bank Negara Malaysia:

- Mr Donald Joshua Jaganathan

Nominated by The Association of Banks in Malaysia:

- Datuk Abdul Farid Alias
- Dato' Khairussaleh Ramli
- Mr Wong Kim Choong
- Mr Ong Eng Bin
- Mr Lee Lung Nien

Nominated by the Malaysian Investment Banking Association:

- Tan Sri Azman Hashim
- Datuk Mohd Najib Haji Abdullah

Nominated by Council:

- Tan Sri Dato' Sri Tay Ah Lek
- Datuk Mohamed Azmi Mahmood
- Datuk Yvonne Chia
- Dato' Howard Choo Kah Hoe
- Tengku Dato' Sri Zafrul Tengku Abdul Aziz

ELECTION OF COUNCIL MEMBERS

No nomination for election to the Council under Article 66(1)(e) of the Institute's Constitution has been received.

AUDITORS

The Auditors, Messrs SJ Grant Thornton have expressed their willingness to continue in office.

APPRECIATION

The Council wishes to record its deep appreciation to everyone who had contributed in one way or another to the success of the Institute's programmes and activities during the financial year 2016.

On behalf of the Council



.....
TAN SRI AZMAN HASHIM
Chairman



.....
DATUK ABDUL FARID ALIAS
Vice Chairman

Kuala Lumpur
7 April 2017

STATEMENT BY THE COUNCIL

In the opinion of the Council Members, the financial statements set out on pages 59 to 87 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Institute as at 31 December 2016 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Council



.....
TAN SRI AZMAN HASHIM
Chairman

Kuala Lumpur
7 April 2017



.....
DATUK ABDUL FARID ALIAS
Vice Chairman

STATUTORY DECLARATION

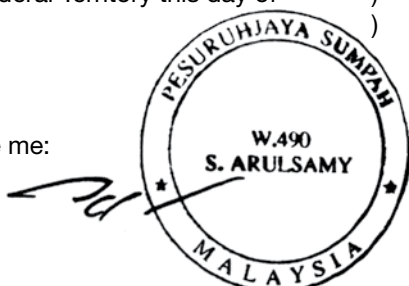
I, Prasad Padmanaban, being the officer primarily responsible for the financial management of Asian Institute of Chartered Bankers, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements of the Institute set out on pages 59 to 87 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed in Kuala Lumpur in)
the Federal Territory this day of)



.....
PRASAD PADMANABAN

Before me:



16 - Tingkat Bawah Jalan Pudu,
55100 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT

(Incorporated in Malaysia) Company No: 35880-P

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Asian Institute of Chartered Bankers, which comprise the statement of financial position as at 31 December 2016, and the statement of profit and loss and other comprehensive income, statement of changes in equity, and statement of cash flows of The Council of the Institute for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 87.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as of 31 December 2016, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Institute in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Council of the Institute is responsible for the other information, which comprises the Directors' Report but does not include the financial statements of the Institute and our Auditors' Report thereon.

Our opinion on the financial statements of the Institute does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Institute, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Institute or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of The Council of the Institute for the Financial Statements

The Council of the Institute are responsible for the preparation of financial statements of the Institute that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Council of the Institute are also responsible for such internal control as the Council of the Institute determine is necessary to enable the preparation of financial statements of the Institute that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Institute, the Council of the Institute are responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of the Institute either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (CONT'D)

(Incorporated in Malaysia) Company No: 35880 P

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Institute as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Institute, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by The Council of the Institute .
- Conclude on the appropriateness of the Council of the Institute use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council of the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Institute or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Institute, including the disclosures, and whether the financial statements of the Institute represent the underlying transactions and events in a manner that achieves fair presentation.


We communicate with the Council of the Institute regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965, in Malaysia, we also report that in our opinion, the accounting and other records and registers required by the Act to be kept by the Institute has been property kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the members of the Institute, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



.....
SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS



.....
DATO' N. K. JASANI
(NO: 708/03/18(J/PH))
CHARTERED ACCOUNTANT

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	NOTE	2016 RM	2015 RM
NON-CURRENT ASSETS			
Property, plant and equipment	4	87,499	5,992,364
Investment in associates	5	249,949	496,971
Total non-current assets		337,448	6,489,335
CURRENT ASSETS			
Receivables	6	2,738,299	1,360,000
Amount due from associates	7	6,985,413	7,679,953
Amount due from a related party	10	-	525,910
Short-term fixed deposits with licensed banks		3,998,231	4,988,231
Cash and bank balances		175,696	530,882
		13,897,639	15,084,976
Assets held-for-sale	8	5,812,510	-
Total current assets		19,710,149	15,084,976
CURRENT LIABILITIES			
Prepaid income		1,612,983	891,174
Library deposits		-	84,160
Payables	9	4,480,690	2,439,725
Amount due to related parties	10	1,448,041	-
Deferred income	11	-	5,075,820
Tax payable		2,198,367	378,269
Secured Zero-Coupon Bonds	12	11,000,000	11,000,000
Total current liabilities		20,740,081	19,869,148
NET CURRENT ASSETS		(1,029,932)	(4,784,172)
TOTAL NET ASSETS		(692,484)	1,705,163
EQUITY			
Accumulated funds		(1,397,613)	97,183
Launching grant	13	687,980	687,980
		(709,633)	785,163
NON-CURRENT LIABILITIES			
Deferred tax liabilities	14	17,149	920,000
		(692,484)	1,705,163



TAN SRI AZMAN HASHIM
Chairman



DATUK ABDUL FARID ALIAS
Vice Chairman

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	2016 RM	2015 RM
Revenue	15	14,979,111	17,926,052
Personnel costs		(5,810,348)	(6,504,750)
Depreciation of property, plant and equipment		(133,750)	(873,574)
Developmental expenses		-	(2,064,390)
Operating expenses		(9,235,906)	(5,398,332)
Share of profit of Associates		-	167,021
(Loss)/ Profit before tax	16	(200,893)	3,252,027
Tax expense	17	(1,293,903)	(1,306,605)
Net (loss)/profit for the financial year		(1,494,796)	1,945,422
Other comprehensive income		-	-
Total comprehensive (loss)/income for the financial year		(1,494,796)	1,945,422



.....
TAN SRI AZMAN HASHIM
Chairman



.....
DATUK ABDUL FARID ALIAS
Vice Chairman

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	LAUNCHING GRANT RM	ACCUMULATED FUNDS RM	TOTAL RM
Balance at 1 January 2015		687,980	(1,848,239)	(1,160,259)
Total comprehensive income for the financial year		-	1,945,422	1,945,422
Balance at 31 December 2015		687,980	97,183	785,163
Total comprehensive income for the financial year		-	(1,494,796)	(1,494,796)
Balance at 31 December 2016		687,980	(1,397,613)	(709,633)

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		(200,893)	3,252,027
Adjustments for:-			
Depreciation of property, plant and equipment		133,750	873,574
Interest income		(90,503)	(188,928)
Gains on disposal of property, plant and equipment		(56,604)	-
Reversal of share of profit of Associates		200,893	-
Share of profit of Associates		-	(167,021)
Operating (loss)/surplus before working capital changes		(13,357)	3,769,652
Changes in working capital:-			
Receivables		(1,378,299)	8,591,492
Payables		(2,397,206)	(1,985,415)
Cash (used in)/generated from operations		(3,788,862)	10,375,729
Tax paid		(376,656)	(28,866)
Net cash generated (used in)/from operating activities		(4,165,518)	10,346,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		90,503	188,928
Proceeds from disposal of property, plant and equipment		56,604	-
Proceeds from disposal of an asset		46,129	-
Repayment from/(advance to) an asset		694,540	(7,676,240)
Repayment from related parties		1,973,951	236,439
Acquisition of associate		-	(49)
Subscription of 5% redeemable convertible preference shares		-	(249,900)
Purchase of property, plant and equipment		(41,395)	(44,156)
Net cash generated from/(used in) investing activities		2,820,332	(7,544,978)

The accompanying notes form an integral part of the financial statements.

	NOTE	2016 RM	2015 RM
CASH AND CASH EQUIVALENTS			
Net changes		(1,345,186)	2,801,885
At beginning of financial year		5,519,113	2,717,228
At end of financial year	A	4,173,927	5,519,113

NOTE TO STATEMENT OF CASH FLOWS

A. Cash and cash equivalents included in the Statement of Cash Flows comprise the following amounts:-

	NOTE	2016 RM	2015 RM
Short-term fixed deposits with licensed banks		3,998,231	4,988,231
Cash and bank balances		175,696	530,882
		4,173,927	5,519,113

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2016

1. GENERAL INFORMATION

The Institute is an institute limited by guarantee incorporated and domiciled in Malaysia. The registered office of the Institute is located at Wisma IBI, 5 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur.

The principal activities of the Institute are propelling the Institute as a distinct professional body focusing on membership, professional standards, education, awards and examination policies.

There have been no significant changes in the nature of these activities during the financial year except for the re-introduction of qualifications-based examinations.

The financial statements of the Institute were authorised for issue by the Council in accordance with a resolution of the Council on 7 April 2017.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Institute have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Institute are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Institute.

The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (RM) which is the Institute's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Malaysian Financial Reporting Standards ("MFRSs")

2.4.1 Adoption of New and Revised Malaysian Financial Reporting Standards

Except for the changes below, the Institute has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Institute adopted amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2016.

Initial application of the amendments/improvements to the standards did not have any material impact on the financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.4 Malaysian Financial Reporting Standards (“MFRSs”) (Cont’d)

The nature and impacts of the amendments to MFRS are:-

2.4.1.1 Amendments to MFRS 101 Presentation of Financial Statements: Disclosure Initiatives

The amendments to MFRS 101 clarify, rather than significantly change, existing MFRS 101 requirements. The amendments clarify:

- The materiality requirements in MFRS 101;
- That specific line items in the statement of profit and loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to the financial statements;
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit and loss and OCI. These amendments do not have any impact to the Institute.

2.4.1.2 Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation

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

The amendments are applied prospectively and do not have any impact on the Institute, given that it has not used a revenue-based method to depreciate its non-current assets.

2.5 Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, MASB has approved certain new standards, amendments and interpretations to existing standards which are not yet effective, and have not been early adopted by the Institute.

Management anticipates that all of the relevant pronouncements will be adopted in the Institute’s accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations relevant to the Institute’s financial statements are provided below. Certain other new standards and interpretations, although having been issued by the MASB, are not expected to have a material impact on the financial statements of the Institute.

The initial application of the above standards, amendments and interpretations are not expected to have any financial impact on the financial statements, except for:-

MFRS 9 Financial Instruments - effective 1 January 2018

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRS 9 Financial Instruments - effective 1 January 2018 (cont'd)

The Institute plans to adopt the new standards on the required effective date. During 2016, the Institute has performed a high-level impact assessment of all three aspects of MFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Institute.

Overall, the Institute expects no significant impact on its statement of financial position.

(i) Classification and measurement of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Under MFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instruments as a whole are assessed for classification.

Based on the preliminary assessment, the Institute does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Institute expects that these will continue to be measured at amortised cost under MFRS 9. However, the Institute will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under MFRS 9.

(ii) Impairment of financial assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under MFRS 9, loss allowances will be measured on either of the following bases:-

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition, while the 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, the lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

MFRS 9 requires the Institute to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Institute expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

The Institute expects a significant impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRS 9 Financial Instruments - effective 1 January 2018 (cont'd)

(iii) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair-value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:-

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in the profit and loss.

The Institute has not designated any financial liabilities at FVTPL and the Institute has no current intention to do so. The Institute's preliminary assessment did not indicate any material impact if MFRS 9's requirements regarding the classification of financial liabilities is applied.

(iv) Disclosures

MFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Institute's preliminary assessment included an analysis to identify data gaps against current processes and the Institute plans to implement the system and controls changes that it believes will be necessary to capture the required data.

(v) Transition

Changes in accounting policies resulting from the adoption of MFRS 9 will generally be applied retrospectively, except as described below:

The Institute plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 generally will be recognised in retained earnings and reserves as at 1 January 2018.

MFRS 15 Revenue from Contracts with Customers - effective 1 January 2018

MFRS 15 establishes principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The core principle of MFRS 15 is that an entity recognises revenue in a manner which reflects the consideration an entity expects to be entitled in exchange for goods or services.

The adoption of MFRS 15 is not expected to have any material impact on the financial statements of the Institute.

MFRS 16 Leases - effective 1 January 2019

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRS 16 Leases - effective 1 January 2019 (cont'd)

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Institute plans to assess the potential impact of MFRS 16 on its financial statements.

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

On initial application of the amendments, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Institute.

Amendments to MFRS 127 Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements - effective 1 January 2016

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS.

The Institute has early adopted this standard for the financial year ended 31 December 2016.

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Institute's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Property, plant and equipment are depreciated on a straight-line basis over their useful life. Management estimates the useful lives of the property, plant and equipment to be within 3 to 66 years and reviews the useful lives of depreciable assets at each end of the reporting period. As at 31 December 2016, management assesses that the useful lives represent the expected utility of the assets to the Institute. The carrying amounts are analysed in Note 4 to the Financial Statements.

Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Institute's assets.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimates and hence it would not result in material variance in the Institute's profit for the financial year.

Impairment of loans and receivables

The Institute assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Institute consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amount of the Institute's loans and receivables at the reporting period is disclosed in Notes 6 and 7 to the Financial Statements.

Management expects that the carrying amount of the receivables at the end of the reporting period would not have material differences from their estimate and it would not result in material variances during the financial year.

2.6.2 Significant management judgements

The Institute does not make any significant management judgements that have significant effect on the amounts recognised in the Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Institute applied significant accounting policies as summarised below consistently throughout all periods presented in the Financial Statements, unless otherwise stated.

3.1 Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably.

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Institute recognises such costs as individual assets with specific useful lives and depreciation respectively. All other repair and maintenance costs are recognised in profit and loss as incurred.

The leasehold land is amortised over the leasehold period of 66 years and the principal annual rates of depreciation used for other property, plant and equipment are as follows:-

Long-term leasehold building	2%
Office furniture and fixtures, equipment and electrical installation	15%-33 1/3%
Library books	20%
Motor vehicles	20%
Renovation	33%

Restoration costs relating to an item of property, plant and equipment are capitalised only if such expenditures are expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Council, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment, i.e. the amount obtainable from the sale of an asset on an arm's - length transaction between knowledgeable and, willing parties, less the costs of disposal.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Property, plant and equipment (cont'd)

The residual values, useful lives and depreciation methods are reviewed for impairment when events or changes in circumstances indicated that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of comprehensive income in the financial period in which the asset is derecognised.

3.2 Non-current assets held-for-sale

Non-current assets are classified as held-for-sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary.

Immediately before classification as held-for-sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held-for-sale, those assets are measured at the lower of carrying amount or fair value less costs to sell and are not depreciated. Any differences are recognised in the profit and loss.

3.3 Associates

The Institute defines associates as those companies in which it holds long-term equity interest of between 20% and 50% is held and where the Institute exercises significant influence through management participation in the financial and operating policy decisions but not to exert control over those policies.

Investment in associate companies is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9.

3.4 Inventories of publication

The inventories of publication are expensed off in the financial year incurred.

3.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Membership fees

Membership fees received attributable to the current financial year are recognised as income.

(ii) Course fees

Course fees are recognised over the duration of the courses.

(iii) Interest income

Interest income on fixed deposits and other operating income are accounted for on an accrual basis.

(iv) Royalties

Royalties derived from granting rights to Asian Banking School Sdn. Bhd. for the use of the Institute's intellectual property to deliver qualification-related programmes are accounted for on an accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Institute.

Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans such as the Employees Provident Fund (EPF) are recognised as an expense in the income statement as incurred.

3.7 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit and loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.7.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the Statement of Financial Position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.7.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the Statement of Financial Position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using the tax rate enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.7.3 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain, including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Institute paid on purchases of business inputs can be deducted from output GST.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Tax expense (cont'd)

3.7.3 Goods and Services Tax (cont'd)

Revenues, expenses and assets are recognised net of the amount of GST except:-

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statements of Financial Position.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short term demand deposits. Cash and cash equivalents are short-term and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Impairment of assets

3.9.1 Non-financial Assets

At each reporting date, the Institute reviews carrying amounts of its non-financial assets to determine whether there is any indication of impairment. Non-financial assets are tested for impairment at least once annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. If such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell or its value in use.

In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit and loss in those expense categories consistent with the function of the impaired asset. An impairment loss is recognised as an expense in profit and loss immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of the previously recognised revaluation surplus for the same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in profit and loss unless the asset is carried at a revalued amount, in which case the reversal in excess of impairment loss previously recognised through profit and loss is treated as revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of assets (cont'd)

3.9.2 Financial Assets

The Institute assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable, indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Institute first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Institute determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the profit and loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit and loss. Loans, together with the associated provisions, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Institute. If, in a subsequent financial year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the provision account.

3.10 Provisions

Provisions are recognised when the Institute has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.11 Leases

3.11.1 Operating lease

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Equity instruments

The launching grant is contributed by first members and is classified as an equity instrument. There is no requirement for the Institute to repay the launching grant to its members.

3.13 Secured zero-coupon bonds

Secured zero-coupon bonds are stated at the nominal value and classified as a liability instrument and the Institute has an obligation to redeem the bonds in full on maturity.

3.14 Deferred income

Revenue involved when risks and ownership of the services that have not been rendered at reporting date is recognised as deferred income.

3.15 Financial instruments

Financial assets and financial liabilities are recognised when the Institute becomes a party to the contractual provisions of the financial instrument.

Financial assets or financial liabilities are measured initially at fair value plus or minus transaction costs, except for financial assets and financial liabilities carried at fair value through profit and loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

3.15.1 Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

- (a) loans and receivables;
- (b) financial assets at fair value through profit and loss;
- (c) held to maturity investments; and
- (d) available-for-sale financial assets.

The category determines the subsequent measurement and whether any resulting income and expense is recognised in profit and loss or in other comprehensive income.

All financial assets except for those at fair value through profit and loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or when the financial assets and all its substantial risks and rewards are transferred.

Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular-way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Institute commits to purchase or sell the asset.

At the reporting date, the Institute carries only loans and receivables and available-for-sale financial assets on its statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments (cont'd)

3.15.2 Financial liabilities

After the initial recognition, financial liability is classified as:-

- (a) financial liability at fair value through profit and loss;
- (b) other financial liabilities measured at amortised cost using the effective interest method; and
- (c) financial guarantee contracts.

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through the amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit and loss.

At the reporting date, the Institute carries only other financial liabilities on its Statement of Financial Position.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Institute has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.16 Related parties

A related party is a person or entity that is related to the Institute. A related-party transaction is a transfer of resources, services or obligations between the Institute and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Institute if that person:-
 - (i) has control or joint control over the Institute;
 - (ii) has significant influence over the Institute; or
 - (iii) is a member of the key management personnel of the Institute.
- (b) An entity is related to the Institute if any of the following conditions applies:-
 - (i) the entity and the Institute are members of the same institute.
 - (ii) one entity is an associate or joint venture of the other entity.
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefits of employees of either the Institute or an entity related to the Institute.
 - (vi) the entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) a person identified in (a)(i) above has significant influence over the Institute or is a member of the key management personnel of the Institute.
 - (viii) The entity, or any member of an Institute of which it is a part, provides key management personnel services to the Institute.

3.17 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the Statement of Financial Position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

4. PROPERTY, PLANT AND EQUIPMENT

Cost	Leasehold land RM	Leasehold building RM	Office furniture and fixtures, Long-term equipment electrical installation	Library books RM	Motor vehicles RM	Renovation RM	Total RM
			RM				
At 1 January 2015	2,853,253	6,850,946	2,768,277	14,010	407,440	1,996,965	14,890,891
Additions	-	-	38,665	-	5,491	-	44,156
At 31 December 2015	2,853,253	6,850,946	2,806,942	14,010	412,931	1,996,965	14,935,047
Additions	-	-	41,395	-	-	-	41,395
Disposal	-	-	-	-	(296,998)	-	(296,998)
Transferred to assets held-for-sale	(2,853,253)	(6,850,946)	-	-	-	-	(9,704,199)
At 31 December 2016	-	-	2,848,337	14,010	115,933	1,996,965	4,975,245
At 1 January 2015	943,388	2,697,849	2,621,490	13,157	406,570	1,386,655	8,069,109
Charge for the financial year	29,252	137,019	95,199	465	1,329	610,310	873,574
At 31 December 2015	972,640	2,834,868	2,716,689	13,622	407,899	1,996,965	8,942,683
Charge for the financial year	15,672	68,509	48,084	388	1,097	-	133,750
Disposal	-	-	-	-	(296,998)	-	(296,998)
Transferred to assets held-for-sale	(988,312)	(2,903,377)	-	-	-	-	(3,891,689)
At 31 December 2016	-	-	2,764,773	14,010	111,998	1,996,965	4,887,746
Net carrying amount							
At 31 December 2015	1,880,613	4,016,078	90,253	388	5,032	-	5,992,364
At 31 December 2016	-	-	83,564	-	3,935	-	87,499

The leasehold land and building is pledged and held by a Trust for zero-coupon bonds issued as per Note 12 to the Financial Statements.

5. INVESTMENT IN ASSOCIATES

	2016 RM	2015 RM
At cost:-		
Unquoted shares in Malaysia	49	80,050
Share of post-acquisition reserves	-	167,021
	49	247,071
5% Redeemable Convertible Preference Shares	249,900	249,900
	249,949	496,971

During the financial year, Akademi IBBM Sdn. Bhd. ("AIBBM") completed its winding-up process and the balance of investment was returned to AICB.

The associates incorporated in Malaysia are as follows:-

Name of company	Effective interest(%)		Principal activities
	2016	2015	
Akademi IBBM Sdn. Bhd. ("AIBBM")	-	40	Completed voluntary winding up.
Asian Banking School Sdn. Bhd. ("ABS")	49	49	Education provider of banking and financial services.

The summarised financial information of the associates is as follows:-

	ABS 2016 RM
Financial position as at 31 December 2016	
Non-current assets	307,614
Current assets	10,578,154
Current liabilities	(10,837,276)
Net assets	48,492
Summary of financial performance for the financial year ended 31 December 2016	
Revenue	20,773,217
Net loss for the financial year/Total comprehensive loss for the financial year	168,641
Reversal of share of post-acquisition reserve	(200,893)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

5. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information of the associates are as follows (cont'd):-

	AIBBM 2015 RM	ABS 2015 RM	TOTAL 2015 RM
Financial position as at 31 December 2015			
Non-current assets	-	347,463	347,463
Current assets	115,321	15,804,824	15,920,145
Current liabilities	-	(12,444,332)	(12,444,332)
Net assets	115,321	3,707,955	3,823,276
Summary of financial performance for the financial year ended 31 December 2015			
Revenue	-	30,781,733	30,781,733
Net (loss)/profit for the financial year/Total comprehensive (loss)/income for the financial year	(13,641)	3,480,111	3,466,470
The Institute's share of associates' net assets	(33,872)	200,893	167,021

6. RECEIVABLES

	2016 RM	2016 RM
Trade receivables	2,412,028	1,154,286
Other receivables	4,618	13,832
Deposits	49,809	49,809
Prepayments	192,358	68,836
GST receivables	79,486	73,237
	2,738,299	1,360,000

The normal trade credit terms granted by the Institute to trade receivables ranged from 0 to 30 days (2015: 0 to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

7. AMOUNT DUE FROM ASSOCIATES

The amount due from associates is non-trade in nature, unsecured, interest-free and repayable on demand.

8. ASSETS HELD-FOR-SALE

	2016	2015
	RM	RM
Assets classified as held-for-sale		
Property, plant and equipment	5,812,510	-

The assets are pledged and held by a Trust for zero-coupon bonds issued as per Note 12 to the Financial Statements.

9. PAYABLES

	2016	2015
	RM	RM
Trade payables	500,426	1,151,231
Other payables and accruals	3,133,537	1,288,494
Refundable deposit	846,727	-
	4,480,690	2,439,725

The normal trade credit term granted by suppliers is 30 days (2015: 30 days).

Refundable deposit was the deposit received under the sale and purchase agreement for the disposal of leasehold land and building.

10. AMOUNT DUE FROM/(TO) RELATED PARTIES

The amount due to a related party is non-trade in nature, unsecured, interest-free and repayable on demand.

11. DEFERRED INCOME

Deferred income comprised grants received from Staff Training Fund for capital and development expenditures. Deferred income is released to match the related costs for which the grants are intended and incurred.

12. SECURED ZERO-COUPON BONDS

The bonds are secured by way of a fixed charge over the land and building purchased and a floating charge over the assets of the Institute.

These bonds, issued on 10 December 1992, carry a 30-year maturity period which is subject to early redemption by the Institute at par.

13. LAUNCHING GRANT

The grant was contributed by first members and there is no requirement to repay.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

14. DEFERRED TAX LIABILITIES

	2016 RM	2015 RM
At the beginning of the year	920,000	-
Recognised in profit and loss	(902,851)	920,000
At the end of the year	17,149	920,000

The deferred tax liabilities as at the end of the reporting period are made up of the temporary differences arising from the carrying amount of the qualifying property, plant and equipment in excess of their tax base.

15. REVENUE

	2016 RM	2015 RM
Qualifications	4,711,978	1,119,595
Membership	894,205	1,010,218
Publications	3,440	5,204
Course fees	380,189	885,797
Grant from Staff Training Fund	8,323,446	14,673,612
Other revenue	665,853	231,626
	14,979,111	17,926,052

16. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is determined after charging/(crediting), amongst others, the following items:-

	2016 RM	2015 RM
Auditors' remuneration	22,000	20,000
Depreciation of property, plant and equipment	133,750	873,574
Rental	17,864	-
Realised (gain)/loss on foreign exchange	(21,658)	5,314
Reversal of share of profit of associates	200,893	-
Share of profit of associates	-	(167,021)
Interest on fixed deposits	(90,503)	(188,928)
Gains on disposal of property, plant and equipment	(56,604)	-

17. TAX EXPENSE

	2016 RM	2015 RM
Taxation:		
Current year tax	2,211,000	386,605
Overprovision in prior year	(14,246)	-
Deferred tax: (Note 14)	2,196,754	386,605
Transfer from deferred taxation	(902,851)	920,000
At the end of the year	1,293,903	1,306,605

The provision for taxation of the Institute for the current financial year is determined by applying the Malaysian tax rates applicable to the Institute on the chargeable income.

A numerical reconciliation between the statutory income tax rate and average effective rate are as follows:-

	2016 RM	2015 RM
Profit/(Loss) before tax	(200,893)	3,252,027
Income tax at statutory rate of 28% (2015: 26%)	(56,250)	845,527
Tax effect in respect of: Non-allowable expenses	2,324,449	278,428
Tax savings as a result of taxable income taxed at lower scale rates	(41,350)	(15,350)
Overprovision in prior year	(14,246)	-
Income not subject to tax	(15,849)	-
(Over)/Under recognition of deferred tax liability in prior year	(902,851)	198,000
Total tax expense	1,293,903	1,306,605

18. EMPLOYEES INFORMATION

	2016 RM	2015 RM
Salary, bonus and overtime	4,599,649	4,324,694
Defined contribution plan	704,623	681,854
Social security contributions	33,444	20,634
Other staff costs	472,632	1,477,568
	5,810,348	6,504,750

19. RELATED PARTY DISCLOSURES

(a) Related party transactions of the Institute during the financial year are as follows:-

	2016 RM	2015 RM
Grants received from a related party	8,323,446	14,673,612

(b) The outstanding balances arising from the related parties transactions as at the reporting date are disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

20. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:-

- (i) Loans and receivables (L&R)
- (ii) Other financial liabilities (AC) measured at amortised cost.

	Carrying amount RM	L&R RM	AC RM
2016			
Financial assets			
Receivables	2,466,455	2,466,455	-
Amount due from associates	6,985,413	6,985,413	-
Short-term fixed deposits with licensed banks	3,998,231	3,998,231	-
Cash and bank balances	175,696	175,696	-
	13,625,795	13,625,795	-
Financial liabilities			
Payables	4,480,690	-	4,480,690
Amount due to related parties	1,448,041	-	1,448,041
Secured Zero-Coupon Bonds	11,000,000	-	11,000,000
	16,928,731	-	16,928,731
2015			
Financial assets			
Receivables	1,217,927	1,217,927	-
Amount due from associates	7,679,953	7,679,953	-
Amount due from related party	525,910	525,910	-
Short-term fixed deposits with licensed banks	4,988,231	4,988,231	-
Cash and bank balances	530,882	530,882	-
	14,942,903	14,942,903	-
Financial liabilities			
Payables	2,439,725	-	2,439,725
Library deposits	84,160	-	84,160
Secured Zero-Coupon Bonds	11,000,000	-	11,000,000
	13,523,885	-	13,523,885

Financial Risk Management

The Institute is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Council reviews and approves policies and procedures for the management of these risks, which are executed by the Head of Finance.

It is, and has been, throughout the current financial year and previous financial year, the Institute's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Institute's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

20. FINANCIAL INSTRUMENTS (CONT'D)**Financial Risk Management (cont'd)****(a) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Institute's exposure to credit risk arises primarily from trade and other receivables. The Institute does not expect to incur material credit losses of its financial assets. As for its fixed deposits with licensed banks, cash and bank balances, the Institute minimises credit risk by dealing with reputable financial institutions.

The Institute's objective is to minimise losses incurred due to increased credit risk exposure. Additionally, receivable balances are reviewed on an ongoing basis.

Exposure to credit risk

The Institute's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date:-

	2016 RM	2015 RM
Trade and other receivables	2,545,941	1,291,164

The Institute determines the concentration of credit risk by comparing the amount due from each individual customer against the total receivables. The credit risk concentration profile of the Institute's trade receivables at the reporting date are as follows:-

	2016 RM	%
Top five banks	1,272,990	53
	2015 RM	%
Top five banks	377,624	33

Trade receivables that are neither past due nor impaired are creditworthy debts with good payment records.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

20. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

As at 31 December 2016, trade receivables of RM2,068,510 were past due but not impaired. These relate to a number of independent customers who have no recent history of default.

The ageing of trade receivables as at the end of the reporting period was:-

	Gross/Net RM
2016	
Not past due	343,518
Past due 0-30 days	753,961
Past due 31-60 days	313,384
Past due 61-90 days	169,857
Past due more than 120 days	831,308
Total	2,412,028
2015	
Not past due	750,783
Past due 0-30 days	120,338
Past due 31-60 days	10,180
Past due 61-90 days	5,278
Past due more than 120 days	267,707
Total	1,154,286

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. Trade receivables that are individually determined to be written off at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Cash and Cash Equivalents

The credit risk for cash and cash equivalents and short-term placements is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

20. FINANCIAL INSTRUMENTS (CONT'D)**Financial Risks Management (cont'd)****(b) Liquidity risk**

Liquidity risk is the risk that the Institute will encounter difficulty in meeting financial obligations due to shortage of funds. The Institute's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Institute's objective is to achieve a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Institute's liquidity risk management policy is that short-term financing facilities are only used to finance the short-term working capital gap.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Institute's liabilities at reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year RM	More than 2 years RM	Total RM
2016			
Payables (Note 9)	4,480,690	-	4,480,690
2015			
Payables (Note 9)	2,439,725	-	2,439,725

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 31 DECEMBER 2016

20. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Institute's financial instruments will fluctuate because of the changes in market interest rates.

The fluctuations in financial instruments' values as a result of changes in market interest rates and the effective average interest rates on classes of financial assets and financial liabilities are as follows:-

	Not more than 1 year RM	Total RM	Effective interest rate during the year %
2016			
Financial assets			
Short-term deposits with licensed banks	3,998,231	3,998,231	1.75%-3.15%
2015			
Financial assets			
Short-term deposits with licensed banks	4,988,231	4,988,231	1.90%-3.15%

The Institute believes that changes in interest rates would not have any significant financial impact on its financial position and performance.

20. FINANCIAL INSTRUMENTS (CONT'D)**Financial Risks Management (cont'd)****(d) Fair value of financial instruments**

The carrying amounts of short-term receivables and payables, and cash and cash equivalents approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of the Institute's investment in unquoted shares due to the lack of comparable quoted prices in the active market. In addition, it is impracticable to use the valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Institute does not intend to dispose of this investment in the near future.

21. CAPITAL MANAGEMENT

The Institute manages its capital in a manner that facilitates its role as a professional body focusing on membership, professional standards, education, awards and examination polices while remaining as a going concern.

The Institute is a company limited by guarantee and its capital structure consists of equity which are made up of accumulated fund and launching grant. The Institute is not subject to any externally imposed capital requirements.

APPENDIX

CORPORATE MEMBERS

as at 31 December 2016

REGULATORS

Bank Negara Malaysia
Labuan Financial Services Authority (Labuan FSA)

COMMERCIAL BANKS / BANKING AND FINANCE COMPANIES (BAFIN)

Affin Bank Berhad
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Bangkok Bank Berhad
Bank of America Malaysia Berhad
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
BNP Paribas Malaysia Berhad
CIMB Bank Berhad
Citibank Berhad
Deutsche Bank (Malaysia) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
India International Bank (Malaysia) Berhad
Industrial and Commercial Bank of China (Malaysia) Berhad
J. P. Morgan Chase Bank Berhad
Malayan Banking Berhad
National Bank of Abu Dhabi Malaysia Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad
The Bank of Nova Scotia Berhad
The Royal Bank of Scotland Berhad
United Overseas Bank (Malaysia) Berhad

ISLAMIC BANKS

Affin Islamic Bank Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
Asian Finance Bank Berhad
Bank Islam Malaysia Berhad
Bank Muamalat Malaysia Berhad
CIMB Islamic Bank Berhad
Kuwait Finance House (Malaysia) Berhad
RHB Islamic Bank Berhad

INVESTMENT BANKS

Affin Hwang Investment Bank Berhad
Alliance Investment Bank Berhad
AmInvestment Bank Berhad
CIMB Investment Bank Berhad
Kenanga Investment Bank Berhad
Maybank Investment Bank Berhad
Public Investment Bank Berhad
RHB Investment Bank Berhad

DEVELOPMENT FINANCIAL INSTITUTIONS

Bank Kerjasama Rakyat Malaysia Berhad
Bank Pembangunan Malaysia Berhad
Bank Perusahaan Kecil & Sederhana Malaysia Berhad
Credit Guarantee Corporation Malaysia Berhad
Export-Import Bank of Malaysia Berhad
Malaysian Industrial Development Finance Berhad
Sabah Development Bank Berhad
Bank Pertanian Malaysia Berhad (Agrobank)

LABUAN OFFSHORE BANKS

Al-Hidayah Investment Bank (Labuan) Ltd
BNP Paribas, Labuan Branch
Bank Islam Malaysia Berhad, Labuan Offshore Branch
CIMB Bank (L) Limited
City Credit Investment Bank Limited
DBS Bank Ltd, Labuan Branch
European Credit Investment Bank Ltd
Maybank International Labuan Branch
Middle East Investment Bank Ltd
Oversea-Chinese Banking Corporation Limited
Public Bank (L) Ltd
RHB Bank (L) Ltd
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Hongkong And Shanghai Banking Corporation Limited
United Overseas Bank Limited

LABUAN TRUST COMPANIES

Hans Advisory & Trust Co Ltd
Noblehouse International Trust Ltd
Shearn Skinner Trust Company Ltd
Kensington Trust Labuan Limited

MONEY BROKERS

Affin Moneybrokers Sdn Bhd
Amanah Butler Malaysia Sdn Bhd
First TAZ Tradition Sdn Bhd
Forex Enterprise Sdn Bhd
Harlow's & MGI Sdn Bhd
KAF-Astley & Pearce Sdn Bhd

OTHER FINANCE-RELATED INSTITUTIONS

Cagamas Berhad
Danajamin Nasional Berhad
E2 Power Sdn Bhd
Ombudsman For Financial Services
(formerly known as Financial Mediation Bureau)
Malaysia Building Society Berhad
Malaysia Debt Ventures Berhad
Perbadanan Insurans Deposit Malaysia

APPENDIX

STATE ADVISORY COMMITTEES 2016

CATEGORY	NAME	ORGANISATIONS
Johor	Mr Raman a/l Krishnan (Chairman)	Bank Negara Malaysia
	En Mohamad Najep Samsudin	Affin Bank Berhad
	Mr Fong Hon Meng	Alliance Bank Malaysia Berhad
	En Shaiful Bahri Mohd Yaacob	AmBank (M) Berhad
	Ms Grace Lee Choi Sum	Hong Leong Bank Berhad
	En Adnan Sharif	Malayan Banking Berhad
	Ms Fiona Gan Huei Chin	OCBC Bank (Malaysia) Berhad
	Mr Peter Cheong Kwok Leong	Public Bank Berhad
	Mr Asoka Balan a/l Simadurai	RHB Bank Berhad
	Mr Goh Boon Siang	United Overseas Bank (Malaysia) Berhad
Mr Koh Boon Huat	United Overseas Bank (Malaysia) Berhad	
Labuan	Datuk Chin Chee Kee (Chairman)	Noblehouse International Trust Ltd.
	Ms Clara Lim Ai Cheng	Citibank Malaysia (L) Limited
	Mr Charles Chan	City Credit Investment Bank Limited
	Dato' Howard Choo Kah Hoe	IBH Investment Bank Limited
	Mr Seah Boon Chong, Colin Paul	ITMC Fiduciary Limited
	Pn Yon Zahimah Ibrahim	Labuan FSA
	En Jofri Baharudin	Malayan Banking Berhad
	Encik Khairudin Abdul Rahman	Maybank International Labuan Branch
	Pn Norlela Omar	CIMB Bank Berhad Labuan Offshore
Pahang	En Abdul Razak Kamardin	Malayan Banking Berhad
	En Nain Mamat	Affin Bank Berhad
	En Mohd Nawi Mohd Yusoff	AmBank (M) Berhad
	Mr Lim Sek Hwa	CIMB Bank Berhad
	En Shahrudin Ming	RHB Bank Berhad
	Mr Liew Chai Kar	United Overseas Bank (Malaysia) Berhad
Penang	Mr Tan Leong Theng (Chairman)	AmInvestment Bank Berhad
	En Abd Halim Lehan (ABM Chairman)	Malayan Banking Berhad
	Ms Krishnaveni Somasundaram	Affin Bank Berhad
	Ms Teoh Siew Fong	Alliance Bank Malaysia Berhad
	Ms Ong Gaik Leng	AmBank (M) Berhad
	En Mohd Daud Dahar	Bank Negara Malaysia
	Ms Soon Mun Har	Hong Leong Bank Berhad
	Ms Choong Sung Yean	Public Bank Berhad
	Mr Alex Lim Eng Kang	RHB Bank Berhad
	Mr Tan Guan Leong	United Overseas Bank (Malaysia) Berhad
Perak	Pn Mazlina Binti Muhammad (Chairwoman)	Malayan Banking Berhad
	Ms Sherine Lee Guat Tin	Affin Bank Berhad
	Mr Lee Soon Peng	AmBank (M) Berhad
	Mr Lim Hui Boon	Hong Leong Bank Berhad
	Mr Chris Lu Koon Wing	OCBC Bank (Malaysia) Berhad
	Mr Goh Boon Hoo	Public Bank Berhad
	En Ali Mohamad	RHB Bank Berhad

CATEGORY	NAME	ORGANISATIONS
Sabah	Mr Liew Kui Choi (Chairman)	Malayan Banking Berhad
	Mr Felix Lo Chee Fui	Affin Bank Berhad
	Ms Diana S. Jikuil	Alliance Bank Malaysia Berhad
	Mr Chan Teck Sang	AmBank (M) Berhad
	En Zambre Ismail	Bank Negara Malaysia
	Mr Stephen Chin Chee Kai	CIMB Bank Berhad
	Mr Thomas Liew Thau Khiong	Hong Leong Bank Berhad
	Mr Chieng Yew Hoon	Public Bank Berhad
	Mr Froman Lo Mei Hwa	RHB Bank Berhad
	Mr Siaw Kok Chee	RHB Bank Berhad
	Ms Tan Syn Yee	Sabah Development Bank Berhad
	Mr Chua Chai Hua	United Overseas Bank (Malaysia) Berhad
Mr Albert Wong	CIMB Bank Berhad	
Sarawak	Mr Simon Su Hiong Tiing (Chairman)	AmBank (M) Berhad
	Pn Rosnani Mahamad Zain	Bank Negara Malaysia
	Mr Johhny Chung Yun Hin	CIMB Bank Berhad
	Mr Yeo Kim Teck	Hong Leong Bank Berhad
	Mr Saradaran J Pillai	HSBC Bank Malaysia Berhad
	Mr Teo Yan Chiok	Industrial and Commercial Bank of China (Malaysia) Berhad
	En Nasir Khan Istiar Hussain Khan	Malayan Banking Berhad
	Mr Chua Ko Onn	Public Bank Berhad
	Pn Hjh Johanna Abdullah	RHB Bank Berhad
	Mdm Iris Ngui	Standard Chartered Bank Malaysia Berhad
	Ms Emily Rolanda Yong	United Overseas Bank (Malaysia) Berhad
	En Mohamad Shibleie Abang Sapuan	Affin Bank Berhad

APPENDIX

EXAMINATION COMMITTEE 2016 FOR SPECIALIST QUALIFICATIONS

CERTIFICATE IN INTERNAL AUDITING FOR FINANCIAL INSTITUTIONS (CIAFIN)

Jennifer Yip Tsui Yoke, Hong Leong Bank Berhad
Peter Tan Pet Heong, Consultant

PASARAN KEWANGAN MALAYSIA CERTIFICATE (PKMC)

Alvin Lee Wei Peng, Standard Chartered Bank Malaysia Berhad
Azidy Daud, Asian Finance Bank Berhad
Bacil Fernandez, Public Bank Berhad
Beh Cheng Hoon, Bank Negara Malaysia
Chong Jin Yoong, Consultant
Christopher Chan Heng Leong, Bangkok Bank Berhad
Erik Chin Yaw Loong, AmBank (M) Berhad
Fong Chee Choong, Industrial and Commercial Bank of China (Malaysia) Berhad
Stantley James Tan Boon Teck, Kenanga Investment Bank Berhad
Yeo Chin Tiong, Industrial and Commercial Bank of China (Malaysia) Berhad

INVESTOR PROTECTION PROFESSIONAL CERTIFICATION (IPPC)

Chong Jin Yoong, Consultant
David Lim Tee Meng, Bank Islam Malaysia Berhad
Dr Jennifer Yong Chai Lin, CIMB Investment Bank Berhad
Millie Yap Mei Lin, HSBC Bank Malaysia Berhad
Yeo Chin Tiong, Industrial and Commercial Bank of China (Malaysia) Berhad

EXECUTIVE BANKER (EB)

David Leong Sze Khiong, Consultant
Hor Kam Peng, Consultant
Max Kow Chee Yen, Consultant
Nirmala Doraisamy, Credence Malaysia Sendirian Berhad
Peter Tan Pet Heong, Consultant
Winston Lai Tak Kong, Tunku Abdul Rahman University College

PROFESSIONAL CREDIT CERTIFICATION (PCC)

Carine Ang Ai Nee, AmBank (M) Berhad
Caryn Loh Yoke Peng, Consultant
Cindy Tam Kut Wah, Public Bank Berhad
Esther Lu Lee Khoon, Consultant
Janet Choo Kam Leng, Consultant
Kasinathan Kasipillai, CB, Formerly with Affin Bank Berhad
K. Sivakumar K. Kathireson, Monash University, Malaysia Campus
Krishna Kumar, Consultant

Lisa Teo Ai Lan, Standard Chartered Bank (Malaysia) Berhad
Low Yeau Choong, Consultant
Max Kow Chee Yen, Consultant
Mong Sum Thye, Tunku Abdul Rahman University College
Ng Chih Kaye, Consultant
Sreetharan Kathamutu, PR Capital Shine
Stephen Louis J C Silva, RHB Bank Berhad
Warren Wong Liew Kheng, Consultant

PROFESSIONAL BANKER (PB)

Albert Lim Choong Weng, Bangkok Bank Berhad
Andre Lee Ean Chye, United Overseas Bank (Malaysia) Berhad
Cheah Siak Keong, AmBank (M) Berhad
Chong Jin Yoong, Consultant
Cindy Tam Kut Wah, Public Bank Berhad
Heng Jee Siang, Hong Leong Bank Berhad
Jazlan Arif Jalaludin, Consultant
Kasinathan Kasipillai, CB, Formerly with Affin Bank Berhad
Krishna Kumar, Consultant
Leong Sow Yoke, CB, Alliance Bank Malaysia Berhad
Liau Wai Choo, Standard Chartered Bank Malaysia Berhad
Max Kow Chee Yen, Consultant
Nirmala Doraisamy, Credence Malaysia Sendirian Berhad
Peter Tan Pet Heong, Consultant
Sunny Lim Say Tatt, Consultant
Yasmin Mohamed, Agrobank Berhad

BANK RISK MANAGEMENT (BRM)

David Leong Sze Khiong, Consultant
K. Sivakumar K. Kathireson, Monash University, Malaysia Campus
Ng Chih Kaye, Consultant
Nirmala Doraisamy, Credence Malaysia Sendirian Berhad
Tan Lye Sim, Kenanga Investment Bank Berhad
Wong Kok Leong, Affin Bank Berhad

CHARTERED BANKER (CB)

Dato' Howard Choo Kah Hoe, FCB, IBH Investment Bank Limited
Alex Por Peng Seong, CB, United Overseas Bank (Malaysia) Berhad
Choo Yee Kwan, Associate Fellow, HSBC Bank Malaysia Berhad
Choong Wai Hong, Malayan Banking Berhad
Kasinathan Kasipillai, CB, Formerly with Affin Bank Berhad
Pramod Veturi, Standard Chartered Bank (Malaysia) Berhad
V. Maslamani, CB, Al Rajhi Banking & Investment Corporation (Malaysia) Berhad

ASIAN INSTITUTE OF CHARTERED BANKERS

Company No. 35880-P
(Incorporated in Malaysia)

FORM OF PROXY

INDIVIDUAL MEMBER FORM OF PROXY FOR THE 39TH ANNUAL GENERAL MEETING

I, _____
(Full Name of Individual Member)

of _____
(Full Address)

being a Member of ASIAN INSTITUTE OF CHARTERED BANKERS, hereby appoint _____

(Full Name)

of _____
(Full Address)

or failing him/her, _____
(Full Name)

of _____
(Full Address)

or failing him/her, the Chairman of the meeting; as my Proxy to vote on my behalf at the 39th Annual General Meeting of the Institute to be held on **Saturday, 13 May 2017 at 8.30 a.m.** and at any adjournment thereof. My Proxy is to vote as indicated below: *(Please indicate with an 'X' in the spaces provided on how you wish your vote to be cast. In the absence of specific directions, your Proxy will vote or abstain as he/she thinks fit.)*

No.	Ordinary Resolution	For	Against
1.	To re-appoint Messrs SJ Grant Thornton as Auditors and authorise the Council to fix their remuneration.		

Dated this day of, 2017.

.....
Signature of Member

NOTES:

- Every **Individual Member** of Asian Institute of Chartered Bankers entitled to attend and vote at this Meeting is also entitled to appoint a proxy to attend and to vote in his stead. A proxy shall be a Member entitled to vote.
- This **Form of Proxy** must be deposited with the Secretary at the Registered Office of the Institute at Wisma IBI, 5 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur, not less than **forty-eight (48) hours** before the time set for the Meeting or adjourned Meeting.

ASIAN INSTITUTE OF CHARTERED BANKERS

Company No. 35880-P
(Incorporated in Malaysia)

FORM OF NOMINEE
CORPORATE MEMBER FORM OF NOMINEE
FOR THE 39TH ANNUAL GENERAL MEETING

We,
(Full Name of Corporate Member)

of
(Full Address)

being a Member of ASIAN INSTITUTE OF CHARTERED BANKERS, hereby appoint

.....
(Full Name)

of
(Full Address)

or failing him/her,
(Full Name)

of
(Full Address)

or failing him/her, the Chairman of the meeting; as our Nominee to vote on our behalf at the 39th Annual General Meeting of the Institute to be held on **Saturday, 13 May 2017 at 8.30 a.m.** and at any adjournment thereof. Our Nominee is to vote as indicated below: *(Please indicate with an 'X' in the spaces provided on how you wish your vote to be cast. In the absence of specific directions, your Nominee will vote or abstain as he/she thinks fit.)*

No.	Ordinary Resolution	For	Against
1.	To re-appoint Messrs SJ Grant Thornton as Auditors and authorise the Council to fix their remuneration.		

Dated this day of, 2017.

.....
Signature and Common Seal

NOTES:

- Every **Corporate Member** of Asian Institute of Chartered Bankers is entitled to nominate one corporate representative (Form of Nominee) to attend and vote at all General Meetings. Alternate representatives may be appointed by such Corporate Members, but no Member may have more than one corporate representative at one General Meeting. Every Corporate Member shall have one vote.
- This **Form of Nominee** must be deposited with the Secretary at the Registered Office of the Institute at Wisma IBI, 5 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur, not less than **forty-eight (48) hours** before the time set for the Meeting or adjourned Meeting.

ASIAN INSTITUTE OF CHARTERED BANKERS
Wisma IBI, 5 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur, Malaysia
Tel : 603 2095 6833 | Fax : 603 2095 2322

www.aicb.org.my