

**AmlInvestment Bank Berhad**  
(23742-V)(Incorporated in Malaysia)  
**And Its Subsidiaries**

**Condensed Interim Financial Statements**  
**For the Financial Period**  
**1 April 2016 to**  
**30 September 2016**  
(In Ringgit Malaysia)

**AmlInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2016**

	Note	Group		Bank	
		30.09.16	31.03.16 (Restated)	30.09.16	31.03.16 (Restated)
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		589,438	560,305	477,504	458,535
Derivative financial assets		-	2	-	2
Financial assets held-for-trading	8	388	532	388	532
Financial investments available-for-sale	9	11,720	11,720	11,720	11,720
Financial investments held-to-maturity	10	75,100	75,100	75,100	75,100
Loans and advances	11	292,830	301,897	292,830	301,897
Statutory deposit with Bank Negara Malaysia		3,280	2,591	3,280	2,591
Deferred tax assets		6,464	7,105	4,320	4,542
Investment in subsidiaries		-	-	68,938	19,131
Other assets	12	507,169	753,331	479,655	724,475
Property and equipment		22,045	22,454	20,901	21,357
Intangible assets		41,073	41,746	2,463	2,582
Asset held for sale		-	1,719	-	100
<b>TOTAL ASSETS</b>		<b>1,549,507</b>	<b>1,778,502</b>	<b>1,437,099</b>	<b>1,622,564</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits and placements of banks and other financial institutions	13	550,000	400,000	550,000	400,000
Derivative financial liabilities		3	4	3	4
Other liabilities	14	430,280	717,382	413,901	698,116
<b>TOTAL LIABILITIES</b>		<b>980,283</b>	<b>1,117,386</b>	<b>963,904</b>	<b>1,098,120</b>
Share capital		200,000	200,000	200,000	200,000
Reserves		369,224	461,116	273,195	324,444
Equity attributable to equity holder of the Bank		569,224	661,116	473,195	524,444
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,549,507</b>	<b>1,778,502</b>	<b>1,437,099</b>	<b>1,622,564</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	22	<b>194,812</b>	<b>235,153</b>	<b>194,812</b>	<b>235,153</b>
<b>NET ASSETS PER ORDINARY SHARE (RM)</b>		<b>2.85</b>	<b>3.30</b>	<b>2.37</b>	<b>2.62</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**AInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
		RM'000	RM'000	RM'000	RM'000
Operating revenue		68,187	94,427	146,688	175,809
Interest income	15	8,302	12,085	16,692	25,365
Interest expense	16	(4,930)	(9,063)	(9,053)	(19,241)
Net interest income		3,372	3,022	7,639	6,124
Net income from Islamic banking business		5,543	4,050	9,979	8,514
Other operating income	17	61,432	87,325	133,740	160,734
Direct costs	18	(7,120)	(9,179)	(13,917)	(19,109)
Share in results of an associate		-	144	-	303
Net income		63,227	85,362	137,441	156,566
Other operating expenses	19	(46,153)	(47,478)	(94,545)	(92,602)
Operating Profit		17,074	37,884	42,896	63,964
Writeback of/(Allowances for) impairment on:					
Loans and advances	20	46	(35)	433	(115)
Doubtful receivables, net		(1,236)	(558)	(1,088)	(891)
(Allowance for)/Writeback of provision for commitments and contingencies		(29)	72	(6,254)	200
<b>Profit before taxation</b>		15,855	37,363	35,987	63,158
Taxation		(4,732)	(6,588)	(13,367)	(15,675)
<b>Profit for the period</b>		11,123	30,775	22,620	47,483
<b>Basic earnings per share (sen)</b>		5.56	15.39	11.31	23.74

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**AmlInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

**UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	11,123	30,775	22,620	47,483
<b>Other comprehensive income/(loss):</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation on foreign operations	130	11,274	460	15,482
Net loss on financial investments available-for-sale	-	(580)	-	(952)
Income tax relating to the components of other comprehensive income/(loss)	-	139	-	228
Other comprehensive income for the period, net of tax	130	10,833	460	14,758
<b>Total comprehensive income for the period attributable to equity holder of the Bank</b>	<b>11,253</b>	<b>41,608</b>	<b>23,080</b>	<b>62,241</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**AmlInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

**UNAUDITED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
		RM'000	RM'000	RM'000	RM'000
Operating revenue		37,011	48,297	87,050	95,153
Interest income	15	7,733	11,383	15,530	24,066
Interest expense	16	(4,893)	(9,064)	(9,016)	(19,243)
Net interest income		2,840	2,319	6,514	4,823
Net income from Islamic banking business		5,543	4,050	9,979	8,514
Other operating income	17	30,825	42,041	75,264	81,680
Direct costs	18	(7,120)	(9,179)	(13,917)	(19,109)
Net income		32,088	39,231	77,840	75,908
Other operating expenses	19	(29,352)	(29,576)	(58,962)	(55,013)
Operating Profit		2,736	9,655	18,878	20,895
Writeback of/(Allowances for) impairment on:					
Loans and advances	20	46	(35)	433	(115)
Doubtful receivables, net		(41)	101	107	(230)
(Allowance for)/Writeback of provision for commitments and contingencies		(29)	72	(6,254)	199
<b>Profit before taxation</b>		2,712	9,793	13,164	20,749
Taxation		(720)	(2,028)	(7,125)	(4,747)
<b>Profit for the period</b>		1,992	7,765	6,039	16,002
<b>Basic earnings per share (sen)</b>		1.00	3.88	3.02	8.00

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**AmlInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

**UNAUDITED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

<b>Bank</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.09.16</b>	<b>30.09.15</b> <b>(Restated)</b>	<b>30.09.16</b>	<b>30.09.15</b> <b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period	1,992	7,765	6,039	16,002
<b>Other comprehensive income/(loss):</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Net loss on financial investments available-for-sale	-	(580)	-	(952)
Income tax relating to the components of other comprehensive loss	-	139	-	228
Other comprehensive loss for the period, net of tax	-	(441)	-	(724)
<b>Total comprehensive income for the period attributable to equity holder of the Bank</b>	<b>1,992</b>	<b>7,324</b>	<b>6,039</b>	<b>15,278</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**AmlInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Note	Attributable to equity holder of the Bank								Total equity RM'000
		Non-distributable						Distributable		
		Share capital RM'000	Capital reserve RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	
<b>At 1 April 2015</b>		200,000	2,815	200,000	2,800	7,656	1,076	37,445	58,511	510,303
Effect arising from the pooling of interests	32	-	-	-	-	137,420	-	-	-	137,420
As restated		200,000	2,815	200,000	2,800	145,076	1,076	37,445	58,511	647,723
Profit for the period		-	-	-	-	-	-	-	47,483	47,483
Other comprehensive income/(loss)		-	-	-	-	-	(724)	15,482	-	14,758
Total comprehensive income/(loss) for the period		-	-	-	-	-	(724)	15,482	47,483	62,241
Transfer of AMMB Holdings Berhad ("AMMB")										
Executives' Share Scheme ("ESS") shares recharged										
- difference on purchase price for shares vested		-	-	-	-	-	-	-	(173)	(173)
Effect arising from the pooling of interests		-	-	-	-	4,381	-	-	(22,462)	(18,081)
Dividends paid		-	-	-	-	-	-	-	(20,000)	(20,000)
Transactions with owner and other equity movements		-	-	-	-	4,381	-	-	(42,635)	(38,254)
<b>At 30 September 2015</b>		200,000	2,815	200,000	2,800	149,457	352	52,927	63,359	671,710
<b>At 1 April 2016</b>		200,000	2,815	200,000	2,800	7,656	-	2,165	103,699	519,135
Effect arising from the pooling of interests	32	-	-	-	-	141,981	-	-	-	141,981
As restated		200,000	2,815	200,000	2,800	149,637	-	2,165	103,699	661,116
Profit for the period		-	-	-	-	-	-	-	22,620	22,620
Other comprehensive income		-	-	-	-	-	-	460	-	460
Total comprehensive income for the period		-	-	-	-	-	-	460	22,620	23,080
Transfer of AMMB ESS shares recharged -										
difference on purchase price for shares vested		-	-	-	-	-	-	-	(122)	(122)
Effect arising from the pooling of interests		-	-	-	-	(67,522)	-	-	(13,328)	(80,850)
Dividends paid		-	-	-	-	-	-	-	(34,000)	(34,000)
Transactions with owner and other equity movements		-	-	-	-	(67,522)	-	-	(47,450)	(114,972)
<b>At 30 September 2016</b>		200,000	2,815	200,000	2,800	82,115	-	2,625	78,869	569,224

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**AmlInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

		←-----Attributable to equity holder of the Bank-----→						
		Non-distributable				Distributable		
<b>Bank</b>	<b>Note</b>	<b>Share capital RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Regulatory reserve RM'000</b>	<b>Merger reserve RM'000</b>	<b>Available-for-sale reserve RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total equity RM'000</b>
<b>At 1 April 2015</b>		200,000	200,000	2,800	-	1,024	82,533	486,357
Effect arising from the pooling of interests	32	-	-	-	22,428	-	-	22,428
As restated		200,000	200,000	2,800	22,428	1,024	82,533	508,785
Profit for the period		-	-	-	-	-	16,002	16,002
Other comprehensive loss		-	-	-	-	(724)	-	(724)
Total comprehensive income/(loss) for the period		-	-	-	-	(724)	16,002	15,278
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	(155)	(155)
Effect arising from the pooling of interests		-	-	-	176	-	(176)	-
Dividends paid		-	-	-	-	-	(20,000)	(20,000)
Transactions with owner and other equity movements		-	-	-	176	-	(20,331)	(20,155)
<b>At 30 September 2015</b>		<b>200,000</b>	<b>200,000</b>	<b>2,800</b>	<b>22,604</b>	<b>300</b>	<b>78,204</b>	<b>503,908</b>
<b>At 1 April 2016</b>		200,000	200,000	2,800	-	-	99,023	501,823
Effect arising from the pooling of interests	32	-	-	-	22,621	-	-	22,621
As restated		200,000	200,000	2,800	22,621	-	99,023	524,444
Profit for the period		-	-	-	-	-	6,039	6,039
Total comprehensive income for the period		-	-	-	-	-	6,039	6,039
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	(121)	(121)
Effect arising from the pooling of interests		-	-	-	(22,621)	-	(546)	(23,167)
Dividends paid		-	-	-	-	-	(34,000)	(34,000)
Transactions with owner and other equity movements		-	-	-	(22,621)	-	(34,667)	(57,288)
<b>At 30 September 2016</b>		<b>200,000</b>	<b>200,000</b>	<b>2,800</b>	<b>-</b>	<b>-</b>	<b>70,395</b>	<b>473,195</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**AmlInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	<b>Group</b>		<b>Bank</b>	
	<b>30.09.16</b>	<b>30.09.15</b> <b>(Restated)</b>	<b>30.09.16</b>	<b>30.09.15</b> <b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	35,987	63,158	13,164	20,749
Adjustments for non-operating and non cash items	13,162	(11,879)	7,778	(716)
Operating profit before working capital changes	49,149	51,279	20,942	20,033
Decrease in operating assets	245,866	78,538	223,869	82,435
Decrease in operating liabilities	(143,236)	(420,982)	(140,589)	(409,961)
Cash generated from/(used in) operations	151,779	(291,165)	104,222	(307,493)
Tax paid	(9,727)	(11,263)	(3,496)	(6,139)
Net cash generated from/(used in) operating activities	142,052	(302,428)	100,726	(313,632)
Net cash generated from/(used in) investing activities	Note 1 (48,092)	6,509	(47,757)	(4,598)
Dividend paid by the Bank	(34,000)	(20,000)	(34,000)	(20,000)
Dividend paid by the fund management entities	Note 2 (31,000)	(18,000)	-	-
Net cash used in financing activities	(65,000)	(38,000)	(34,000)	(20,000)
	(113,092)	(31,491)	(81,757)	(24,598)
Net increase in cash and cash equivalents	28,960	(333,919)	18,969	(338,230)
Cash and cash equivalents at beginning of the financial year	560,305	1,057,655	458,535	850,688
Effect of exchange rate changes	173	14,603	-	-
Cash and cash equivalents at end of the financial period	589,438	738,339	477,504	512,458

Note 1 Included in net cash generated/(used in) investing activities in the current period are the following:

	<b>Note</b>	<b>Group and Bank</b> <b>RM'000</b>
Proceeds net of incidental costs from disposal of an associate	31(a)	2,279
Acquisition of fund management entities	31(b)	(49,807)

Note 2 This represents payment of dividend by the fund management entities (AmFund Management and AmIslamic Funds Management), to its previous shareholder, AmlInvestment Group Berhad. The fund management entities were acquired on 21 July 2016 by the Bank. For more details on the acquisition, refer to Note 31.

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**EXPLANATORY NOTES :**

**1. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”). These financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2016.

The condensed interim financial statements incorporate those activities relating to Islamic banking business which have been undertaken by the Bank. Islamic banking business refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

**1.1 Significant Accounting Policies**

The significant accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the most recent audited annual financial statements for the financial year ended 31 March 2016 except for the adoption of the following new standards and amendments to published standards which became effective for the first time for the Group and the Bank on 1 April 2016:

- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Amendments to MFRS 101 *Disclosure Initiative*
- Annual Improvements to MFRSs 2012-2014 Cycle

The adoption of these new standards and amendments to published standards did not have any material impact on the financial statements of the Group and the Bank. The Group and the Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new standards and amendments to published standards.

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

**Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation***

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

**Amendments to MFRS 101 *Disclosure Initiative***

The amendments introduce five narrow-focus improvements to the disclosure requirements and ensure that entities are able to apply professional judgement in determining the extent of information to be disclosed in the financial statements.

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

### **1.1 Significant Accounting Policies (Cont'd.)**

#### **Amendments to MFRS 101 Disclosure Initiative (Cont'd.)**

The amendments also clarify the requirements for presenting an entity's share of items of other comprehensive income of associates and joint ventures, whereby they are required to be grouped based on whether the items will or will not subsequently be reclassified to profit or loss. As the Bank does not have any associate or joint ventures, this amendment does not have any financial impact on the Bank.

#### **Annual Improvements to MFRSs 2012-2014 Cycle**

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below.

##### **(i) MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations***

The amendment clarifies that a reclassification of an asset directly from being held for sale to being held for distribution to owners (or vice versa) is not a change to the disposal plan and shall be treated as a continuation of the original plan, and the change in disposal method does not change the date of classification as held for sale or held for distribution to owners. This amendment does not result in any impact as there is no reclassification of asset between held for sale and held for distribution during the financial quarter ended 30 September 2016.

##### **(ii) MFRS 7 *Financial Instruments: Disclosures***

The amendment clarifies that a servicing contract may constitute continuing involvement in a derecognised financial asset, and an entity shall assess the nature of the arrangement and the fees to determine whether disclosures are required. The amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in condensed interim financial statements.

##### **(iii) MFRS 119 *Employee Benefits***

The amendment clarifies that the depth of the market for high quality corporate bonds for the purpose of determining the rate used to discount post-employment benefit obligations shall be assessed based on the currency in which the obligation is denominated instead of the country where the obligation is located.

##### **(iv) MFRS 134 *Interim Financial Reporting***

The amendment clarifies that the selected information other than significant events and transactions shall be disclosed either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statements that is available to users of the financial statements on the same terms as the interim financial statements and at the same time. These amendment does not result in any impact as such information of the Bank is disclosed in the interim financial statements.

**AmlInvestment Bank Berhad  
(23742-V)(Incorporated in Malaysia)  
and its subsidiaries**

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

**1.2 Standards issued but not yet effective**

Description	Effective for financial year ending
- Amendments to MFRS 107 <i>Disclosure Initiative</i>	31 March 2018
- Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	31 March 2018
- MFRS 15 <i>Revenue from Contracts with Customers</i>	31 March 2019
- MFRS 9 <i>Financial Instruments</i>	31 March 2019
- Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	31 March 2019
- MFRS 16 <i>Leases</i>	31 March 2020
- Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined by MASB

The nature of the standards that are issued and relevant to the Group and the Bank but not yet effective are described below. The Bank is assessing the financial effects of their adoption.

**(a) Standards effective for financial year ending 31 March 2018**

**Amendments to MFRS 107 *Disclosure Initiative***

The amendments to MFRS 107 introduce an additional disclosure on changes in liabilities arising from financing activities. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

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

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

The amendments clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

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

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

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

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

#### **(b) Standards effective for financial year ending 31 March 2019 (Cont'd.)**

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

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

In November 2014, MASB issued the final version of MFRS 9 which reflects all phases of the financial instruments project and replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Bank's financial assets, but no impact on the classification and measurement of the Bank's financial liabilities.

Due to the complexity of the requirements of MFRS 9, the extent of the financial effects of its adoption are still being assessed by the Bank.

##### **Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions**

The amendments clarify the measurement basis and the effects of vesting conditions on the measurement of cash-settled share-based payments, as well as the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in MFRS 2 that will require an award to be treated as if it was wholly equity-settled when an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

The amendments are effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The transition provisions specify that the amendments apply to awards that are not settled as at the date of first application or to modifications that happen after the date of first application, without restatement of prior periods. Notwithstanding, the amendments can be applied retrospectively provided that this is possible without hindsight.

#### **(c) Standards effective for financial year ending 31 March 2020**

##### **MFRS 16 Leases**

MFRS 16 supersedes MFRS 117 *Leases* and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 *Property, Plant and Equipment* and the lease liability is accreted over time with interest expense recognised in the statement of profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted provided MFRS 15 is also applied.

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

### **1.3 Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

In the process of applying the Bank's accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2016.

## **2. AUDIT QUALIFICATION**

There was no audit qualification in the audited annual financial statements for the year ended 31 March 2016.

## **3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The operations of the Group and the Bank are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter and period.

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

There were no unusual items during the current financial quarter and period.

## **5. CHANGES IN ESTIMATES**

There was no material change in estimates of amounts reported in the prior financial years that have a material effect for the financial quarter ended 30 September 2016.

## **6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

The Bank has not issued any new shares or debentures during the financial quarter and period.

There were no share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares by the Bank during the financial quarter and period.

## **7. DIVIDENDS**

During the financial period, the final single-tier cash dividend of 17.0 sen per ordinary share on 200,000,000 ordinary shares amounting to RM34,000,000 in respect of financial year ended 31 March 2016 was paid on 25 August 2016.

In respect of the current financial period, the Board of Directors declare an interim single-tier cash dividend of 1.0 sen per ordinary share on 200,000,000 ordinary shares amounting to RM2,000,000.

**AmlInvestment Bank Berhad**  
**(23742-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

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

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
Quoted Securities in Malaysia:		
Unit trusts	388	532
	<u>388</u>	<u>532</u>

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

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Cost</b>		
Unquoted Securities:		
In Malaysia:		
Shares	11,714	11,714
	<u>11,714</u>	<u>11,714</u>
Outside Malaysia:		
Shares	6	6
	<u>6</u>	<u>6</u>
	<u>11,720</u>	<u>11,720</u>

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

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost:</b>		
Unquoted Securities in Malaysia:		
Private debt securities	75,100	75,100
	<u>75,100</u>	<u>75,100</u>

**11. LOANS AND ADVANCES**

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost</b>		
Share margin financing	235,936	247,016
Revolving credits	57,624	55,725
Staff loans	2,360	2,679
Gross loans and advances	<u>295,920</u>	<u>305,420</u>
Less:		
Allowance for impairment on loans and advances		
Individual allowance	(2,211)	(2,251)
Collective allowance	(879)	(1,272)
	<u>(3,090)</u>	<u>(3,523)</u>
Net loans and advances	<u>292,830</u>	<u>301,897</u>

(a) Gross loans and advances analysed by type of customers are as follows:

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic business enterprises:		
Small medium enterprises	5,839	4,685
Others	49,192	43,965
Individuals	240,889	256,770
	<u>295,920</u>	<u>305,420</u>

(b) All loans and advances reside in Malaysia.

(c) Gross loans and advances analysed by interest rate sensitivity are as follows:

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
Staff housing loans	1,911	2,046
Staff hire purchase receivables	448	633
Other fixed rate loans	235,937	247,016
	<u>238,296</u>	<u>249,695</u>
Variable rate:		
Cost-plus	57,624	55,725
	<u>295,920</u>	<u>305,420</u>

**11. LOANS AND ADVANCES (CONT'D.)**

(d) Gross loans and advances analysed by sector are as follows:

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	1,663	860
Real estate	5,383	4,233
Business activities	47,985	43,557
Household, of which:		
Purchase of residential properties	1,911	2,046
Purchase of transport vehicles	448	633
Purchase of securities	238,530	254,091
	<u>295,920</u>	<u>305,420</u>

(e) Gross loans and advances analysed by residual contractual maturity are as follows:

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	293,572	302,780
One to three years	296	428
Three to five years	223	282
Over five years	1,829	1,930
	<u>295,920</u>	<u>305,420</u>

(f) Movements in impaired loans and advances are as follows:

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	2,251	2,291
Recoveries	(40)	(40)
Balance at end of the financial period/year	<u>2,211</u>	<u>2,251</u>
Gross impaired loans and advances as % of gross loans and advances	<u>0.75%</u>	<u>0.74%</u>
Loan loss coverage	<u>139.8%</u>	<u>156.5%</u>

**11. LOANS AND ADVANCES (CONT'D.)**

- (g) All impaired loans and advances reside in Malaysia.
- (h) All impaired loans and advances are in the business activities sector.
- (i) Movements in allowances for impaired loans and advances are as follows:

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Individual allowance</b>		
Balance at beginning of the financial year	2,251	2,291
Allowance written back during the financial period/year	(40)	(40)
Balance at end of the financial period/year	<u>2,211</u>	<u>2,251</u>
<b>Collective allowance</b>		
Balance at beginning of the financial year	1,272	1,311
Allowance written back during the financial period/year	(393)	(39)
Balance at end of the financial period/year	<u>879</u>	<u>1,272</u>
Collective allowance (including regulatory reserve) as % of gross loans and advances less individual allowance	<u>1.25%</u>	<u>1.34%</u>

**12. OTHER ASSETS**

	Group		Bank	
	30.09.16	31.03.16 (Restated)	30.09.16	31.03.16 (Restated)
	RM'000	RM'000	RM'000	RM'000
Trade receivables	363,579	623,126	363,378	622,192
Other receivables, deposits and prepayments	21,761	24,460	9,753	11,542
Fee receivable	33,920	34,487	12,708	14,530
Interest receivable	795	489	785	483
Tax recoverable	54,060	56,821	51,933	55,156
Margin deposits	40,330	21,539	40,330	21,540
Amount due from:				
Holding company	152	682	152	682
Subsidiaries	-	-	3,938	3,732
Related companies	461	613	458	607
	<u>515,058</u>	<u>762,217</u>	<u>483,435</u>	<u>730,464</u>
Less:				
Accumulated impairment loss	(7,889)	(8,886)	(3,780)	(5,989)
	<u>507,169</u>	<u>753,331</u>	<u>479,655</u>	<u>724,475</u>

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

Deposits and placement of banks and other financial institutions represent deposit from a related licensed bank.

**14. OTHER LIABILITIES**

	Group		Bank	
	30.09.16	31.03.16 (Restated)	30.09.16	31.03.16 (Restated)
	RM'000	RM'000	RM'000	RM'000
Trade payables	374,939	617,560	374,939	617,560
Other payables and accruals	39,968	82,482	27,074	67,546
Interest payable	3,732	2,564	3,732	2,564
Provision for commitments and contingencies	648	402	648	402
Amount due to:				
Holding company	-	13	-	-
Related companies	10,993	14,361	7,508	10,044
	<u>430,280</u>	<u>717,382</u>	<u>413,901</u>	<u>698,116</u>

**15. INTEREST INCOME**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	2,311	4,258	4,530	10,180
Financial investments available-for-sale	-	1,249	-	2,073
Financial investments held-to-maturity	788	789	1,568	1,568
Loans and advances	5,044	5,606	10,178	11,212
Others	159	183	416	332
	<u>8,302</u>	<u>12,085</u>	<u>16,692</u>	<u>25,365</u>

Bank	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,744	3,558	3,369	8,881
Financial investments available-for-sale	-	1,249	-	2,073
Financial investments held-to-maturity	788	788	1,568	1,567
Loans and advances	5,044	5,606	10,178	11,212
Others	157	182	415	333
	<u>7,733</u>	<u>11,383</u>	<u>15,530</u>	<u>24,066</u>

**16. INTEREST EXPENSE**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	4,792	8,968	8,802	19,096
Others	138	95	251	145
	<u>4,930</u>	<u>9,063</u>	<u>9,053</u>	<u>19,241</u>

Bank	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	4,792	8,968	8,802	19,096
Others	101	96	214	147
	<u>4,893</u>	<u>9,064</u>	<u>9,016</u>	<u>19,243</u>

**17. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	15,218	21,262	31,923	42,898
Corporate advisory	1,495	5,744	4,145	8,826
Fees on loans and securities	1,663	1,076	7,472	2,243
Guarantee fees	25	46	57	95
Portfolio management fees	8,195	9,528	16,522	18,242
Underwriting commission	-	472	3,067	2,274
Unit trust management fees	20,683	22,543	40,472	45,821
Wealth management fees	10,616	6,537	18,435	14,186
Other fee and commission income	1,308	3,407	5,253	5,808
	<u>59,203</u>	<u>70,615</u>	<u>127,346</u>	<u>140,393</u>
Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	-	1	-	1
Financial investments available-for-sale	210	210	1,093	1,093
Net foreign exchange gain	572	3,048	1,624	3,765
Net loss from sale of financial assets held-for-trading	(7)	(2)	(9)	(1)
Net gain/(loss) from sale of financial investments available-for-sale	-	-	295	(49)
Net (loss)/gain on revaluation of derivatives	(20)	14	(28)	44
Net gain/(loss) on revaluation of financial assets held-for-trading	19	(25)	(5)	(61)
Gain on disposal of subsidiary	-	9,030	-	9,030
Gain on disposal of an associate	-	-	560	-
	<u>774</u>	<u>12,276</u>	<u>3,530</u>	<u>13,822</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	(46)	1	(72)	(78)
Non-trading foreign exchange (loss)/gain	(10)	3,001	(13)	3,273
Rental income	578	623	1,172	1,171
Others	933	809	1,777	2,153
	<u>1,455</u>	<u>4,434</u>	<u>2,864</u>	<u>6,519</u>
	<u>61,432</u>	<u>87,325</u>	<u>133,740</u>	<u>160,734</u>

**17. OTHER OPERATING INCOME (CONTD.)**

Bank	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	15,217	21,262	31,922	42,897
Corporate advisory	1,495	5,744	4,145	8,826
Fees on loans and securities	1,663	1,076	7,472	2,243
Guarantee fees	25	46	57	95
Portfolio management fees	126	154	245	298
Underwriting commission	-	472	3,067	2,274
Wealth management fees	10,616	6,537	18,435	14,186
Other fee and commission income	481	2,942	4,014	4,929
	<u>29,623</u>	<u>38,233</u>	<u>69,357</u>	<u>75,748</u>
Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	-	1	-	1
financial investments available-for-sale	210	210	1,093	1,093
Net foreign exchange gain	438	2,957	1,178	3,638
Net loss from sale of financial assets held-for-trading	(7)	(2)	(9)	(1)
Net gain/(loss) from sale of financial investments available-for-sale	-	-	295	(49)
Net (loss)/gain on revaluation of derivatives	(20)	14	(28)	44
Net gain/(loss) on revaluation of financial assets held-for-trading	19	(25)	(5)	(61)
Gain on disposal of an associate (Note 31 (a))	-	-	2,179	-
	<u>640</u>	<u>3,155</u>	<u>4,703</u>	<u>4,665</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	(46)	1	(72)	(78)
Non-trading foreign exchange gain	-	1	-	1
Rental income	578	623	1,172	1,171
Others	30	28	104	173
	<u>562</u>	<u>653</u>	<u>1,204</u>	<u>1,267</u>
	<u>30,825</u>	<u>42,041</u>	<u>75,264</u>	<u>81,680</u>

**18. DIRECT COSTS**

Group and Bank	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	681	1,218	1,627	2,631
Brokerage commission	3,091	4,895	6,511	9,891
Others	3,348	3,066	5,779	6,587
	<u>7,120</u>	<u>9,179</u>	<u>13,917</u>	<u>19,109</u>

**AmlInvestment Bank Berhad**  
**(23742-V) (Incorporated in Malaysia)**  
**and its subsidiaries**

**19. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Contributions to EPF	3,856	3,481	7,563	6,355
- Salaries, allowances and bonuses	24,214	21,321	47,344	39,488
- Shares and options granted under AMMB ESS - charge/(writeback)	(5,335)	(199)	(5,405)	812
- Social security costs	144	111	264	220
- Others	2,641	2,555	5,179	5,305
	<u>25,520</u>	<u>27,269</u>	<u>54,945</u>	<u>52,180</u>
Establishment costs				
- Amortisation of intangible assets	561	569	1,113	1,138
- Cleaning, maintenance and security	352	621	753	853
- Computerisation costs	2,977	1,775	5,777	3,144
- Depreciation of property and equipment	789	769	1,557	1,562
- Rental of premises	2,498	2,487	5,011	4,919
- Others	700	1,349	1,898	1,969
	<u>7,877</u>	<u>7,570</u>	<u>16,109</u>	<u>13,585</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	484	197	577	428
- Sales commission	221	213	283	236
- Travel and entertainment	451	571	1,016	1,243
- Communication expenses	900	1,099	1,844	2,114
- Others	464	327	971	703
	<u>2,520</u>	<u>2,407</u>	<u>4,691</u>	<u>4,724</u>
Administration and general expenses				
- Professional fees	4,319	4,702	8,322	9,284
- Travelling	162	212	479	424
- Others	4,644	4,769	9,133	8,923
	<u>9,125</u>	<u>9,683</u>	<u>17,934</u>	<u>18,631</u>
Service transfer pricing, net	1,111	549	866	3,482
	<u>46,153</u>	<u>47,478</u>	<u>94,545</u>	<u>92,602</u>

**19. OTHER OPERATING EXPENSES (CONTD.)**

Bank	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15 (Restated)	30.09.16	30.09.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Contributions to EPF	2,802	2,526	5,349	4,037
- Salaries, allowances and bonuses	17,641	15,265	33,553	24,829
- Shares and options granted under AMMB ESS - charge/(writeback)	(3,646)	5	(3,722)	664
- Social security costs	99	73	181	147
- Others	1,777	1,481	3,511	3,138
	<u>18,673</u>	<u>19,350</u>	<u>38,872</u>	<u>32,815</u>
Establishment costs				
- Amortisation of intangible assets	234	208	464	409
- Cleaning, maintenance and security	331	588	720	812
- Computerisation costs	2,873	1,721	5,643	3,038
- Depreciation of property and equipment	699	675	1,381	1,357
- Rental of premises	1,963	1,978	3,996	3,912
- Others	655	1,226	1,630	1,757
	<u>6,755</u>	<u>6,396</u>	<u>13,834</u>	<u>11,285</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	131	133	160	245
- Sales commission	216	156	267	236
- Travel and entertainment	313	400	748	916
- Communication expenses	513	623	1,194	1,156
- Others	405	263	766	561
	<u>1,578</u>	<u>1,575</u>	<u>3,135</u>	<u>3,114</u>
Administration and general expenses				
- Professional fees	1,167	409	1,965	1,050
- Travelling	112	103	236	182
- Others	1,126	1,865	2,617	3,570
	<u>2,405</u>	<u>2,377</u>	<u>4,818</u>	<u>4,802</u>
Service transfer pricing, net	(59)	(122)	(1,697)	2,997
	<u>29,352</u>	<u>29,576</u>	<u>58,962</u>	<u>55,013</u>

**20. WRITEBACK OF/(ALLOWANCE FOR) IMPAIRMENT ON LOANS AND ADVANCES**

Group and Bank	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Writeback of /(Allowance for) impairment on loans and advances:				
Individual allowance	24	-	40	-
Collective allowance	22	(35)	393	(115)
	<u>46</u>	<u>(35)</u>	<u>433</u>	<u>(115)</u>

## **21. BUSINESS SEGMENT ANALYSIS**

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

### **(a) Wholesale banking**

Wholesale banking division of the Group which mainly comprise Investment banking, offers a full range of investment banking solutions and services, encompassing the following business segments:

- (i) Equity Markets - provides clients an investment avenue to participate in the equity markets through its multiple distribution channels, including remisiers, Bank Branch Broking, salaried dealers, and the internet trading platform, offering clients the flexibility to trade equities, futures and equity derivatives both online and offline.
- (ii) Fund Management – comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.
- (iii) Private Banking – manages the private wealth of high net worth individuals, family groups and companies by offering comprehensive wealth management solutions and integrated access to expertise and resources of AMMB Group.
- (iv) Corporate Finance – provides an extensive range of corporate finance and advisory services which include mergers and acquisitions, divestitures, take-overs, initial public offerings, restructuring, privatisations, issuance of equity and equity-linked instruments as well as valuation support.
- (v) Debt Capital Market – provides debt financing solutions to clients through a wide array of products which include conventional and Islamic Private Debt Securities, loan syndication, capital and project advisory as well as structured finance and securitization deals.
- (vi) Others – include other non-core Wholesale Banking activities within the Group which includes Markets and Corporate and Commercial Banking.

### **(b) Group Funding and Others**

Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

**21. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

30.09.2016 Group	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Market RM'000	Others RM'000		
External revenue	33,018	61,006	18,648	10,102	11,292	(34)	12,656	146,688
Revenue from other segments	331	-	(1,013)	(12)	(21)	(13)	728	-
Revenue	33,349	61,006	17,635	10,090	11,271	(47)	13,384	146,688
Net interest income/(expense)	10,176	1,042	349	(12)	(22)	(11)	147	11,669
Other operating income (net of direct costs)	22,959	59,927	17,286	10,102	11,293	(36)	3,681	125,212
Gain on disposal of an associate	-	-	-	-	-	-	560	560
Income	33,135	60,969	17,635	10,090	11,271	(47)	4,388	137,441
Other operating expenses	(30,967)	(35,173)	(9,198)	(9,324)	(5,753)	(3,165)	(965)	(94,545)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(540)	(177)	(120)	(29)	(17)	(240)	(434)	(1,557)
<i>Amortisation of intangible assets</i>	(405)	(649)	(11)	(4)	-	(44)	-	(1,113)
Profit/(Loss) before impairment losses	2,168	25,796	8,437	766	5,518	(3,212)	3,423	42,896
(Allowance)/Writeback for impairment on loan and advances	434	-	29	-	-	5	(35)	433
(Allowance)/Writeback for impairment losses other assets	(1,175)	-	-	87	-	-	-	(1,088)
(Allowance for)/Writeback of provision for commitments and contingencies	(202)	-	(48)	-	-	3	(6,007)	(6,254)
Profit/(loss) before taxation	1,225	25,796	8,418	853	5,518	(3,204)	(2,619)	35,987
Taxation	(661)	(6,195)	(2,020)	(205)	(1,324)	769	(3,731)	(13,367)
Profit/(loss) for the period	564	19,601	6,398	648	4,194	(2,435)	(6,350)	22,620
<b>Other information:</b>								
Total segment assets	900,904	150,585	61,730	1,186	7,470	1,836	425,796	1,549,507
Total segment liabilities	597,003	20,046	3,359	1,412	2,754	1,447	354,262	980,283
Cost to income ratio	93.5%	57.7%	52.2%	92.4%	51.0%	>-100%	22.0%	68.8%
Gross loans and advances	235,937	-	57,624	-	-	-	2,359	295,920
Net loans and advances	233,084	-	57,489	-	-	-	2,257	292,830
Impaired loans and advances	2,211	-	-	-	-	-	-	2,211
Total deposits and placements	-	-	-	-	-	-	550,000	550,000
Additions to:								
Property and equipment	541	222	15	12	-	652	33	1,475
Intangible assets	208	95	-	-	-	137	-	440

**21. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

30.09.2015 (Restated) Group	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Market RM'000	Others RM'000		
External revenue	53,261	69,492	14,466	15,294	4,605	540	15,246	172,904
Revenue from other segments	336	-	(959)	1	(158)	-	780	-
Revenue	53,597	69,492	13,507	15,295	4,447	540	16,026	172,904
Net interest income/(expenses)	11,343	990	393	-	(158)	1	(2,872)	9,697
Other operating income (net of direct costs)	30,173	68,502	13,114	15,295	4,605	539	5,308	137,536
Gain on disposal of a subsidiary	11,935	-	-	-	-	-	(2,905)	9,030
Income	53,451	69,492	13,507	15,295	4,447	540	(469)	156,263
Share in results of an associate	-	-	-	-	-	-	303	303
Other operating expenses	(28,550)	(36,236)	(8,565)	(5,568)	(4,185)	(260)	(9,238)	(92,602)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(468)	(199)	(128)	(29)	(16)	(326)	(396)	(1,562)
<i>Amortisation of intangible assets</i>	(344)	(716)	(14)	(3)	(1)	(60)	-	(1,138)
Profit/(Loss) before impairment losses (Allowance)/Writeback for impairment on loan and advances	24,901	33,256	4,942	9,727	262	280	(9,404)	63,964
Allowance for impairment losses other assets	(89)	-	14	-	-	(1)	(39)	(115)
Writeback of provision for commitments and contingencies	21	-	-	(243)	(10)	-	(659)	(891)
Writeback of provision for commitments and contingencies	181	-	17	-	-	2	-	200
Profit/(loss) before taxation	25,014	33,256	4,973	9,484	252	281	(10,102)	63,158
Taxation	(3,124)	(10,795)	(1,194)	(2,276)	(61)	(68)	1,843	(15,675)
Profit/(loss) for the period	21,890	22,461	3,779	7,208	191	213	(8,259)	47,483
<b>Other information:</b>								
Total segment assets	1,061,722	174,078	56,923	4,160	10,362	3,423	519,580	1,830,248
Total segment liabilities	619,023	32,278	5,733	1,508	2,631	2,942	526,699	1,190,814
Cost to income ratio	53.4%	52.1%	63.4%	36.4%	94.1%	48.1%	>-100%	59.1%
Gross loans and advances	259,299	-	55,052	-	-	-	3,137	317,488
Net loans and advances	255,804	-	54,944	-	-	-	3,024	313,772
Impaired loans and advances	2,283	-	-	-	-	-	-	2,283
Total deposits and placements	-	-	-	-	-	-	638,446	638,446
Additions to:								
Property and equipment	370	2,268	71	26	27	72	2	2,836
Intangible assets	856	130	10	-	-	-	-	996

**22. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

The notional/principal amounts of the commitments and contingencies of the Group and the Bank are as follows:

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	182,437	202,519
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
Other	-	100
	<u>182,456</u>	<u>202,638</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	11,021	17,319
Obligations under on-going underwriting agreements	-	13,348
	<u>11,021</u>	<u>30,667</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts:		
- One year or less	922	1,332
Equity related contracts:		
- One year or less	413	516
	<u>1,335</u>	<u>1,848</u>
	<u>194,812</u>	<u>235,153</u>

## **23. FAIR VALUES OF FINANCIAL INSTRUMENTS**

### **Determination of fair value and fair value hierarchy**

The Group and the Bank measure fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities measured at fair value that are recognised on a recurring basis, the Group and the Bank determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities measured using valuation techniques based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, there by allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group and the Bank. Therefore, unobservable inputs reflect the Group's and the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's and the Bank's own data.

**23. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)**

Determination of fair value and fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(a) The following tables show the Group's and the Bank's financial instruments that are measured at fair value at the reporting date analysed by levels within the fair value hierarchy.

	< ----- Group and Bank ----- >			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>30 September 2016</b>				
<b>Assets measured at fair value</b>				
Financial assets held-for-trading				
- Quoted securities in Malaysia	388	-	-	388
<hr/>				
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	3	-	-	3
<hr/>				
<b>31 March 2016</b>				
<b>Assets measured at fair value</b>				
Derivative financial assets	2	-	-	2
Financial assets held-for-trading				
- Quoted securities in Malaysia	532	-	-	532
	534	-	-	534
<hr/>				
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	4	-	-	4
<hr/>				

**24. CAPITAL ADEQUACY**

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.09.16</b>	<b>31.03.16 (Restated)</b>	<b>30.09.16</b>	<b>31.03.16 (Restated)</b>
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital Ratio	35.329%	35.422%	33.169%	34.341%
Tier 1 Capital Ratio	35.329%	35.422%	33.169%	34.341%
Total Capital Ratio	35.582%	35.659%	33.169%	34.341%
After deducting proposed dividends:				
CET 1 Capital Ratio	35.192%	33.445%	33.005%	32.026%
Tier 1 Capital Ratio	35.192%	33.445%	33.005%	32.026%
Total Capital Ratio	35.445%	33.682%	33.005%	32.026%

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

With effect from 1 January 2016, pursuant to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guidelines remained at 4.5% for CET 1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

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

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

	<b>CCB</b>
<b>Calendar year 2016</b>	0.625%
<b>Calendar year 2017</b>	1.25%
<b>Calendar year 2018</b>	1.875%
<b>Calendar year 2019 onwards</b>	2.50%

**24. CAPITAL ADEQUACY (CONT'D.)**

(b) The components of CET 1, Tier 2 Capital and Total Capital of the Group and the Bank are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b> <b>(Restated)</b>	<b>30.09.16</b>	<b>31.03.16</b> <b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CET 1 Capital</b>				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	75,071	103,699	70,395	99,023
Exchange fluctuation reserve	2,625	2,165	-	-
Statutory reserve	200,000	200,000	200,000	200,000
Regulatory reserve	2,800	2,800	2,800	2,800
Capital reserve	2,815	2,815	-	-
Merger reserve	82,115	149,639	-	22,622
Less : Regulatory adjustments applied on CET1 capital:				
Goodwill	(36,442)	(36,442)	-	-
Other intangibles	(4,631)	(5,304)	(2,463)	(2,582)
Deferred tax assets	(6,812)	(7,463)	(4,668)	(4,899)
Regulatory reserve	(2,800)	(2,800)	(2,800)	(2,800)
Investments in capital instruments of unconsolidated financial entities	-	-	(38,206)	(8,321)
Deduction in excess of Tier 2 *	-	-	(21,793)	(1,477)
<b>CET1 capital/Tier 1 Capital</b>	<b>514,741</b>	<b>609,109</b>	<b>403,265</b>	<b>504,366</b>
<b>Tier 2 ("T2") capital</b>				
Collective impairment provisions and regulatory reserves	3,679	4,072	3,679	4,072
Less : Regulatory adjustments applied on Tier 2 capital	-	-	(3,679)	(4,072)
<b>Tier 2 capital</b>	<b>3,679</b>	<b>4,072</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>518,420</b>	<b>613,181</b>	<b>403,265</b>	<b>504,366</b>

\*The portion of regulatory adjustments not deducted from Tier 2 Capital (as the Bank does not have enough Tier 2 to satisfy the deduction) is deducted from the next higher level of capital; as per paragraph 31.1 of the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components).

The breakdown of risk-weighted assets of the Group and the Bank in the various risk categories are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b> <b>(Restated)</b>	<b>30.09.16</b>	<b>31.03.16</b> <b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	885,475	1,107,660	902,329	1,123,172
Market risk	34,310	52,532	17,814	35,866
Operational risk	537,190	559,382	295,635	309,658
	<b>1,456,975</b>	<b>1,719,574</b>	<b>1,215,778</b>	<b>1,468,696</b>

**25. ISLAMIC BANKING BUSINESS**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2016**

	Note	<b>Group and Bank</b>	
		<b>30.09.16</b>	<b>31.03.16</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds		289,812	287,034
Other receivables, deposits and prepayments		8,102	18,413
Deferred tax assets		312	296
Property and equipment		15	16
<b>TOTAL ASSETS</b>		<u>298,241</u>	<u>305,759</u>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Other liabilities	25a	100,734	114,616
<b>TOTAL LIABILITIES</b>		<u>100,734</u>	<u>114,616</u>
<b>ISLAMIC BANKING FUNDS</b>			
Capital funds		30,000	30,000
Reserves		167,507	161,143
Islamic Banking Funds		<u>197,507</u>	<u>191,143</u>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<u>298,241</u>	<u>305,759</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		<u>3,998</u>	<u>6,663</u>

**25. ISLAMIC BANKING BUSINESS (CONT'D.)**

**UNAUDITED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group and Bank	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Income derived from investment of depositors' funds and others	707	904	1,427	1,595
Income attributable to depositors	(30)	(2)	(194)	(2)
Profit attributable to the Group and the Bank	677	902	1,233	1,593
Income derived from investment of Islamic banking funds	4,901	3,175	8,813	6,970
Direct costs	(35)	(27)	(67)	(49)
Total net income	5,543	4,050	9,979	8,514
Other operating expenses	(843)	(216)	(1,608)	(3,044)
Writeback of/(Allowance for) impairment on doubtful sundry receivables, net	4	-	4	(10)
Profit before taxation	4,704	3,834	8,375	5,460
Taxation	(1,130)	(933)	(2,011)	(1,332)
Profit after taxation	3,574	2,901	6,364	4,128

**25. ISLAMIC BANKING BUSINESS (CONT'D.)**

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

	<u>Non-distributable</u>	<u>Distributable</u>	
	<b>Capital Funds RM'000</b>	<b>Retained Earnings RM'000</b>	<b>Total RM'000</b>
<b>Group and Bank</b>			
<b>At 1 April 2015</b>	30,000	141,506	171,506
Profit for the financial period	-	4,128	4,128
<b>At 30 September 2015</b>	<u>30,000</u>	<u>145,634</u>	<u>175,634</u>
<b>At 1 April 2016</b>	30,000	161,143	191,143
Profit for the financial period	-	6,364	6,364
<b>At 30 September 2016</b>	<u>30,000</u>	<u>167,507</u>	<u>197,507</u>

**25a. OTHER LIABILITIES**

	<b>Group and Bank</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	1,308	1,105
Other payables and accruals	1,057	1,006
Amount due to head office	61,362	77,525
Provision for taxation	37,007	34,980
	<u>100,734</u>	<u>114,616</u>

**25. ISLAMIC BANKING BUSINESS (CONT'D.)**

**25b. CAPITAL ADEQUACY**

i) The capital adequacy ratios of the Islamic banking business of the Group and the Bank are as follows:

	<b>30.09.16</b>	<b>31.03.16</b>
CET 1 capital ratio	182.111%	162.361%
Tier 1 capital ratio	182.111%	162.361%
Total capital ratio	182.111%	162.361%

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

With effect from 1 January 2016, pursuant to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guidelines remained at 4.5% for CET 1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

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

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

	<b>CCB</b>
<b>Calendar year 2016</b>	0.625%
<b>Calendar year 2017</b>	1.25%
<b>Calendar year 2018</b>	1.875%
<b>Calendar year 2019 onwards</b>	2.50%

ii) The components of Capital, Tier 1 Capital and total Capital of the Islamic banking business of the Group and the Bank are as follows:

	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>CET1 Capital</u></b>		
Capital Funds	30,000	30,000
Retained earnings	167,507	161,143
Less : Regulatory adjustments applied on CET1 Capital		
Deferred tax assets	(312)	(296)
<b>CET1 capital/ Tier 1 capital/ Total capital</b>	<b>197,195</b>	<b>190,847</b>

iii) The breakdown of risk weighted assets of the Islamic banking business of the Group and the Bank in the various risk categories are as follows:

	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	66,868	77,154
Operational risk	41,415	40,392
<b>Total risk weighted assets</b>	<b>108,283</b>	<b>117,546</b>

**26. Credit Exposures Arising From Credit Transactions With Connected Parties**

<b>Group and Bank</b>	<b>30.09.16</b>	<b>31.03.16</b>
Outstanding credit exposure with connected parties (RM'000)	-	-
Percentage of outstanding credit exposure to connected parties as proportion of total credit exposures	0.00%	0.00%

The disclosure on credit transactions and exposures with connected parties above is presented in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

**27. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

The Group's profit before taxation for the six months period ended 30 September 2016 of RM22.6 million was lower by RM24.9 million or 52% as compared to the corresponding six months period ended 30 September 2015. The lower Group's profit before taxation was mainly due to lower brokerage and commission, corporate advisory, portfolio and unit trust management fees, allowance of provision for commitments and contingencies and one-off gain on disposal of subsidiary in last corresponding period. This was partly offset by higher net interest income, net income from Islamic banking business, fees on loans and advances and wealth management fees.

In the opinion of the directors, the results of operations of the Group for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature .

**28. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2017**

In the second quarter of 2016, the Malaysian economy registered 4.0% growth (1Q2016: 4.2%) supported by private consumption, which grew by 6.3% (1Q2016: 5.3%) driven by wage inflation, employment growth as well as additional disposable income from several Government initiatives. Private investment grew moderately by 5.6% (1Q2016: 2.2%) led by capital spending in services and manufacturing services.

For the calendar year 2016, the Gross Domestic Product has been forecasted to grow at between 4.0% - 4.5% (2015: 5.0%) supported by healthy government spending, relief from the stabilisation of oil prices and private expenditure. These are expected to cushion weaker exports clouded by subdued global growth and weak private consumption. Inflation is projected between 2.0% - 2.5% for 2016. In the short term, the banking system's net interest margin is expected to contract given the timing difference between the downward adjustment in floating interest rates and re-pricing of fixed deposit rates before normalising.

Loans are expected to grow at a moderate pace as business outlook is improving among various business activities. We expect credit costs to normalise from lower recoveries, while some sectors may experience stress in asset quality.

Despite the earlier headwinds, there are some bright spots and opportunities in the economy and amongst them will be the SME sector; which has consistently outpaced the GDP growth since 2005, and still has room for growth. The Budget 2017 provides continued impetus to domestic consumption with emphasis on affordable homes and infrastructure projects.

Our asset quality remains well positioned with loans growing at system or less as we continue to uphold the Group's disciplined risk-based pricing framework and underwriting strategies targeting growth in better quality assets.

Wholesale Banking continues to focus on building and developing strong relationships with clients and continuously strives for excellence in offering innovative, quality and differentiated products solutions and services. The continued support for SMEs to expand as demonstrated in the Budget 2017 paves the way for higher market penetration opportunities for our new core segment. AmBank Group have built up new capabilities and have 70 liability led SME ready branches and 12 full fledged SME ready branches.

We have kept and will continue to keep a tighter rein on costs as we strive to operate more efficiently through our "running the bank better" and "changing the bank" initiatives. The Group remains focused on our 4 year strategic growth themes.

## 29. VALUATION OF PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses (if any).

## 30. SIGNIFICANT EVENT

### Transfer of futures broking business from AmFutures Sdn Bhd ("AmFutures") to the Bank

During the period, the Bank had completed the acquisition of futures broking business ("the Business Transfer") from the Bank's wholly-owned subsidiary, AmFutures. The Business Transfer is part of the Group's internal restructuring plans to achieve operational efficiencies with the capital market intermediary activities undertaken through the Bank.

The Business Transfer which involved the acquisition of assets and liabilities of the futures broking business was completed on 16 August 2016 and the acquisition price was payable by cash amounting to approximately RM 23.2 million based on the book value of the net assets transferred.

The Business Transfer had been accounted for by the Bank via pooling of interests method. Under the pooling of interests method, the results and the financial position of the Business Transfer are included in the financial statements as if the Business Transfer had been effected prior to and throughout the current financial period/year.

The effect of pooling of interests method for the current financial period is as follows:

	<b>Bank</b> <b>RM'000</b>
Operating revenue	1,885
Interest income	806
Interest expense	(175)
Net interest income	631
Other operating income	1,404
Direct costs	(325)
Net income	1,710
Other operating expenses	(979)
Operating profit	731
Taxation	(185)
Profit for the period	546

The effect of pooling of interests method for the comparative period is disclosed in Note 32.

## 31. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK

### a) Disposal of AmTrustee Berhad

On 23 June 2016, the Group completed the disposal of its 20% shareholding in AmTrustee Berhad, previously classified as Asset held for sale, for a total cash consideration of RM2,283,076. The disposal resulted in a gain of RM0.5 million and RM2.2 million to the Group and Bank, respectively.

### b) Acquisition of fund management entities ("FMEs") from a related company, AmInvestment Group Berhad

On 21 July 2016, the Bank acquired 100% equity interest in AmFunds Management Berhad and AmIslamic Funds Management Sdn Bhd, the FMEs of AmBank Group from a related company, AmInvestment Group Berhad. The acquisition was pursuant to the realignment of all capital markets related activities of AmBank Group, which are under the purview of Securities Commission Malaysia, under the Bank. The equity interest in these subsidiaries are acquired at their book values.

As the Bank and the FMEs above are entities under common control, the transaction has been accounted for via the pooling of interest method. Under the pooling of interest method, the results of both subsidiaries above, together with the assets and liabilities are included in the financial statements of the Group as if the merger had been effected prior to and throughout the current financial period/year.

**31. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK (CONTD.)**

Acquisition of fund management entities ("FMEs") from a related company, AmlInvestment Group Berhad (Contd.)

The effect of pooling of interests method for the current financial period is as follows:

	<b>Group RM'000</b>
Operating revenue	40,362
Interest income	773
Interest expense	-
Net interest income	773
Other operating income	39,589
Net income	40,362
Other operating expenses	(22,620)
Operating profit	17,742
Taxation	(4,414)
Profit for the period	13,328

The comparative figures for this financial period/year had been restated as per Note 32 below.

Other than disclosed as above, there are no other significant changes in the composition of the Group for the financial period ended 30 September 2016.

**32. RESTATEMENT OF COMPARATIVE INFORMATION**

The following comparative figures have been restated arising from the effect of pooling of interest method as mentioned in Note 30 and 31 above.

**(i) Reconciliation of statements of financial position as at 31 March 2016**

	<b>As previously reported</b>	<b>Effect of pooling of interests method</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>			
Cash and short-term funds	465,737	94,568	560,305
Deferred tax assets	4,542	2,563	7,105
Other assets	729,250	24,081	753,331
Property and equipment	21,356	1,098	22,454
Intangible assets	2,583	39,163	41,746
Other liabilities	697,890	19,492	717,382
Reserves	319,135	141,981	461,116
<b>Bank</b>			
Cash and short-term funds	436,104	22,431	458,535
Other assets	702,471	22,004	724,475
Property and equipment	21,348	9	21,357
Intangible assets	2,542	40	2,582
Other liabilities	676,253	21,863	698,116
Reserves	301,823	22,621	324,444

**32. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)**

**(ii) Reconciliation of statement of profit or loss**

	As previously reported	Effect of pooling of interests method	As restated
<b>Group</b>			
<b>For the cumulative quarter ended 30 September 2015</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	106,316	69,493	175,809
Interest income	24,375	990	25,365
Other operating income	92,231	68,503	160,734
Other operating expenses	(56,366)	(36,236)	(92,602)
Taxation	(4,880)	(10,795)	(15,675)
<b>For the individual quarter ended 30 September 2015</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	58,667	35,760	94,427
Interest income	11,556	529	12,085
Other operating income	52,094	35,231	87,325
Other operating expenses	(30,001)	(17,477)	(47,478)
Taxation	(2,048)	(4,540)	(6,588)
<b>Bank</b>			
<b>For the cumulative quarter ended 30 September 2015</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	92,978	2,175	95,153
Interest income	23,321	745	24,066
Interest expense	(19,097)	(146)	(19,243)
Other operating income	79,770	1,910	81,680
Direct costs	(18,629)	(480)	(19,109)
Other operating expenses	(53,151)	(1,862)	(55,013)
Provision for doubtful receivables, net	(239)	9	(230)
<b>For the individual quarter ended 30 September 2015</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	47,088	1,209	48,297
Interest income	10,981	402	11,383
Interest expense	(8,969)	(95)	(9,064)
Other operating income	40,991	1,050	42,041
Direct costs	(8,936)	(243)	(9,179)
Other operating expenses	(28,479)	(1,095)	(29,574)
Provision for doubtful receivables, net	96	5	101

**32. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)**

**(iii) Reconciliation of statements of changes in equity**

	As previously reported RM'000	Effect of pooling of interests method RM'000	As restated RM'000
<b>Group</b>			
<b>As at 31 March 2016</b>			
Merger reserve	7,656	141,981	149,637
<b>As at 30 September 2015</b>			
Merger reserve	7,656	141,801	149,457
<b>As at 31 March 2015</b>			
Merger reserve	7,656	137,420	145,076
<b>Bank</b>			
<b>As at 31 March 2016</b>			
Merger reserve	-	22,621	22,621
<b>As at 30 September 2015</b>			
Merger reserve	-	22,604	22,604
<b>As at 31 March 2015</b>			
Merger reserve	-	22,428	22,428

**(iv) Reconciliation of condensed statements of cash flows for the financial period ended 30 September 2015**

	As previously reported RM'000	Effect of pooling of interests method RM'000	As restated RM'000
<b>Group</b>			
Profit before taxation	29,902	33,256	63,158
Adjustments for non-operating and non-cash items	(10,229)	(1,650)	(11,879)
(Increase)/decrease in operating assets	(275,167)	353,705	78,538
Increase/(decrease) in operating liabilities	(52,830)	(368,152)	(420,982)
Net cash generated from investing activities	8,060	(1,551)	6,509
Dividend paid by the fund management entities	-	(18,000)	(18,000)
<b>Bank</b>			
Profit before taxation	20,573	176	20,749
Adjustments for non-operating and non-cash items	(724)	8	(716)
(Increase)/decrease in operating assets	(256,912)	339,347	82,435
Increase/(decrease) in operating liabilities	(70,990)	(338,971)	(409,961)

**32. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)**

**(v) Capital adequacy ratios as at 31 March 2016**

<b>Group</b>	<b>As previously reported</b>	<b>Effect of pooling of interests method</b>	<b>As restated</b>
<b>Before deducting proposed dividends</b>			
Common Equity Tier 1 ("CET 1") Capital Ratio	34.669%	0.753%	35.422%
Tier 1 Capital Ratio	34.669%	0.753%	35.422%
Total Capital Ratio	34.946%	0.713%	35.659%
<b>After deducting proposed dividends</b>			
CET 1 Capital Ratio	32.352%	1.093%	33.445%
Tier 1 Capital Ratio	32.352%	1.093%	33.445%
Total Capital Ratio	32.630%	1.052%	33.682%
<b>Bank</b>			
<b>Before deducting proposed dividends</b>			
Common Equity Tier 1 ("CET 1") Capital Ratio	33.574%	0.767%	34.341%
Tier 1 Capital Ratio	33.574%	0.767%	34.341%
Total Capital Ratio	33.574%	0.767%	34.341%
<b>After deducting proposed dividends</b>			
CET 1 Capital Ratio	31.204%	0.822%	32.026%
Tier 1 Capital Ratio	31.204%	0.822%	32.026%
Total Capital Ratio	31.204%	0.822%	32.026%