

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

Condensed Interim Financial Statements
For the Financial Period
1 April 2017 to
30 June 2017
(In Ringgit Malaysia)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Group			Bank		
	Note	30 June 2017	31 March 2017	1 April 2016	30 June 2017	31 March 2017	1 April 2016
		RM'000	(Restated) RM'000	(Restated) RM'000	RM'000	(Restated) RM'000	(Restated) RM'000
ASSETS							
Cash and short-term funds		5,001,740	5,989,301	7,605,681	4,768,737	5,758,942	7,380,187
Securities purchased under resale agreements		-	10,369	-	-	10,369	-
Deposits and placements with banks and other financial institutions		580,000	450,000	850,000	580,000	450,000	850,000
Investment account		1,600,000	1,600,000	1,000,000	1,600,000	1,600,000	1,000,000
Derivative financial assets		988,081	1,172,132	1,894,819	988,081	1,172,132	1,894,819
Financial assets held-for-trading	A8	6,234,692	5,862,496	1,870,427	6,234,692	5,862,496	1,870,427
Financial investments available-for-sale	A9	5,213,184	5,658,713	7,476,200	5,259,828	5,709,466	7,545,237
Financial investments held-to-maturity	A10	2,084,931	2,077,505	2,828,754	2,084,931	2,077,505	2,828,754
Loans and advances	A11	63,941,933	62,331,446	58,814,740	63,861,843	62,248,620	58,717,201
Receivables: Investments not quoted in active markets	A12	1,172,676	1,172,157	97,181	1,172,676	1,172,157	97,181
Statutory deposit with Bank Negara Malaysia		1,511,338	1,760,114	1,745,554	1,511,338	1,760,114	1,745,554
Deferred tax assets		995	995	76,485	-	-	75,430
Investment in subsidiaries and other investment		-	-	-	74,277	74,277	104,277
Investment in associate		-	-	-	22	22	22
Other assets	A13	1,983,215	1,900,830	2,032,171	1,966,535	1,883,134	2,034,781
Property and equipment		158,039	161,459	165,900	136,541	139,987	143,987
Intangible assets		401,000	406,506	350,753	400,998	406,504	350,750
Asset held for sale	A14	1,189	2,091	3,167	1,189	2,091	100
TOTAL ASSETS		90,873,013	90,556,114	86,811,832	90,641,688	90,327,816	86,638,707
LIABILITIES AND EQUITY							
Deposits from customers	A15	65,257,930	67,409,164	62,047,283	65,335,792	67,485,479	62,146,342
Deposits and placements of banks and other financial institutions	A16	3,836,670	970,458	871,138	3,940,215	1,072,737	950,888
Securities sold under resale agreements		-	9,464	-	-	9,464	-
Recourse obligation on loans sold to Cagamas Berhad		2,872,480	2,663,105	2,807,951	2,872,480	2,663,105	2,807,951
Derivative financial liabilities		1,018,334	958,894	2,023,211	1,018,334	958,894	2,023,211
Term funding		3,720,317	4,229,942	5,730,633	3,720,317	4,229,942	5,730,633
Debt capital		3,194,746	3,194,706	2,694,550	3,194,746	3,194,706	2,694,550
Deferred tax liabilities		29,530	97,832	-	29,530	97,828	-
Other liabilities	A17	1,927,486	2,235,128	2,374,240	1,915,663	2,225,151	2,370,392
TOTAL LIABILITIES		81,857,493	81,768,693	78,549,006	82,027,077	81,937,306	78,723,967
Share capital		1,763,208	1,763,208	820,364	1,763,208	1,763,208	820,364
Reserves		7,252,249	7,024,150	7,442,400	6,851,403	6,627,302	7,094,376
Equity attributable to equity holder of the Bank		9,015,457	8,787,358	8,262,764	8,614,611	8,390,510	7,914,740
Non-controlling interests		63	63	62	-	-	-
TOTAL EQUITY		9,015,520	8,787,421	8,262,826	8,614,611	8,390,510	7,914,740
TOTAL LIABILITIES AND EQUITY		90,873,013	90,556,114	86,811,832	90,641,688	90,327,816	86,638,707
COMMITMENTS AND CONTINGENCIES	A30	124,579,272	129,008,488	121,028,342	124,643,323	129,095,390	121,066,632
NET ASSETS PER SHARE (RM)		10.99	10.71	10.07	10.50	10.23	9.65

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 2017.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

Group	Note	Individual Quarter		Cumulative Quarter	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Operating revenue		1,158,274	1,127,993	1,158,274	1,127,993
Interest income	A18	1,015,343	977,982	1,015,343	977,982
Interest expense	A19	(606,079)	(598,009)	(606,079)	(598,009)
Net interest income		409,264	379,973	409,264	379,973
Other operating income	A20	142,931	150,011	142,931	150,011
Net income		552,195	529,984	552,195	529,984
Other operating expenses	A21	(285,738)	(292,951)	(285,738)	(292,951)
Operating profit		266,457	237,033	266,457	237,033
Writeback of allowance for impairment on loans and advances	A22	43,010	45,182	43,010	45,182
Writeback of provision for commitments and contingencies		6,401	2,487	6,401	2,487
Impairment writeback/(loss) on:					
Doubtful sundry receivables, net		154	(25)	154	(25)
Foreclosed properties		(13)	(142)	(13)	(142)
Other recoveries		282	9,724	282	9,724
Profit before taxation		316,291	294,259	316,291	294,259
Taxation		(70,523)	(68,683)	(70,523)	(68,683)
Profit for the financial period		245,768	225,576	245,768	225,576
Attributable to:					
Equity holder of the Bank		245,768	225,576	245,768	225,576
Non-controlling interests		-	-	-	-
Profit for the financial period		245,768	225,576	245,768	225,576
Earnings per share (sen)	A23				
Basic		29.96	27.50	29.96	27.50

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 2017.

AmBank (M) Berhad
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**UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017**

	Individual Quarter		Cumulative Quarter	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Group				
Profit for the financial period	245,768	225,576	245,768	225,576
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Currency translation on foreign operations	(17,006)	14,886	(17,006)	14,886
Cash flow hedge				
- losses arising during the financial period	(2,004)	(2,589)	(2,004)	(2,589)
- reclassification adjustments for loss included in the statement of profit or loss	317	267	317	267
Tax effect	405	373	405	373
Financial investments available-for-sale				
- net unrealised gain on changes in fair value	8,968	15,851	8,968	15,851
- net gain classified to statement of profit or loss	(6,586)	(3,591)	(6,586)	(3,591)
Tax effect	(572)	(6,542)	(572)	(6,542)
Other comprehensive (loss)/income, net of tax	(16,478)	18,655	(16,478)	18,655
Total comprehensive income for the financial period, net of tax	229,290	244,231	229,290	244,231
Attributable to:				
Equity holder of the Bank	229,290	244,231	229,290	244,231
Non-controlling interests	-	-	-	-
	229,290	244,231	229,290	244,231

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 2017.

AmBank (M) Berhad
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**UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017**

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2017 RM'000	30 June 2016 (Restated) RM'000	30 June 2017 RM'000	30 June 2016 (Restated) RM'000
Bank					
Operating revenue		1,152,560	1,126,082	1,152,560	1,126,082
Interest income	A18	1,012,439	975,103	1,012,439	975,103
Interest expense	A19	(607,016)	(600,078)	(607,016)	(600,078)
Net interest income		405,423	375,025	405,423	375,025
Other operating income	A20	140,121	150,979	140,121	150,979
Net income		545,544	526,004	545,544	526,004
Other operating expenses	A21	(285,404)	(291,809)	(285,404)	(291,809)
Operating profit		260,140	234,195	260,140	234,195
Writeback of allowance for impairment on loans and advances	A22	42,992	45,198	42,992	45,198
Writeback of provision for commitments and contingencies		6,404	8,486	6,404	8,486
Impairment writeback/(loss) on:					
Doubtful sundry receivables, net		154	(25)	154	(25)
Foreclosed properties		(13)	(142)	(13)	(142)
Other recoveries		282	9,724	282	9,724
Profit before taxation		309,959	297,436	309,959	297,436
Taxation		(69,552)	(67,940)	(69,552)	(67,940)
Profit for the financial period		240,407	229,496	240,407	229,496
Earnings per share (sen)	A23				
Basic		29.30	27.97	29.30	27.97

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 2017.

AmBank (M) Berhad
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**UNAUDITED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017**

	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016 (Restated)	30 June 2017	30 June 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Bank				
Profit for the financial period	240,407	229,496	240,407	229,496
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Currency translation on foreign operations	(15,656)	13,535	(15,656)	13,535
Cash flow hedge				
- losses arising during the financial period	(2,004)	(2,856)	(2,004)	(2,589)
- reclassification adjustments for loss included in the statement of profit or loss	317	267	317	267
Tax effect	405	373	405	373
Financial investments available-for-sale				
- net unrealised gain on changes in fair value	8,985	15,994	8,985	15,994
- net gain classified to statement of profit or loss	(6,586)	(3,591)	(6,586)	(3,591)
Tax effect	(576)	(6,576)	(576)	(6,576)
Other comprehensive (loss)/income, net of tax	(15,115)	17,146	(15,115)	17,413
Total comprehensive income for the financial period, net of tax	225,292	246,642	225,292	246,909

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 2017.

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

Group	Attributable to equity holder of the Bank										
	Non-distributable						Distributable				
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging reserve/ (deficit) RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to equity holder RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2016	820,364	942,844	980,969	104,149	11,751	3,635	63,306	5,335,746	8,262,764	62	8,262,826
Profit for the financial period	-	-	-	-	-	-	-	225,576	225,576	-	225,576
Other comprehensive income/(loss)	-	-	-	-	5,718	(1,949)	14,886	-	18,655	-	18,655
Total comprehensive income/(loss) for the financial period	-	-	-	-	5,718	(1,949)	14,886	225,576	244,231	-	244,231
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(503)	(503)	-	(503)
Transaction with owner and other equity movements	-	-	-	-	-	-	-	(503)	(503)	-	(503)
At 30 June 2016	820,364	942,844	980,969	104,149	17,469	1,686	78,192	5,560,819	8,506,492	62	8,506,554

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 2017.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

Group	Attributable to equity holder of the Bank							Distributable			
	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Available-for-sale (deficit)/ reserve RM'000	Cash flow hedging reserve/ (deficit) RM'000	Foreign currency translation reserve/ (deficit) RM'000	Retained earnings RM'000	Total attributable to equity holder RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2017	1,763,208	980,969	163,820	104,149	(12,232)	3,010	127,243	5,657,191	8,787,358	63	8,787,421
Profit for the financial period	-	-	-	-	-	-	-	245,768	245,768	-	245,768
Other comprehensive income/(loss)	-	-	-	-	1,810	(1,282)	(17,006)	-	(16,478)	-	(16,478)
Total comprehensive income/(loss) for the financial period	-	-	-	-	1,810	(1,282)	(17,006)	245,768	229,290	-	229,290
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(1,191)	(1,191)	-	(1,191)
Transfer to retained earning	-	(980,969)	-	-	-	-	-	980,969	-	-	-
Transfer to regulatory reserve	-	-	49,966	-	-	-	-	(49,966)	-	-	-
Transaction with owner and other equity movements	-	(980,969)	49,966	-	-	-	-	929,812	(1,191)	-	(1,191)
At 30 June 2017	1,763,208	-	213,786	104,149	(10,422)	1,728	110,237	6,832,771	9,015,457	63	9,015,520

UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

	Attributable to equity holder of the Bank							Distributable	Total equity RM'000
	Non-distributable								
Bank	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging reserve/ (deficit) RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	
At 1 April 2016	820,364	942,844	980,969	-	11,951	3,635	61,296	5,080,500	7,901,559
Effect arising from the pooling of interests As restated	-	-	-	13,181	-	-	-	-	13,181
	820,364	942,844	980,969	13,181	11,951	3,635	61,296	5,080,500	7,914,740
Profit for the financial period	-	-	-	-	-	-	-	229,496	229,496
Other comprehensive income/(loss)	-	-	-	-	5,827	(1,949)	13,535	-	17,413
Total comprehensive income/(loss) for the financial period	-	-	-	-	5,827	(1,949)	13,535	229,496	246,909
Effect arising from the pooling of interests	-	-	-	18,800	-	-	-	(18,800)	-
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(503)	(503)
Transaction with owner and other equity movements	-	-	-	18,800	-	-	-	(19,303)	(503)
At 30 June 2016	820,364	942,844	980,969	31,981	17,778	1,686	74,831	5,290,693	8,161,146

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 2017.

Company No. 8515-D

AmBank (M) Berhad
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017**

	Attributable to equity holder of the Bank						Distributable	Total equity RM'000
	Non-distributable							
Bank	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available-for-sale (deficit)/ reserve RM'000	Cash flow hedging reserve/ (deficit) RM'000	Foreign currency translation reserve/ (deficit) RM'000	Retained earnings RM'000	
At 1 April 2017	1,763,208	980,969	163,820	(12,233)	3,010	119,797	5,371,939	8,390,510
Profit for the financial period	-	-	-	-	-	-	240,407	240,407
Other comprehensive income/(loss)	-	-	-	1,823	(1,282)	(15,656)	-	(15,115)
Total comprehensive income/(loss) for the financial period	-	-	-	1,823	(1,282)	(15,656)	240,407	225,292
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(1,191)	(1,191)
Transfer to retained earning	-	(980,969)	-	-	-	-	980,969	-
Transfer to regulatory reserve	-	-	49,966	-	-	-	(49,966)	-
Transaction with owner and other equity movements	-	(980,969)	49,966	-	-	-	929,812	(1,191)
At 30 June 2017	1,763,208	-	213,786	(10,410)	1,728	104,141	6,542,158	8,614,611

AmBank (M) Berhad
(Incorporated in Malaysia)
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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017**

	Group		Bank	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	316,291	294,259	309,959	297,436
Adjustments for non-operating and non-cash items	193,544	(12,272)	196,784	(19,272)
Operating profit before working capital changes	509,835	281,987	506,743	278,164
Changes in working capital:				
Net change in operating assets	(2,121,002)	(1,384,811)	(2,124,198)	(1,377,871)
Net change in operating liabilities	188,206	(2,192,217)	190,578	(2,247,517)
Tax refund/(paid)	4,665	(45,941)	5,000	(33,617)
Net cash used in operating activities	(1,418,296)	(3,340,982)	(1,421,877)	(3,380,841)
Net cash used in investing activities	436,716	371,322	437,648	409,621
Net decrease in cash and cash equivalents	(981,580)	(2,969,660)	(984,229)	(2,971,220)
Cash and cash equivalents at beginning of the financial year	5,889,301	8,455,680	5,658,942	8,230,186
Effect of exchange rate changes	(981)	732	(976)	730
Cash and cash equivalents at end of financial period	4,906,740	5,486,752	4,673,737	5,259,696
Cash and cash equivalents comprise:				
Cash and short-term funds	5,001,740	5,486,752	4,768,737	5,259,696
Deposits and placements with banks and other financial institutions	580,000	350,000	580,000	350,000
	5,581,740	5,836,752	5,348,737	5,609,696
Less: Deposits and placements with original maturity of more than 3 months	(675,000)	(350,000)	(675,000)	(350,000)
	4,906,740	5,486,752	4,673,737	5,259,696

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 2017.

EXPLANATORY NOTES

A1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and complies with the International Accounting Standard ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Bank for the financial year ended 31 March 2017.

A1.1 Significant Accounting Policies

The significant accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the most recent audited annual financial statements for the financial year ended 31 March 2017 except for the adoption of the following amendments to published standards which became effective for the first time for the Group and the Bank on 1 April 2017:

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

The adoption of these amendments to published standards did not have any material impact on the financial statements of the 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 amendments to published standards.

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

Disclosure Initiative (Amendments to MFRS 107)

The amendments to MFRS 107 introduce an additional disclosure on changes in liabilities arising from financing activities. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Since the amendments only affect disclosures, the adoption of these amendments did not have any financial impact on the Group and the Bank.

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

The amendments clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value. In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences. The existing policy applied by the Group and the Company in respect of the recognition of deferred tax assets comply with these requirements.

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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

Annual Improvements to MFRSs 2014-2016 Cycle

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting 3 MFRSs, in which 1 of them is effective for annual periods beginning on or after 1 January 2017, as summarised below:

(i) MFRS 12 Disclosure of Interests in Other Entities

The amendment clarified that the disclosure requirements of MFRS 12 are applicable to interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities classified as held for sale except for summarised financial information. Previously, it was unclear whether all other MFRS 12 requirements were applicable for these interests. Since the amendments only affect disclosures, the adoption of these amendments did not have any financial impact on the Group and the Bank.

Standards issued but not yet effective

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

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

(a) Standards effective for financial year ending 31 March 2019

Annual Improvements to MFRSs 2014-2016 Cycle

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting 3 MFRSs, in which one of them is effective for annual periods beginning on or after 1 January 2017, as summarised below:

(i) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

The amendments deleted short-term exemptions covering transition provisions of MFRS 7, MFRS 10, and MFRS 119. These transition provisions were available to entities for past reporting periods and are therefore no longer applicable.

(ii) MFRS 128 Investments in Associates and Joint Ventures

MFRS 128 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss. The amendments clarified that this election should be made separately for each associate or joint venture at initial recognition.

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

MFRS 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.

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

The Group and the Bank are in the process of assessing the financial implication for the adopting MFRS15.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018. Retrospective application is required, but comparative information is not compulsory.

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

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

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

MFRS 9 Financial Instruments (Cont'd.)

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

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

Having completed its initial assessment, the Group and the Bank expects that:

- the majority of loans and advances that are classified as loans and receivables under MFRS 139 are expected to be measured at amortised cost under MFRS 9
- the majority of investments in debt securities classified as held to maturity under MFRS 139 are expected to be measured at FVOCI under MFRS 9. Some securities, however, will be classified as amortised cost
- the majority of the debt securities classified as available for sale under MFRS 139 are expected to be measured at FVOCI. Some securities, however, will be classified as FVTPL
- financial assets and liabilities held for trading are expected to be continue to be measured at FVTPL.

The impairment requirements are expected to result in a higher allowance for impairment losses. The Group and the Bank will perform a detailed assessment in the current financial year to determine the extent of the impact.

Transfers of Investment Property (Amendments to MFRS 140)

The amendments clarified that to transfer to, or from, investment properties, there must be a change in use. To conclude if a property has a change in use, there should be an assessment of whether the property meets, or has ceased to meet, the definition of investment property. This change must be supported by evidence; a change in intention in isolation is not enough to support a transfer.

The amendments are effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The amendments shall be applied prospectively and any impact from the reclassification of properties at the date of initial application would be treated as an adjustment to opening retained earnings. Notwithstanding, the amendments can be applied retrospectively provided that this is possible without hindsight.

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on how to determine the date of the transaction when applying MFRS 121 in situations where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. For the purpose of determining the exchange rate to use on initial recognition of the related item, the Interpretation states that the date of the transaction shall be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. Entities can choose to apply the Interpretation retrospectively, prospectively to items that are initially recognised on or after the beginning of the reporting period in which the Interpretation is first applied, or prospectively from the beginning of a prior reporting period presented as comparative information.

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Standards issued but not yet effective (Cont'd.)

(b) 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 profit or loss.

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

MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted provided MFRS 15 is also applied. The Group and the Bank are in the process of assessing the financial implication for adopting MFRS 16.

IC Interpretation 23 Uncertainty over Income Tax Treatments

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

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

(d) Standard effective on a date to be determined by MASB

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

A1.2 Significant changes in regulatory requirements

A1.2a BNM Policy Document on capital funds

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

A1.2b BNM circular on Classification and Regulatory Treatment for Structured Products under the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act ("IFSA") 2013

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

The Group and the Bank had previously classified structured products issued to customers and other financial institutions which are principal protected if held to maturity as Deposits from customers and Deposits and placements of banks and other financial institutions respectively. Accordingly, during the current financial quarter, the Group and the Bank had reclassified all structured products that do not fulfil the definition of the deposits under Section 2 of the FSA to Term Funding. The comparatives were also restated as per Note 33(b).

A1.3 Significant Accounting Judgements, Estimates and Assumptions

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

In the process of applying the Group's accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2017.

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2017 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Bank are not subject to seasonal or cyclical fluctuation in the current financial quarter.

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

There were no unusual items during the current financial quarter.

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter ended 30 June 2017.

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

During the financial quarter, the Bank repaid Senior Notes with nominal value of RM225.0 million issued under its Senior Notes programme of up to RM7.0 billion on its first call date of 28 April 2017.

Other than disclosed above, there were no share buy-backs, share cancellations, shares held as treasury shares, resale of treasury shares and repayment of debt and equity securities by the Bank during the financial quarter.

A7. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2017 and no dividends were paid in the current financial quarter.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	30 June	31 March
	2017	2017
	RM'000	RM'000
At fair value		
Money market instruments:		
Bank Negara Monetary Notes	-	333,562
Government Investment Issues	823,459	562,691
Islamic Treasury Bills	99,766	118,689
Malaysian Treasury Bills	2,033,150	1,148,116
Malaysian Government Securities	1,925,676	1,997,251
	<u>4,882,051</u>	<u>4,160,309</u>
Quoted securities:		
<i>In Malaysia:</i>		
Shares	147,497	115,600
Unit trusts	58,604	57,923
Sukuk	38,328	38,207
	<u>244,429</u>	<u>211,730</u>
<i>Outside Malaysia:</i>		
Shares	115,388	114,596
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate bonds and sukuk	992,824	1,365,863
<i>Outside Malaysia:</i>		
Corporate bonds	-	9,998
	<u>6,234,692</u>	<u>5,862,496</u>

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A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
At fair value				
Money market instruments:				
Government Investment Issues	692,593	585,381	692,593	585,381
Foreign Government Investment Issues	8,696	8,887	8,696	8,887
Malaysian Government Securities	393,510	629,737	393,510	629,737
	<u>1,094,799</u>	<u>1,224,005</u>	<u>1,094,799</u>	<u>1,224,005</u>
Quoted securities:				
<i>In Malaysia:</i>				
Shares	140	568	140	568
Unit trusts	137,617	148,626	137,617	148,626
	<u>137,757</u>	<u>149,194</u>	<u>137,757</u>	<u>149,194</u>
<i>Outside Malaysia:</i>				
Shares	51	52	8	8
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bonds and sukuk	3,697,434	4,002,718	3,744,166	4,053,560
<i>Outside Malaysia:</i>				
Corporate bonds and sukuk	195,575	195,183	195,575	195,183
At cost				
Unquoted securities:				
<i>In Malaysia:</i>				
Shares	87,375	87,375	87,330	87,330
<i>Outside Malaysia:</i>				
Shares	193	186	193	186
	<u>5,213,184</u>	<u>5,658,713</u>	<u>5,259,828</u>	<u>5,709,466</u>

As at 30 June 2017, the Bank owns 26.7% (31 March 2017: 26.7%) of AmFirst Real Estate Investment Trust ("REIT"). MFRS 128 Investment in Associates and Joint Ventures, presume that the Bank has significant influence over the REIT. However, the Bank has restricted voting power as stated in the Trust Deed. As such, the Bank has no significant influence and the investment is recognised as financial investments available-for-sale ("AFS").

The Bank had previously reclassified securities amounting to RM62,181,000 that are not quoted in an active market out of the AFS category to the loans and receivables category as the Bank has the intention to hold the securities until maturity.

As at 30 June 2017, the fair value gain that would have been recognised in other comprehensive income for the current period if the securities had not been reclassified amounted to RM1,121,000 (31 March 2017: RM4,336,000).

In the previous year, the Bank was appointed as Principal Dealer ("PD") for specified securities issued by the Government, BNM and BNM Sukuk Berhad for the period from 1 January 2017 to 31 December 2018.

As PD, the Bank is required to undertake certain obligations and is also accorded incentives. One of the incentives accorded was the eligibility to maintain a specified amount of the Statutory Reserve Requirements ("SRR") balances in the form of Malaysian Government Securities ("MGS") and /or Malaysian Government Investment Issues ("MGII") instead of cash. As at 30 June 2017, the Group and the Bank maintained a total carrying amount of RM182,358,000 (31 March 2017: RM179,798,000) in the form of MGS and MGII for SRR purposes.

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A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group and Bank	
	30 June 2017 RM'000	31 March 2017 RM'000
At amortised cost		
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate bonds and sukuk	2,087,481	2,080,055
Less: Accumulated impairment losses	(2,550)	(2,550)
	<u>2,084,931</u>	<u>2,077,505</u>

A11. LOANS AND ADVANCES

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
At amortised cost:				
Overdraft	2,491,532	2,491,874	2,491,532	2,491,874
Term loans	13,489,689	13,618,641	13,489,689	13,618,641
Housing loan receivables	19,260,902	18,565,189	19,094,325	18,396,587
Hire purchase receivables	12,999,020	12,895,977	12,999,020	12,895,977
Bills receivables	1,278,867	1,279,990	1,278,867	1,279,990
Trust receipts	1,591,577	1,478,562	1,591,577	1,478,562
Claims on customers under acceptance credits	2,933,294	3,038,682	2,933,294	3,038,682
Card receivables	1,393,906	1,389,985	1,393,906	1,389,985
Revolving credits	8,965,226	8,093,653	9,051,611	8,179,310
Staff loans	109,074	107,517	109,074	107,517
Others	252,132	220,964	252,132	220,964
	<u>64,765,219</u>	<u>63,181,034</u>	<u>64,685,027</u>	<u>63,098,089</u>
Gross loans and advances				
Allowance for impairment on loans and advances:				
- Individual allowance	(244,435)	(240,793)	(244,435)	(240,793)
- Collective allowance	(578,851)	(608,795)	(578,749)	(608,676)
Net loans and advances	<u>63,941,933</u>	<u>62,331,446</u>	<u>63,861,843</u>	<u>62,248,620</u>

Note:

As part of Restricted Investment Account arrangement with AmBank Islamic Berhad ("AmBank Islamic"), the Bank records the amount it provides as financing under the arrangement as investment account. The financing to external parties made by AmBank Islamic is recorded by AmBank Islamic as financing and advances. As losses from the business venture is borne solely by the Bank, the related collective allowance is recorded by the Bank.

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A11. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 June 2017	31 March 2017	30 June 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	2,974	5,861	2,974	5,861
Domestic non-bank financial institutions	1,768,860	1,527,443	1,855,245	1,613,101
Domestic business enterprises				
- Small medium enterprises	9,895,595	9,423,770	9,895,595	9,423,770
- Others	15,660,085	15,583,404	15,660,085	15,583,404
Government and statutory bodies	27	36	27	36
Individuals	36,182,424	35,358,171	36,015,847	35,189,568
Other domestic entities	22,685	94,563	22,685	94,563
Foreign individuals and entities	1,232,569	1,187,786	1,232,569	1,187,786
	<u>64,765,219</u>	<u>63,181,034</u>	<u>64,685,027</u>	<u>63,098,089</u>

(b) Gross loans and advances analysed by geographical distribution are as follows:

	Group		Bank	
	30 June 2017	31 March 2017	30 June 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
In Malaysia	64,322,821	62,692,237	64,242,629	62,609,292
Outside Malaysia	442,398	488,797	442,398	488,797
	<u>64,765,219</u>	<u>63,181,034</u>	<u>64,685,027</u>	<u>63,098,089</u>

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

	Group		Bank	
	30 June 2017	31 March 2017	30 June 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	296,817	301,579	130,240	132,977
- Hire purchase receivables	12,072,519	11,984,134	12,072,519	11,984,134
- Other fixed rate loans	5,320,998	5,271,011	5,320,998	5,271,011
Variable rate				
- Base rate and base lending rate plus	28,133,379	27,306,952	28,133,379	27,306,952
- Cost plus	15,357,685	14,858,061	15,444,070	14,943,718
- Other variable rates	3,583,821	3,459,297	3,583,821	3,459,297
	<u>64,765,219</u>	<u>63,181,034</u>	<u>64,685,027</u>	<u>63,098,089</u>

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A11. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Agriculture	1,725,059	1,832,710	1,725,059	1,832,710
Mining and quarrying	1,075,508	1,163,224	1,075,508	1,163,224
Manufacturing	6,208,839	6,287,455	6,208,839	6,287,455
Electricity, gas and water	433,475	375,880	433,475	375,880
Construction	2,765,775	2,709,295	2,765,775	2,709,295
Wholesale and retail trade and hotel and restaurants	4,202,971	4,089,255	4,202,971	4,089,255
Transport, storage and communication	1,804,619	1,307,985	1,804,619	1,307,985
Finance and insurance	1,783,032	1,533,305	1,869,417	1,618,962
Real estate	5,868,747	5,992,973	5,868,747	5,992,973
Business activities	1,257,351	1,074,761	1,257,351	1,074,761
Education and health	649,001	670,566	649,001	670,566
Household of which:	36,870,636	36,043,441	36,704,059	35,874,839
- purchase of residential properties	18,952,338	18,274,251	18,785,761	18,105,649
- purchase of transport vehicles	12,344,722	12,274,723	12,344,722	12,274,723
- others	5,573,576	5,494,467	5,573,576	5,494,467
Others	120,206	100,184	120,206	100,184
	64,765,219	63,181,034	64,685,027	63,098,089

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	16,119,883	15,404,747	16,205,731	15,489,867
Over one year to three years	4,743,182	4,858,788	4,739,503	4,855,109
Over three years to five years	8,296,099	8,341,104	8,287,675	8,332,680
Over five years	35,606,055	34,576,395	35,452,118	34,420,433
	64,765,219	63,181,034	64,685,027	63,098,089

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	1,198,462	1,093,403	1,198,052	1,093,064
Impaired during the period/year	269,414	1,064,566	269,112	1,063,984
Reclassified as non-impaired	(62,961)	(39,530)	(62,894)	(39,530)
Recoveries	(183,447)	(392,810)	(183,252)	(392,299)
Amount written off	(70,816)	(540,945)	(70,816)	(540,945)
Foreign exchange differences	(2,379)	13,778	(2,379)	13,778
Balance at end of the financial period/year	1,148,273	1,198,462	1,147,823	1,198,052
Gross impaired loans and advances as % of gross loans and advances	1.77%	1.90%	1.77%	1.90%
Loan loss coverage (Including regulatory reserve)	90.3%	84.6%	90.3%	84.6%

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A11. LOANS AND ADVANCES (CONT'D.)

(g) Impaired loans and advances analysed by geographical distribution are as follows:

	Group		Bank	
	30 June	31 March	30 June	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
In Malaysia	1,074,376	1,116,969	1,073,926	1,116,559
Outside Malaysia	73,897	81,493	73,897	81,493
	<u>1,148,273</u>	<u>1,198,462</u>	<u>1,147,823</u>	<u>1,198,052</u>

(h) Impaired loans and advances analysed by sector are as follows:

	Group		Bank	
	30 June	31 March	30 June	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Agriculture	340	636	340	636
Mining and quarrying	136,169	150,058	136,169	150,058
Manufacturing	97,236	88,773	97,236	88,773
Electricity, gas and water	102	100	102	100
Construction	5,590	5,799	5,590	5,799
Wholesale and retail trade and hotel and restaurants	42,094	32,629	42,094	32,629
Transport, storage and communication	4,505	4,567	4,505	4,567
Finance and insurance	-	1	-	1
Real estate	300,298	399,114	300,298	399,114
Business activities	18,353	5,824	18,353	5,824
Education and health	1,821	2,847	1,821	2,847
Household of which:	538,537	503,827	538,087	503,417
- purchase of residential properties	307,190	288,132	306,740	287,722
- purchase of transport vehicles	135,257	121,365	135,257	121,365
- others	96,090	94,330	96,090	94,330
Others	3,228	4,287	3,228	4,287
	<u>1,148,273</u>	<u>1,198,462</u>	<u>1,147,823</u>	<u>1,198,052</u>

(i) Movements in allowances for impaired loans and advances are as follows:

	Group and Bank	
	30 June	31 March
	2017	2017
	RM'000	RM'000
Individual allowance		
Balance at beginning of the financial year	240,793	251,303
Charge to statement of profit or loss, net	6,937	236,032
Amount written-off	(2,577)	(248,244)
Foreign exchange differences	(718)	1,702
Balance at end of the financial period/year	<u>244,435</u>	<u>240,793</u>

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A11. LOANS AND ADVANCES (CONT'D.)

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Collective allowance				
Balance at beginning of the financial year	608,795	730,849	608,676	730,576
Charge to statement of profit or loss, net	41,715	178,539	41,733	178,694
Amount written-off	(70,848)	(302,840)	(70,848)	(302,841)
Foreign exchange differences	(811)	2,247	(812)	2,247
Balance at end of the financial period/year (a)	<u>578,851</u>	<u>608,795</u>	<u>578,749</u>	<u>608,676</u>
Collective allowance (including regulatory reserve) as % of gross loans and advances (including RIA financing) less individual allowance	<u>1.20%</u>	<u>1.20%</u>	<u>1.20%</u>	<u>1.20%</u>

- (a) As at 30 June 2017, the gross exposure and collective allowance relating to the RIA financing for the Group and the Bank amounted to RM1,604.0 million and RM0.8 million (31 March 2017: RM1,604.4 million and RM2.3 million) respectively.

There was no individual allowance provided for the RIA financing as at 30 June 2017 and 31 March 2017.

A12. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

	Group and Bank	
	30 June 2017 RM'000	31 March 2017 RM'000
At amortised cost:		
Unquoted corporate bonds and sukuk in Malaysia	<u>1,172,676</u>	<u>1,172,157</u>

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A13. OTHER ASSETS

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Other receivables, deposits and prepayments	653,182	500,868	639,443	487,127
Interest receivable	207,130	255,420	207,134	255,433
Amount due from originators	146,658	161,812	146,658	161,812
Amount due from related companies	179,913	28,958	175,963	24,558
Collateral pledged for derivative transactions	464,780	487,751	464,780	487,751
Foreclosed properties	40,963	40,943	40,656	40,636
Deferred charges	100,082	91,181	100,082	91,181
Tax recoverable *	238,922	382,511	227,667	370,683
	<u>2,031,630</u>	<u>1,949,444</u>	<u>2,002,383</u>	<u>1,919,181</u>
Less: Accumulated impairment losses	(48,415)	(48,614)	(35,848)	(36,047)
	<u>1,983,215</u>	<u>1,900,830</u>	<u>1,966,535</u>	<u>1,883,134</u>

* In the financial year ended 31 March 2015, the Inland Revenue Board ("IRB") had issued notice of income tax assessments for the year of assessment 2008 and 2009 to the Bank and the Bank had appealed against the said notices by filing an application to the High Court for judicial review of the notice of assessment for the year of assessment 2008 and to the Special Commissioners of Income Tax for the notice of assessment for the year of assessment 2009. The tax paid of approximately RM203,500,700 was recognised in financial year ended 31 March 2015 as tax recoverable as the Bank is of the opinion that it has strong grounds to succeed in its appeals.

The Bank was successful in its appeals for the majority of the tax matters under dispute and had received Notice of Reduced Assessment for year of assessment 2008 from the IRB. During the current financial quarter, settlement was reached with IRB and the Bank had received Notice of Reduced Assessment for year of assessment 2009.

A14. ASSET HELD FOR SALE

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Proposed disposal of properties obtained from garnishee proceedings				
(a)	<u>1,189</u>	<u>2,091</u>	<u>1,189</u>	<u>2,091</u>
	<u>1,189</u>	<u>2,091</u>	<u>1,189</u>	<u>2,091</u>

(a) This relates to properties obtained from garnishee proceedings initiated by the Bank pending completion of sale.

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A15. DEPOSIT FROM CUSTOMERS

	Group		Bank	
	30 June 2017	31 March 2017 (Restated)	30 June 2017	31 March 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Demand deposits	10,324,827	10,154,966	10,330,139	10,157,583
Savings deposits	3,435,423	3,449,818	3,435,423	3,449,818
Term/Investment deposits	51,497,421	53,804,123	51,569,971	53,877,821
Negotiable instruments of deposits	259	257	259	257
	<u>65,257,930</u>	<u>67,409,164</u>	<u>65,335,792</u>	<u>67,485,479</u>

(i) The deposits are sourced from the following type of customers:

	Group		Bank	
	30 June 2017	31 March 2017 (Restated)	30 June 2017	31 March 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Government and other statutory bodies	2,026,619	2,648,964	2,026,619	2,648,964
Business enterprises	33,705,302	35,540,006	33,783,164	35,616,321
Individuals	24,940,565	24,828,308	24,940,565	24,828,308
Others	4,585,444	4,391,886	4,585,444	4,391,886
	<u>65,257,930</u>	<u>67,409,164</u>	<u>65,335,792</u>	<u>67,485,479</u>

(ii) The maturity structure of term/investment deposits and negotiable instruments of deposits is as follows:

	Group		Bank	
	30 June 2017	31 March 2017 (Restated)	30 June 2017	31 March 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Due within six months	39,029,312	38,849,559	39,101,862	38,923,257
Over six months to one year	10,447,410	12,879,144	10,447,410	12,879,144
Over one year to three years	1,300,186	1,379,869	1,300,186	1,379,869
Over three years to five years	720,772	695,808	720,772	695,808
	<u>51,497,680</u>	<u>53,804,380</u>	<u>51,570,230</u>	<u>53,878,078</u>

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A16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Licensed banks	2,228,525	299,994	2,228,525	299,994
Licensed investment banks	352,193	153,141	352,193	153,141
Other financial Institutions	1,232,001	492,061	1,335,546	594,340
Bank Negara Malaysia	23,951	25,262	23,951	25,262
	<u>3,836,670</u>	<u>970,458</u>	<u>3,940,215</u>	<u>1,072,737</u>

A17. OTHER LIABILITIES

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Other payables and accruals	1,111,467	1,184,260	1,098,498	1,174,307
Interest payable	554,515	655,372	554,685	655,399
Amount due to holding company, subsidiaries and related companies	146	126,844	1,272	126,877
Collateral received for derivative transactions	196,957	196,769	196,957	196,769
Lease deposits and advance rentals	9,331	9,159	9,331	9,159
Provision for commitments and contingencies	54,863	62,585	54,895	62,620
Provision for taxation	207	139	25	20
	<u>1,927,486</u>	<u>2,235,128</u>	<u>1,915,663</u>	<u>2,225,151</u>

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A18. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Short-term funds and deposits and placements with financial institutions	18,817	24,325	18,817	24,325
Financial assets held-for-trading	55,110	23,856	55,110	23,856
Financial investments available-for-sale	59,536	75,445	59,536	75,445
Financial investments held-to-maturity	20,560	20,741	20,560	20,741
Loans and advances	816,147	802,675	816,147	802,675
Investment account	16,943	13,045	16,943	13,045
Impaired loans and advances	6,804	2,141	6,804	2,141
Others	21,426	15,754	21,426	15,754
	<u>1,015,343</u>	<u>977,982</u>	<u>1,015,343</u>	<u>977,982</u>
Bank				
Short-term funds and deposits and placements with financial institutions	17,197	22,721	17,197	22,721
Financial assets held-for-trading	55,110	23,856	55,110	23,856
Financial investments available-for-sale	60,165	76,302	60,165	76,302
Financial investments held-to-maturity	20,560	20,741	20,560	20,741
Loans and advances	814,234	800,543	814,234	800,543
Investment account	16,943	13,045	16,943	13,045
Impaired loans and advances	6,804	2,141	6,804	2,141
Others	21,426	15,754	21,426	15,754
	<u>1,012,439</u>	<u>975,103</u>	<u>1,012,439</u>	<u>975,103</u>

A19. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30 June 2017 RM'000	30 June 2016 (Restated) RM'000	30 June 2017 RM'000	30 June 2016 (Restated) RM'000
Deposits from customers	467,928	465,390	467,928	465,390
Deposits and placements of banks and other financial institutions	20,203	10,354	20,203	10,354
Recourse obligation of loans sold to Cagamas Berhad	28,415	26,832	28,415	26,832
Term funding	37,806	50,314	37,806	50,314
Debt capital	50,129	43,617	50,129	43,617
Others	1,598	1,502	1,598	1,502
	<u>606,079</u>	<u>598,009</u>	<u>606,079</u>	<u>598,009</u>
Bank				
Deposits from customers	468,207	467,459	468,207	467,459
Deposits and placements of banks and other financial institutions	20,861	10,354	20,861	10,354
Recourse obligation of loans sold to Cagamas Berhad	28,415	26,832	28,415	26,832
Term funding	37,806	50,314	37,806	50,314
Debt capital	50,129	43,617	50,129	43,617
Others	1,598	1,502	1,598	1,502
	<u>607,016</u>	<u>600,078</u>	<u>607,016</u>	<u>600,078</u>

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A20. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Fee and commission income:				
Bancassurance commission	5,411	5,903	5,411	5,903
Brokerage fees, commission and rebates	600	581	600	581
Card operation charges	-	3,821	-	3,821
Fees on loans, advances and securities	44,847	44,656	44,847	44,656
Fees, service and commission charges	9,693	7,582	9,693	7,582
Guarantee fees	16,274	14,837	16,274	14,837
Remittances	4,677	5,652	4,677	5,652
Other fee and commission	9,784	4,481	9,784	4,481
	<u>91,286</u>	<u>87,513</u>	<u>91,286</u>	<u>87,513</u>
Investment and trading income:				
Foreign exchange gain/(loss) *	5,890	(6,483)	5,890	(6,483)
Gross dividend income from:				
Financial assets held-for-trading	1,166	948	1,166	948
Financial investments available-for-sale	927	2,538	927	2,538
Net gain on sale/redemption of:				
Financial assets held-for-trading	19,130	15,711	19,130	15,711
Financial investments available-for-sale	6,586	3,591	6,586	3,591
Net gain on revaluation of				
financial assets held-for-trading	6,189	3,081	6,189	3,081
Net gain/(loss) on derivatives	(5,561)	23,363	(5,561)	23,363
Gain on disposal of an associate	-	1,399	-	1,399
Others	3,985	6,062	3,985	6,062
	<u>38,312</u>	<u>50,210</u>	<u>38,312</u>	<u>50,210</u>
Other income:				
Net gain on disposal of property and equipment	2,187	19	2,187	19
Net non trading foreign exchange gain	210	704	210	704
Profit/(loss) from sale of goods and services	(491)	8,505	(491)	8,505
Rental income	1,152	912	1,152	912
Others	10,275	2,148	10,275	2,148
	<u>13,333</u>	<u>12,288</u>	<u>13,333</u>	<u>12,288</u>
	<u>142,931</u>	<u>150,011</u>	<u>142,931</u>	<u>150,011</u>

* Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

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A20. OTHER OPERATING INCOME (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016 (Restated)	30 June 2017	30 June 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Bank				
Fee and commission income:				
Bancassurance commission	5,411	5,896	5,411	5,896
Brokerage fees, commission and rebates	600	581	600	581
Card operation charges	-	3,821	-	3,821
Fees on loans, advances and securities	44,799	44,556	44,799	44,556
Fees, service and commission charges	9,703	7,652	9,703	7,652
Guarantee fees	16,274	14,837	16,274	14,837
Remittances	4,677	5,652	4,677	5,652
Other fee and commission	9,784	4,481	9,784	4,481
	<u>91,248</u>	<u>87,476</u>	<u>91,248</u>	<u>87,476</u>
Investment and trading income:				
Foreign exchange gain/(loss) *	5,890	(6,483)	5,890	(6,483)
Gross dividend income from:				
Financial assets held-for-trading	1,166	948	1,166	948
Financial investments available-for-sale	927	2,538	927	2,538
Net gain on sale/redemption of:				
Financial assets held-for-trading	19,130	15,711	19,130	15,711
Financial investments available-for-sale	6,586	3,591	6,586	3,591
Net gain on revaluation of financial assets held-for-trading	6,189	3,081	6,189	3,081
Net gain/(loss) on derivatives	(5,561)	23,363	(5,561)	23,363
Gain on disposal of an associate	-	2,179	-	2,179
Others	3,985	6,380	3,985	6,380
	<u>38,312</u>	<u>51,308</u>	<u>38,312</u>	<u>51,308</u>
Other income:				
Net gain on disposal of property and equipment	220	19	220	19
Net non trading foreign exchange gain	208	707	208	707
Profit/(loss) from sale of goods and services	(491)	8,505	(491)	8,505
Rental income	1,036	792	1,036	792
Others	9,588	2,172	9,588	2,172
	<u>10,561</u>	<u>12,195</u>	<u>10,561</u>	<u>12,195</u>
	<u>140,121</u>	<u>150,979</u>	<u>140,121</u>	<u>150,979</u>

* Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

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A21. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Personnel costs:				
Medical	6,668	4,136	6,668	4,136
Insurance	5,897	5,633	5,897	5,633
Contributions to Employees' Provident Fund	29,937	26,477	29,937	26,477
Salaries, bonuses, allowances and incentives	161,071	175,206	161,071	175,206
Share and options granted under ESS - writeback	(8,845)	(214)	(8,845)	(214)
Social security costs	1,662	1,369	1,662	1,369
Recruitment costs	12,084	1,528	12,084	1,528
Training	2,721	1,320	2,721	1,320
Others	2,431	3,287	2,431	3,287
Expenses capitalised	(2,360)	-	(2,360)	-
	<u>211,266</u>	<u>218,742</u>	<u>211,266</u>	<u>218,742</u>
Establishment costs:				
Amortisation of intangible assets	20,194	19,659	20,194	19,659
Cleaning, maintenance and security	6,261	6,075	6,261	6,075
Computerisation cost	34,515	39,601	34,515	39,601
Depreciation of property and equipment	10,535	10,157	10,535	10,157
Rental of premises	20,888	21,273	20,888	21,273
Others	6,372	10,362	6,372	10,362
Expenses capitalised	(47)	(24)	(47)	(24)
	<u>98,718</u>	<u>107,103</u>	<u>98,718</u>	<u>107,103</u>
Marketing and communication expenses:				
Advertising and marketing	(4,596)	3,824	(4,596)	3,824
Commission	140	3,360	140	3,360
Communication	10,010	9,158	10,010	9,158
Others	1,803	1,818	1,803	1,818
	<u>7,357</u>	<u>18,160</u>	<u>7,357</u>	<u>18,160</u>
Administration and general expenses:				
Bank charges	2,158	1,533	2,158	1,533
Insurance	891	746	891	746
Professional services	21,003	15,091	21,003	15,091
Travelling	920	1,475	920	1,475
Subscriptions and periodicals	72	1,493	72	1,493
Others	35,269	16,796	35,269	16,796
	<u>60,313</u>	<u>37,134</u>	<u>60,313</u>	<u>37,134</u>
Service transfer pricing recovery - net	(91,916)	(88,188)	(91,916)	(88,188)
	<u>285,738</u>	<u>292,951</u>	<u>285,738</u>	<u>292,951</u>

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A21. OTHER OPERATING EXPENSES (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016 (Restated)	30 June 2017	30 June 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs:				
Medical	6,661	4,135	6,661	4,135
Insurance	5,879	5,632	5,879	5,632
Contributions to Employees' Provident Fund	29,921	26,477	29,921	26,477
Salaries, bonuses, allowances and incentives	160,974	174,280	160,974	174,280
Share and options granted under ESS - writeback	(8,845)	(362)	(8,845)	(362)
Social security costs	1,661	1,368	1,661	1,368
Recruitment costs	12,084	1,527	12,084	1,527
Training	2,721	1,319	2,721	1,319
Others	2,428	3,291	2,428	3,291
Expenses capitalised	(2,360)	-	(2,360)	-
	<u>211,124</u>	<u>217,667</u>	<u>211,124</u>	<u>217,667</u>
Establishment costs:				
Amortisation of intangible assets	20,194	19,659	20,194	19,659
Cleaning, maintenance and security	6,096	5,967	6,096	5,967
Computerisation cost	34,515	39,602	34,515	39,602
Depreciation of property and equipment	10,402	10,033	10,402	10,033
Rental of premises	21,432	21,806	21,432	21,806
Others	6,220	10,181	6,220	10,181
Expenses capitalised	(47)	(24)	(47)	(24)
	<u>98,812</u>	<u>107,224</u>	<u>98,812</u>	<u>107,224</u>
Marketing and communication expenses:				
Advertising and marketing	(4,596)	3,824	(4,596)	3,824
Commission	140	3,360	140	3,360
Communication	10,008	9,158	10,008	9,158
Others	1,802	1,812	1,802	1,812
	<u>7,354</u>	<u>18,154</u>	<u>7,354</u>	<u>18,154</u>
Administration and general expenses:				
Bank Charges	2,157	1,533	2,157	1,533
Insurance	894	747	894	747
Professional services	20,908	15,014	20,908	15,014
Travelling	919	1,476	919	1,476
Subscriptions and periodicals	72	1,492	72	1,492
Others	35,090	16,702	35,090	16,702
	<u>60,040</u>	<u>36,964</u>	<u>60,040</u>	<u>36,964</u>
Service transfer pricing recovery - net	(91,926)	(88,200)	(91,926)	(88,200)
	<u>285,404</u>	<u>291,809</u>	<u>285,404</u>	<u>291,809</u>

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A22. WRITEBACK OF ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Group				
Allowance for impaired loans and advances:				
Individual allowance, net	6,937	6,226	6,937	6,226
Collective allowance, net	41,715	77,905	41,715	77,905
Impaired loans and advances recovered, net	(91,662)	(129,313)	(91,662)	(129,313)
	<u>(43,010)</u>	<u>(45,182)</u>	<u>(43,010)</u>	<u>(45,182)</u>
Bank				
Allowance for impaired loans and advances:				
Individual allowance, net	6,937	6,226	6,937	6,226
Collective allowance, net	41,733	77,889	41,733	77,889
Impaired loans and advances recovered, net	(91,662)	(129,313)	(91,662)	(129,313)
	<u>(42,992)</u>	<u>(45,198)</u>	<u>(42,992)</u>	<u>(45,198)</u>

A23. EARNINGS PER SHARE ("EPS")**Basic**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholder of the Bank by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Group				
Net profit attributable to shareholder of the Bank (RM'000)	<u>245,768</u>	<u>225,576</u>	<u>245,768</u>	<u>225,576</u>
Number of ordinary shares at beginning of the financial year and end of period representing weighted average number of ordinary shares in issue ('000)	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>
Basic earnings per share (sen)	<u>29.96</u>	<u>27.50</u>	<u>29.96</u>	<u>27.50</u>
	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016 (Restated)	30 June 2017	30 June 2016 (Restated)
Bank				
Net profit attributable to shareholder of the Bank (RM'000)	<u>240,407</u>	<u>229,496</u>	<u>240,407</u>	<u>229,496</u>
Number of ordinary shares at beginning of the financial year and end of period representing weighted average number of ordinary shares in issue ('000)	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>
Basic earnings per share (sen)	<u>29.30</u>	<u>27.97</u>	<u>29.30</u>	<u>27.97</u>

A24. 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 a segment and to assess its performance.

The Group comprises the following main business segments:

(a) Retail Banking

Retail Banking continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.

(b) Wholesale Banking

Wholesale Banking comprises Corporate and Commercial Banking, Global Markets and Capital Markets and Private Banking.

(i) Corporate and Commercial Banking

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

(ii) Global Markets

Global Markets includes proprietary trading as well as providing full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants. It also offers customised investment solutions for customers.

(iii) Capital Markets and Private Banking

The Capital Markets is focused on providing integrated financing solutions to our corporate and institutional clients. It offers a full suite of customised debt and capital financing solutions which includes corporate bond issuances, loan syndication, structured finance, capital and project advisory services and primary syndication and underwriting services. Private Banking primarily services high net worth clients and offers financing and deposit products.

(c) Group Funding and Others

Group Funding and Others comprise 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.

Note:

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

(ii) The comparatives have been restated to conform with current business realignment and restatement as per note A33.

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A24. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial period ended 30 June 2017	Wholesale Banking					Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Capital Markets and Private Banking RM'000			
External revenue	546,217	378,336	164,843	13,910	54,968	1,158,274	
Revenue from other segments	(95,271)	(22,928)	3,802	(2,304)	116,701	-	
Total operating revenue	450,946	355,408	168,645	11,606	171,669	1,158,274	
Net interest income	201,811	123,148	27,694	4,512	52,099	409,264	
Other operating income	58,936	42,071	46,004	3,881	(7,961)	142,931	
Income	260,747	165,219	73,698	8,393	44,138	552,195	
Other operating expenses	(165,228)	(63,450)	(15,994)	(3,144)	(37,922)	(285,738)	
of which:							
<i>Depreciation of Property and Equipment</i>	(6,304)	(208)	(149)	(10)	(3,864)	(10,535)	
<i>Amortisation of Intangible Assets</i>	(3,212)	(452)	(1,070)	(7)	(15,453)	(20,194)	
Profit before impairment losses	95,519	101,769	57,704	5,249	6,216	266,457	
Writeback of impairment losses on loans and advances	(1,061)	5,023	-	767	38,281	43,010	
(Allowance for)/Writeback of impairment losses on other assets	3	(13)	-	-	151	141	
(Provision)/Writeback of provision for commitments and contingencies	(92)	6,793	-	(297)	(3)	6,401	
Other recoveries	1	-	56	-	225	282	
Profit/(loss) before taxation	94,370	113,572	57,760	5,719	44,870	316,291	
Taxation	(22,650)	(25,490)	(12,959)	(700)	(8,724)	(70,523)	
Profit for the financial period	71,720	88,082	44,801	5,019	36,146	245,768	
Other information							
Total segment assets	37,684,323	27,188,958	12,716,408	1,310,920	11,972,404	90,873,013	
Total segment liabilities	28,283,221	26,469,973	15,748,448	862,201	10,493,650	81,857,493	
Cost to income ratio	63.4%	38.4%	21.7%	37.5%	85.9%	51.7%	
Gross loans and advances	36,995,968	26,520,131	-	1,185,145	63,975	64,765,219	
Net loans and advances	36,639,857	26,192,665	-	1,179,764	(70,353)	63,941,933	
Impaired loans and advances	541,717	606,556	-	-	-	1,148,273	
Total deposits	27,698,981	25,942,323	12,468,202	854,229	2,130,865	69,094,600	
Additions to:							
Property and equipment	4,181	617	-	4	2,273	7,075	
Intangible assets	2,740	1,524	-	1	12,408	16,673	

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A24. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial period ended 30 June 2016	Wholesale Banking				Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Capital Markets and Private Banking RM'000		
External revenue	530,193	375,382	112,179	16,487	93,752	1,127,993
Revenue from other segments	(40,823)	(87,927)	59,572	(2,498)	71,676	-
Total operating revenue	489,370	287,455	171,751	13,989	165,428	1,127,993
Net interest income	198,195	128,630	16,278	4,836	32,034	379,973
Other operating income	61,318	37,723	31,618	4,219	13,734	148,612
Gain on disposal of associate	-	-	-	-	1,399	1,399
Income	259,513	166,353	47,896	9,055	47,167	529,984
Other operating expenses	(167,089)	(45,177)	(16,564)	(3,407)	(60,714)	(292,951)
<i>of which:</i>						
<i>Depreciation of Property and Equipment</i>	(6,026)	(254)	(228)	(14)	(3,635)	(10,157)
<i>Amortisation of Intangible Assets</i>	(2,212)	(727)	(1,584)	(7)	(15,129)	(19,659)
Profit before impairment losses	92,424	121,176	31,332	5,648	(13,547)	237,033
Writeback of impairment losses on loans and advances	1,763	52,584	-	2,756	(11,921)	45,182
Writeback of/(Allowance for) impairment losses on other assets (Provision)/Writeback of provision for commitments and contingencies	(4)	(142)	-	-	(21)	(167)
	(276)	11,236	-	(1,710)	(6,763)	2,487
Other recoveries	-	9,464	-	-	260	9,724
Profit/(loss) before taxation	93,907	194,318	31,332	6,694	(31,992)	294,259
Taxation	(22,433)	(42,749)	(7,363)	(2,042)	5,904	(68,683)
Profit/(loss) for the financial period	71,474	151,569	23,969	4,652	(26,088)	225,576
Other information						
Total segment assets	34,285,009	24,908,603	9,250,164	1,588,282	14,447,587	84,479,645
Total segment liabilities	31,241,160	30,681,504	4,210,385	11,044	9,828,998	75,973,091
Cost to income ratio	64.4%	27.2%	34.6%	37.6%	128.7%	55.3%
Gross loans and advances	33,670,499	24,606,025	-	1,108,540	71,356	59,456,420
Net loans and advances	33,345,410	24,433,953	-	1,102,939	(236,012)	58,646,290
Impaired loans and advances	562,374	328,226	-	-	-	890,600
Total deposits	30,667,766	29,913,753	178,493	-	505,738	61,265,750
Additions to:						
Property and equipment	7,233	94	1	-	12,291	19,619
Intangible assets	5,659	246	33	-	11,365	17,303

Notes:

- The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

A25. PERFORMANCE REVIEW FOR THE QUARTER ENDED 30 JUNE 2017

The Group registered a profit before taxation ("pre-tax profit") of RM316.3million, representing an increase of RM22.0 million or 2.7% compared to the pre-tax profit for the corresponding period last year.

For current financial period, the increase in pre-tax profit was attributable to higher net interest income of RM29.3 million or 7.7%, lower other operating expenses of RM7.2 million or 2.5% and higher writeback of provision for commitments and contingencies of RM3.9 million. However, this was partly offset by lower other recoveries of RM9.5 million and lower other operating income of 7.1 million or 4.7%. Higher net interest income mainly from securities holding and loans and advances.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 16.1% and 15.4% respectively.

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

A26. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2018

Malaysia's Gross Domestic Product (GDP) is expected to grow at a credible 5.7% to 5.9% in 2017 (2016: 4.2%) underpinned by income support measures, higher infrastructure spending and strong exports on the back of improving global demand and firm commodity prices.

Domestic investment activity will continue to support GDP growth from improving private investment, recovery in agriculture, large infrastructure projects and steady private consumption supported by rising wages and government measures to bolster income. Better export growth comes from better prospects for semiconductors and resource based activities from our major trading partners.

Inflation is projected to hover around 4.0% in 2017 (2016: 2.1%) owing to the lag effects of weak ringgit against dollar and cost-push factors as well as the fading high base effect. Furthermore, demand-pull inflation from improving economic activity is poised to add inflationary pressure.

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

Wholesale Banking's strategic priorities for FY2018 are:

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

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

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

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

A26. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2018 (CONT'D.)

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

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

A27. VALUATION OF PROPERTY AND EQUIPMENT

The Group's and the Bank's property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

A28. SIGNIFICANT EVENT

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

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

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

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

A29. CHANGES IN THE COMPOSITION OF THE GROUP

There has been no other significant changes in the composition of the Group for the financial quarter ended 30 June 2017.

A30. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the 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 principal/notional amounts of the commitments and contingencies of the Group and the Bank are as follows:

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Contingent Liabilities				
Direct credit substitutes	1,951,819	1,817,399	1,951,819	1,817,399
Transaction related contingent items	4,960,764	5,101,771	4,960,764	5,123,886
Short term self liquidating trade related contingencies	992,874	785,111	992,874	785,111
Obligations under on-going underwriting agreements	-	85,000	-	85,000
	<u>7,905,457</u>	<u>7,789,281</u>	<u>7,905,457</u>	<u>7,811,396</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	13,330,804	13,559,443	13,394,805	13,624,180
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,400,025	3,067,133	3,400,025	3,067,133
Unutilised credit card lines	3,122,708	2,847,424	3,122,708	2,847,424
Forward asset purchase	275,722	670,621	275,722	670,621
Others	-	-	50	50
	<u>20,129,259</u>	<u>20,144,621</u>	<u>20,193,310</u>	<u>20,209,408</u>
Derivative Financial Instruments				
Foreign exchange related contracts				
- One year or less	39,277,861	46,187,005	39,277,861	46,187,005
- Over one year to five years	2,500,861	1,828,562	2,500,861	1,828,562
- Over five years	1,609,850	2,140,212	1,609,850	2,140,212
Interest rate related contracts				
- One year or less	13,903,384	9,810,942	13,903,384	9,810,942
- Over one year to five years	28,919,317	30,835,847	28,919,317	30,835,847
- Over five years	9,422,183	9,598,780	9,422,183	9,598,780
Credit related contracts				
- Over one year to five years	355,090	361,251	355,090	361,251
Equity and commodity related contracts				
- One year or less	305,809	228,591	305,809	228,591
- Over one year to five years	250,201	83,396	250,201	83,396
	<u>96,544,556</u>	<u>101,074,586</u>	<u>96,544,556</u>	<u>101,074,586</u>
Total	<u>124,579,272</u>	<u>129,008,488</u>	<u>124,643,323</u>	<u>129,095,390</u>

A31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Financial assets and liabilities measured using 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, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the 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.

About 0.4% (31 March 2017 : 0.6%) of the Bank's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

A31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

(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				Bank			
	Valuation technique			Total RM'000	Valuation technique			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
30 June 2017								
Assets measured at fair value								
Derivative financial assets	764	987,317	-	988,081	764	987,317	-	988,081
Financial assets held-for-trading								
- Money market securities	-	4,882,051	-	4,882,051	-	4,882,051	-	4,882,051
- Equities	321,489	-	-	321,489	321,489	-	-	321,489
- Quoted private debt securities	38,328	-	-	38,328	38,328	-	-	38,328
- Unquoted private debt securities	-	992,824	-	992,824	-	992,824	-	992,824
Financial investments available-for-sale								
- Money market securities	-	1,094,799	-	1,094,799	-	1,094,799	-	1,094,799
- Equities	137,808	-	-	137,808	137,765	-	-	137,765
- Unquoted private debt securities	-	3,893,009	-	3,893,009	-	3,893,009	46,732	3,939,741
	<u>498,389</u>	<u>11,850,000</u>	<u>-</u>	<u>12,348,389</u>	<u>498,346</u>	<u>11,850,000</u>	<u>46,732</u>	<u>12,395,078</u>
Liabilities measured at fair value								
Derivative financial liabilities	4,881	1,013,453	-	1,018,334	4,881	1,013,453	-	1,018,334

A31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

(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				Bank			
	Valuation technique			Total RM'000	Valuation technique			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
31 March 2017								
Assets measured at fair value								
Derivative financial assets	91	1,172,041	-	1,172,132	91	1,172,041	-	1,172,132
Financial assets held-for-trading								
- Money market securities	-	4,160,309	-	4,160,309	-	4,160,309	-	4,160,309
- Equities	288,119	-	-	288,119	288,119	-	-	288,119
- Quoted private debt securities	38,207	-	-	38,207	38,207	-	-	38,207
- Unquoted private debt securities	-	1,375,861	-	1,375,861	-	1,375,861	-	1,375,861
Financial investments available-for-sale								
- Money market securities	-	1,224,005	-	1,224,005	-	1,224,005	-	1,224,005
- Equities	149,246	-	-	149,246	149,202	-	-	149,202
- Unquoted private debt securities	-	4,197,901	-	4,197,901	-	4,197,901	50,842	4,248,743
	<u>475,663</u>	<u>12,130,117</u>	<u>-</u>	<u>12,605,780</u>	<u>475,619</u>	<u>12,130,117</u>	<u>50,842</u>	<u>12,656,578</u>
Liabilities measured at fair value								
Derivative financial liabilities	<u>3,479</u>	<u>955,415</u>	<u>-</u>	<u>958,894</u>	<u>3,479</u>	<u>955,415</u>	<u>-</u>	<u>958,894</u>

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

A31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

Movements In Level 3 financial instruments measured at fair value

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting period. The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Financial investments available-for-sale:				
Balance at beginning of the financial year	-	-	50,842	69,123
Total gains recognised in profit or loss:				
- other comprehensive income	-	-	17	(267)
Settlements	-	-	(4,127)	(18,014)
Balance at end of the financial period/year	<u>-</u>	<u>-</u>	<u>46,732</u>	<u>50,842</u>

Total gains or losses included in the statement of profit or loss and statement of other comprehensive income for financial instruments held at the end of reporting period:

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Financial investments available-for-sale:				
Total gains included in other comprehensive income	<u>-</u>	<u>-</u>	<u>17</u>	<u>(267)</u>

There were no transfers between Level 2 and Level 3 during the current financial period and previous financial year for the Group and the Bank.

Impact on fair value of Level 3 financial instruments measured at fair value arising from changes to key assumptions.

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

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A32. CAPITAL ADEQUACY

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

	Group	Bank
30 June 2017		
Common Equity Tier 1 ("CET 1") Capital Ratio	11.266%	10.581%
Tier 1 Capital Ratio	12.516%	11.818%
Total Capital Ratio	16.145%	15.408%
31 March 2017		
Before deducting proposed dividends		
Common Equity Tier 1 ("CET 1") Capital Ratio	11.942%	11.230%
Tier 1 Capital Ratio	13.203%	12.478%
Total Capital Ratio	16.840%	16.073%
After deducting proposed dividends		
CET 1 Capital Ratio	11.471%	10.764%
Tier 1 Capital Ratio	12.732%	12.012%
Total Capital Ratio	16.369%	15.607%

Notes:

- (i) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued by the Prudential Financial Policy Department on 13 October 2015, which is based on the Basel III capital accord. The Group and the Bank have adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets).
- (ii) Pursuant to BNM's guideline on Capital Adequacy Framework (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratios to be maintained under the guideline are at 4.5% for CET1 capital, 6% for Tier 1 capital and 8% for total capital ratio. Banking Institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:
- (a) a Capital Conservation Buffer ("CCB") of 2.5%; and
- (b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the Bank has credit exposures.

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

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

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A32. CAPITAL ADEQUACY (CONT'D.)

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

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
CET 1 Capital				
Ordinary shares	1,763,208	1,763,208	1,763,208	1,763,208
Retained earnings	6,262,959	5,657,191	5,977,707	5,371,939
Available-for-sale reserve	(10,422)	(12,232)	(10,410)	(12,233)
Foreign currency translation reserve	110,237	127,243	104,141	119,797
Statutory reserve	-	980,969	-	980,969
Regulatory reserve	213,786	163,820	213,786	163,820
Merger reserve	104,149	104,149	-	-
Cash flow hedging reserve	1,728	3,010	1,728	3,010
Less: Regulatory adjustments applied on CET1 Capital				
- Intangible assets	(401,000)	(406,506)	(400,998)	(406,504)
- Deferred tax assets	(7,572)	-	(6,577)	-
- Cash flow hedging reserve	(1,728)	(3,010)	(1,728)	(3,010)
- Regulatory reserve attributable to loans	(213,786)	(163,820)	(213,786)	(163,820)
- Investment in ordinary shares of unconsolidated financial entities	-	-	(6,791)	(6,808)
Total CET1 Capital	7,821,559	8,214,022	7,420,280	7,810,368
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	867,550	867,550	867,550	867,550
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	2	2	-	-
Total Tier 1 Capital	8,689,111	9,081,574	8,287,830	8,677,918
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	900,000	900,000	900,000	900,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	983,900	983,900	983,900	983,900
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
Collective allowance and regulatory reserve	635,758	618,235	635,733	618,212
Less : Regulatory adjustments applied on Tier 2 Capital	-	-	(1,698)	(1,702)
Total Tier 2 capital	2,519,659	2,502,136	2,517,935	2,500,410
Total Capital	11,208,770	11,583,710	10,805,765	11,178,328

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

	Group		Bank	
	30 June 2017 RM'000	31 March 2017 RM'000	30 June 2017 RM'000	31 March 2017 RM'000
Credit RWA	62,994,895	62,303,235	63,727,328	63,094,846
Market RWA	2,197,673	2,231,862	2,197,673	2,231,439
Operational RWA	4,166,376	4,219,239	4,137,198	4,190,538
Large exposure risk RWA for equity holdings	67,261	30,573	67,261	30,573
Total RWA	69,426,205	68,784,909	70,129,460	69,547,396

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A33. RESTATEMENT OF COMPARATIVE INFORMATION

Certain comparative figures were restated arising from :

- (a) the transfer of card operations from AmCard to the Bank on 1 July 2016 which was accounted by the Bank via pooling of interests method. Under the pooling of interest method, the results and financial position of the Business transfer are included un the financial statements of the Bank as if the merger has been effected prior to and through out the current financial year.
- (b) BNM circular on Classification and Regulatory Treatment for Structured Products under the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act ("IFSA") 2013 as per Note A1.2b.

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

(i) Reconciliation of statement of financial position

	As previously reported	Reclassification (Note A33(b))	As restated
	RM'000	RM'000	RM'000
31 March 2017			
Group			
Deposits from customers	67,490,620	(81,456)	67,409,164
Term funding	4,148,486	81,456	4,229,942
Bank			
Deposits from customers	67,566,935	(81,456)	67,485,479
Term funding	4,148,486	81,456	4,229,942
1 April 2016			
Group			
Deposits from customers	62,148,465	(101,182)	62,047,283
Deposits and placements of banks and other financial institutions	951,138	(80,000)	871,138
Term funding	5,549,451	181,182	5,730,633
Bank			
Deposits from customers	62,247,524	(101,182)	62,146,342
Deposits and placements of banks and other financial institutions	1,030,888	(80,000)	950,888
Term funding	5,549,451	181,182	5,730,633

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A33. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)**(ii) Reconciliation of statement of profit or loss**

	As previously reported	Effect of pooling of interests method (Note A33(a))	Elimination	As restated
	RM'000	RM'000	RM'000	RM'000

Statement of profit or loss for the cumulative quarter and individual quarter ended 30 June 2016**Bank**

Operating revenue	1,122,261	3,821	-	1,126,082
Other operating income	147,158	48,798	(44,977)	150,979
Other operating expenses	(312,723)	(24,063)	44,977	(291,809)
Taxation	(62,005)	(5,935)	-	(67,940)

	As previously reported	Reclassification (Note A33(b))	As restated
	RM'000	RM'000	RM'000

Interest expense for cumulative quarter and individual quarter ended 30 June 2016**Group**

Deposits from customers	467,228	(1,838)	465,390
Deposits and placements of banks and other financial institutions	11,820	(1,466)	10,354
Term funding	47,010	3,304	50,314

Bank

Deposits from customers	469,297	(1,838)	467,459
Deposits and placements of banks and other financial institutions	11,820	(1,466)	10,354
Term funding	47,010	3,304	50,314

(iii) Reconciliation of condensed statements of cash flows for the financial quarter ended 30 June 2016

	As previously reported	Effect of pooling of interests method (Note A33(a))	As restated
	RM'000	RM'000	RM'000
Bank			
Profit before taxation	272,701	24,735	297,436
Adjustments for non-operating and non-cash items	(21,736)	2,464	(19,272)
Net change in operating assets	(1,377,450)	(421)	(1,377,871)
Net change in operating liabilities	(2,220,076)	(27,441)	(2,247,517)
Net cash used in investing activities	408,958	663	409,621