AmBank (M) Berhad
(8515-D)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2018

Company No. 8515-D

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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AMBANK (M) BERHAD
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DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of AmBank (M) Berhad ("the Bank") and its subsidiaries ("the Group") for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Bank is to carry on the business of a licensed commercial bank.

The principal activities of its subsidiaries are disclosed in Note 18 to the financial statements.

Other than disclosed in Note 18, there have been no significant changes in the nature of the activities of the Bank and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit for the financial year	709,241	1,053,544
Attributable to:		
Equity holder of the Bank	709,240	1,053,544
Non-controlling interests	1	-
	709,241	1,053,544

There were no material transfers to or from reserves, allowances or provisions during the financial year other than those disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Bank during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the Mutual Separation Scheme exercise as disclosed in Note 36 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Bank for the current financial year in which this report is made.

DIVIDENDS

During the current financial year:

- the final single-tier cash dividend of 39.50 sen per ordinary share on 820,363,762 ordinary shares amounting to approximately RM324,043,686 in respect of the financial year ended 31 March 2017 was paid on 14 August 2017;

- an interim single-tier cash dividend of 21.00 sen per ordinary share on 820,363,762 ordinary shares amounting to approximately RM172,276,390 in respect of the current financial year was paid on 15 December 2017.

The Directors propose the payment of a final single-tier dividend of 30.50 sen per ordinary share on 820,363,762 ordinary shares amounting to approximately RM250,210,947 in respect of the current financial year ended 31 March 2018. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2019.

BUSINESS PLAN AND STRATEGY

We have developed a 4-year strategy plan (FY2017 – FY2020) that encapsulates our aspirations to be a "Top 4" bank in Malaysia, focusing on the following:

- To be Top 4 in each of our 4 growth segments – Mass Affluent, Affluent, SME, Mid Corporate;
- To be Top 4 in each of our 4 focus products – Cards and Merchants, Transaction Banking, Markets, Wealth Management;
- To sustain Top 4 in each of our current engines – Corporate Loans/Financing, Debt Capital Market, Funds Management; and
- To be the Top 4 best employer in Malaysia.

As we enter the third year of our "Top 4" journey, we will be realising greater transformation value from the strategic initiatives rolled out previously. In FY2019, the AMMB Holdings Berhad ("AMMB Group") continues to focus on driving revenue growth from our growth segments, focus products and current engines. Against the backdrop of heightened regulatory requirements and financial market volatilities, it is crucial to improve our funding resiliency, strengthen capital position and achieve optimal cost efficiency. Emphasis is also placed on building digital capabilities as enablers to sharpen our competitive edge through innovative solutions and enhanced customer experience, as well as optimising cost and productivity.

By supporting and aligning their strategic priorities with the AMMB Group's aspirations, our business divisions focus is outlined as follows:

Wholesale Banking
- Continue to build up Transaction Banking and Markets' infrastructure to boost fee income and increase low cost deposits
- Optimising our current engines of strength in Corporate and Investment Banking

Business Banking
- To provide value-added services and solutions, and increase our foreign exchange revenue and Banca penetration in Small and Medium Enterprise (SME) segment
- Leveraging on strategic partnerships to position AmBank as a preferred SME bank

Retail Banking
- Continue to develop an integrated platform for credit cards and the merchant ecosystem
- Strengthen retail deposit franchise and Wealth Management proposition through offerings and services for both the affluent, mass affluent markets and retail SME

We strive to improve revenue and productivity by running the Bank better and changing the Bank through new growth strategies. We aim to deliver value to all our stakeholders through sustainable returns whilst maintaining optimal capital and funding position.

OUTLOOK FOR NEXT FINANCIAL YEAR

Malaysia's Gross Domestic Product ("GDP") is projected to grow by 5.5% in 2018 (2017: 5.9%) underpinned by private expenditure on the back of improving business sentiment and consumer spending, infrastructure investment, more business-friendly regulatory environment and stronger exports.

Meanwhile, inflation is anticipated to be moderate at 2.0% - 2.5% in 2018 (2017: 3.8%), reflecting stronger Ringgit against the US Dollar outlook and firmer commodity prices.

The banking system's loans growth is expected to be around 5.0% in line with the projected GDP growth of 5.5% in 2018. We foresee the banks' net interest margin to improve modestly in 2018 as a result of the banks' repricing their loans to compensate for higher provisioning under MFRS 9 and the recent Overnight Policy Rate hike.

ISSUANCE OF SHARES AND DEBENTURES

The following are changes during the financial year in debt and equity securities that were issued by the Group and the Bank:

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

(b) on the first call date on 16 October 2017, the Bank had redeemed Medium Term Notes with the nominal amount of RM710.0 million issued under its Medium Term Notes Programme of up to RM2.0 billion.

(c) on 16 October 2017, the Bank issued the third tranche of the Subordinated Notes amounting to RM570.0 million. The interest rate of this tranche is 4.90%, payable on a half-yearly basis for a tenure of 10 years.

(d) on 23 February 2018, the Bank issued the fourth tranche of the Subordinated Notes amounting to RM175.0 million. The interest rate of this tranche is 5.23%, payable on a half-yearly basis for a tenure of 10 years.

(e) on 14 March 2018, the Bank issued the fifth tranche of the Subordinated Notes amounting to RM350.0 million. The interest rate of this tranche is 5.23%, payable on a half-yearly basis for a tenure of 10 years.

(f) on maturity date of 23 March 2018, the Bank repaid Senior Notes with nominal value of RM800.0 million issued under its Senior Notes programme of up to RM7.0 billion.

Save as disclosed above and in Notes 27 and 28 to the financial statements, there were no issuance of shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Bank to any parties during the financial year to take up unissued shares of the Bank.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Bank. As at the end of the financial year, there were no unissued shares of the Bank under options.

INDEMNIFICATION OF DIRECTORS

The Bank through the ultimate holding company, AMMB Holdings Berhad ("AMMB") has maintained a Directors' and Officers' Liability Insurance on a group basis up to an aggregate limit of RM300.0 million against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office for the Bank. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The amount of insurance premium paid for the directors and officers by AMMB for the current financial year was RM369,550.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowances had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Bank inadequate to any substantial extent.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability in respect of the Group and of the Bank that has arisen since the end of the financial year, other than those incurred in the normal course of business of the Group and of the Bank.

No contingent or other liability of the Group and of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Bank that would render any amount stated in the financial statements misleading.

CURRENT ASSETS

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that any current assets, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Bank have been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

DIRECTORS

The Directors of the Bank who served on the Board since the beginning of the current financial year to the date of this report are:

Tan Sri Azman Hashim
Raymond Fam Chye Soon
Voon Seng Chuan
Dato' Sri Abdul Hamidy Abdul Hafiz
Dr Veerinderjeet Singh a/l Tejwant Singh (appointed on 1 June 2017)

The Directors of the Bank's subsidiaries who served on the Board since the beginning of the current financial year to the date of this report are:

No.	Name of subsidiaries	Name of Directors
1.	AmProperty Holdings Sdn Bhd	Lim Hock Aun Khoo Teck Beng
2.	Bougainvillaea Development Sdn Bhd	Lim Hock Aun Khoo Teck Beng
3.	MBf Information Services Sdn Bhd	Lim Hock Aun Khoo Teck Beng

DIRECTORS (CONT'D.)

No.	Name of subsidiaries	Name of Directors
4.	MBf Trustees Berhad	Lim Hock Aun Khoo Teck Beng
5.	MBf Nominees (Tempatan) Sdn Bhd	Lim Hock Aun Lim Kien Hock
6.	Teras Oak Pembangunan Sendirian Berhad	Lim Hock Aun Lim Kien Hock
7.	Malco Properties Sdn Bhd	Lim Hock Aun Lim Kien Hock
8.	Komuda Credit & Leasing Sdn Bhd (under member's voluntary winding-up)	Lim Hock Aun Arunasalam a/l Muthusamy
9.	AmPremier Capital Berhad	Ling Fou-Tsong@Jamie Ling (appointed on 31 May 2017) Yap Huey Wen (appointed on 27 September 2017) Mandy Jean Simpson (resigned on 1 June 2017) Sim How Chuah (resigned on 28 September 2017)
10.	AMBB Capital (L) Ltd (under member's voluntary winding-up)	Mandy Jean Simpson Sim How Chuah
11.	AmCard Services Berhad	Jade Lee Gaik Suan Ling Fou-Tsong@Jamie Ling (appointed on 31 May 2017) Mandy Jean Simpson (resigned on 1 June 2017)
12.	AmMortgage One Berhad	Jade Lee Gaik Suan Oon Kin Seng Dato' Ng Mann Cheong
13.	AmLabuan Holdings (L) Ltd	Datuk Iswaraan a/l Suppiah

Subsidiary dissolved during the current financial year

No.	Name of subsidiaries	Name of Directors
1.	AmTrade Services Limited	Subsidiary that has been dissolved by way of member's voluntary winding up on 3 January 2018.

DIRECTORS' INTERESTS

Under the Bank's Constitution, the Directors are not required to hold shares in the Bank.

None of the Directors in office at the end of the financial year had any interest in shares in the Bank during the financial year.

Tan Sri Azman Hashim is also a Director of the holding company and his interests in shares in the related corporations during and at the end of the financial year are reported in the Directors' Report of the holding company.

Save as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the related corporations during and at the end of the financial year.

AMMB EXECUTIVES' SHARE SCHEME

At the 22nd Extraordinary General Meeting held on 26 September 2008, the shareholders of AMMB approved the proposal by AMMB to establish an executives' share scheme ("ESS") of up to fifteen percent (15%) (which was subsequently reduced to ten percent (10%) as approved by the Board of Directors pursuant to the ESS By-Laws) of the issued and paid-up ordinary share capital of AMMB at any point in time for the duration of the ESS for eligible executives (including senior management) and executive directors of the AMMB Group (excluding subsidiaries which are dormant or such other subsidiaries which may be excluded under the terms of the By-Laws) who fulfil the criteria for eligibility stipulated in the By-Laws governing the ESS ("Eligible Executives"). The ESS is implemented and administered by an executives' share scheme committee ("ESS Committee"), in accordance with the By-Laws. The functions of the ESS Committee have since been consolidated with that of Group Nomination and Remuneration Committee ("GNRC") from 29 October 2013. The ESS was established on 12 January 2009 and would be in force for a period of ten (10) years.

The awards granted to such Eligible Executives can comprise shares and/or options to subscribe for shares ("Options"). Shares to be made available under the ESS ("AMMB Executive Scheme Shares") will only vest or Options are only exercisable by Eligible Executives who have duly accepted the offers of awards under the ESS ("Scheme Participants") subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the GNRC.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 37 to the financial statements and from related corporations) by reason of a contract made by the Bank or a related corporation with the Director or with a firm in which the Director is a member, or with a company in which the Director has a substantial financial interest, other than for the related party transactions as shown in Note 43 to the financial statements.

Neither during nor at the end of the financial year, did there subsist any arrangements to which the Bank is a party to whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

CORPORATE GOVERNANCE

(a) Directors' Profile

The following are the profile of the Directors of the Bank:

TAN SRI AZMAN HASHIM
Non-Independent Non-Executive Chairman

Tan Sri Azman Hashim, a Malaysian, male, aged 78, was appointed to the Board of the Bank on 20 December 2001 and has served as the Non-Independent Non-Executive Chairman of the Bank. He is also the Chairman of the Board Credit Committee of the Bank.

Tan Sri Azman has been the Non-Independent Non-Executive Chairman of AMMB, the holding company of the Bank, since 1991 and he is also the Chairman of the board of the subsidiaries of AMMB, namely AmInvestment Bank Berhad, AmGeneral Holdings Berhad and AmInvestment Group Berhad.

Tan Sri Azman, a Fellow Chartered Banker (FCB), a Chartered Accountant (FCPA), a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators, has been in the banking industry since 1960 when he joined Bank Negara Malaysia and served there until 1964. He practised as a Chartered Accountant in Azman Wong Salleh and Co. from 1964 to 1971. He then joined the board of Malayan Banking Berhad from 1966 until 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of Malayan Banking Berhad, from 1980 until April 1982 when he acquired AmInvestment Bank Berhad.

Tan Sri Azman is the Executive Chairman of Amcorp Group Berhad and Chairman of the Asian Institute of Finance Berhad, the Asian Institute of Chartered Bankers, Asian Banking School Sdn Bhd, Malaysian Investment Banking Association, the Malaysia Productivity Corporation, Malaysia South-South Corporation Berhad and Chairman Emeritus of Pacific Basin Economic Council (PBEC).

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

TAN SRI AZMAN HASHIM (Cont'd.)
Non-Independent Non-Executive Chairman (Cont'd.)

He is the President of Malaysia South-South Association, Malaysia-Japan Economic Association, Malaysian Prison FRIENDS Club and a Member of the APEC Business Advisory Council and East Asia Business Council. He is also the Leader of the ASEAN Japanese Business Meeting (Malaysia Committee, Keizai Doyukai). He is the Pro-Chancellor of Open University of Malaysia and a member of the Governing Body of Asian Productivity Organisation.

Tan Sri Azman is also involved in several charitable organisations as Chairman and Trustee of AmGroup Foundation and Perdana Leadership Foundation and Trustee for Yayasan Azman Hashim, Malaysian Liver Foundation, Yayasan Tuanku Najihah and Yayasan Canselor Open University Malaysia. Tan Sri Azman is also the Founder and Council Member of Azman Hashim Family (L) Foundation and Azman Hashim Charitable (L) Foundation.

RAYMOND FAM CHYE SOON
Independent Non-Executive Director

Raymond Fam Chye Soon, a Malaysian, male, aged 55, was appointed to the Board of the Bank on 15 January 2015 as Independent Non-Executive Director. He is the Chairman of the Audit and Examination Committee and a Member of the Risk Management Committee of the Bank.

Mr Raymond Fam holds a Master in Financial Planning from University of Sunshine Coast, Australia and Corporate Finance qualification from ICAEW. He is also a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Mr Raymond Fam has in-depth extensive experience in corporate finance, banking and business knowledge from his wide and extensive experiences. He started his career with an international accounting firm for 6 years and was the Assistant General Manager of Corporate Finance Department in CIMB from 1990 to 1992 and 1993 to early 1996. In between 1992 and 1993, he was the Accounting Manager for a multinational engineering firm. Mr Raymond Fam left CIMB in 1996 and joined AIC Corporation Berhad, a listed manufacturing group. He was the Senior Vice President, Group Corporate Services from 1996 to 2002. He was later appointed the Deputy Chief Executive Officer of Jotech Holdings Berhad, a listed manufacturing company within the AIC Group from 2003 to 2006. He left Jotech Holding Berhad at end of 2006 and ventured into his private businesses in digital media advertising and provision of consultancy services and property investments in which he sits on the board of some of the private limited companies involved in those businesses.

Mr Raymond Fam was an Independent Non-Executive Director of AmGeneral Insurance Berhad (formerly known as Kurnia Insurans (Malaysia) Berhad) ("'AmGeneral"), a subsidiary of AMMB Holdings Berhad. He was also the Chairman of the Audit and Examination Committee, Nomination and Remuneration Committee and Investment Committee, and a Member of the Risk Management Committee of AmGeneral. Mr Raymond Fam retired on 23 September 2017 after serving the Board of AmGeneral for 9 years.

VOON SENG CHUAN
Independent Non-Executive Director

Voon Seng Chuan, a Malaysian, male, aged 59, was appointed to the Board of the Bank on 18 June 2015. He is the Chairman of the Risk Management Committee and a Member of the Audit and Examination Committee of the Bank.

Mr Voon has a Bachelor of Science (Honours) degree in Mathematics from the University of Malaya.

Mr Voon also sits on the board of the Bank's holding company, AMMB and he is the Chairman of the Group Information Technology Committee and Group Nomination and Remuneration Committee, and a Member of the Audit and Examination Committee and Group Risk Management Committee of AMMB.

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

VOON SENG CHUAN (CONT'D.)
Independent Non-Executive Director (Cont'd.)

Mr Voon has been part of the Information Technology ('IT') industry for about three decades. In April 2008, he joined the IBM Quarter Century Club reflecting his 25 years of service in IBM. He retired from IBM in March 2010.

In his 27 years of service with IBM, he held a number of roles delivering all aspects of IT products and services for clients in all industry segments in Malaysia and the Asia Pacific region. His last role in IBM prior to his retirement was Director for Mid-Market Segment in Asia Pacific. He was responsible for the overall business performance (about US$2 billion) and client satisfaction for all Mid-Market clients. In this role, he led teams from ibm.com, business partners operations, marketing, product and services divisions to provide solutions to the Mid-Market segment.

In 2007, he was assigned to the Asia Pacific headquarters to handle two special projects of IBM headquarters' organisation restructuring. First, he led the successful split of the existing ASEAN/South Asia regional headquarter into two independent regions of ASEAN and India/South Asia. Then, he was a member of the core team that split Japan out of the Asia Pacific region.

From 2000 to 2006, Mr Voon was the Managing Director for IBM Malaysia and Brunei. Under his leadership, IBM has been at the forefront of bringing the vision of e-business, on demand business, and innovation to the country, with key activities such as e-Fairs, IBM Forums and Business Solutions Symposiums, to heighten the awareness of the benefits of high-value IT investments for large enterprises and also for small and medium businesses. Mr Voon had also responded to the Malaysian Government's call to transform the nation into an international shared services and outsourcing hub by leading IBM's investment in seven regional centres/operations in Malaysia. In doing so, IBM is well positioned to transfer best practices and high-skilled expertise to the country. In 2013, Mr Voon was recognised with the "Outsourcing Leader of the Year" award by Outsourcing Malaysia. He was also a Council Member of PIKOM (National ICT Association of Malaysia) from 1994/1995 and 1999/2000.

Mr Voon is currently an Independent Non-Executive Director of Mesiniaga Berhad (an IT company listed on the Main Market of Bursa Malaysia Securities Berhad) and he is also a Director of Corporate Learning Consortium Sdn Bhd.

DATO' SRI ABDUL HAMIDY ABDUL HAFIZ
Independent Non-Executive Director

Dato' Sri Abdul Hamidy Abdul Hafiz, a Malaysian, male, aged 61, was appointed to the Board of the Bank on 7 January 2016 as Independent Non-Executive Director. He is a Member of the Board Credit Committee of the Bank.

Dato' Sri Hamidy holds a Bachelor's Degree and a Master in Business Administration from Ohio University, USA and he is also a Fellow Member of the Institut Bank Bank Malaysia and a Member of the Association of Chartered Islamic Finance Professionals (ACIFP).

Dato' Sri Hamidy also sits on the board of a subsidiary of AMMB namely, AmBank Islamic Berhad ("AmBank Islamic") as the Chairman/Independent Non-Executive Director and he is the Chairman of the Board Credit Committee of AmBank Islamic.

Dato' Sri Hamidy is an experienced banker with over 30 years of extensive banking experience in the fields of Commercial and Finance Banking, Investment Banking and Islamic Banking. Dato' Sri Hamidy was previously the Chief Executive Officer of Kuwait Finance House (Malaysia) Berhad and prior to that, Dato' Sri Hamidy was the Chairman of Danajamin Nasional Berhad. He was also previously the Managing Director/Chief Executive Officer of Affin Bank Berhad, Chairman of the Association of Banks Malaysia and the Managing Director of Pengurusan Danaharta Nasional Berhad.

Dato' Sri Hamidy is currently the Chairman of Eastland Equity Berhad and he also sits on the Boards of Chubb Insurance Malaysia Berhad, Sime Darby Berhad, and Sky Xchange Sdn Bhd. Besides directorship in companies, Dato' Sri Hamidy also serves as the Chairman of Corporate Debt Restructuring Committee (CDRC) since 2009 and as a Member of Listing Committee of Bursa Malaysia Securities Berhad since 2001.

CORPORATE GOVERNANCE (CONT'D.)

(a) Directors' Profile (Cont'd.)

DR VEERINDERJEET SINGH A/L TEJWANT SINGH
Independent Non-Executive Director

Dr Veerinderjeet Singh a/l Tejwant Singh, a Malaysian, aged 61, was appointed to the Board of AmBank on 1 June 2017 as Independent Non-Executive Director. He is a Member of the Audit and Examination Committee and Risk Management Committee of AmBank.

Dr Veerinderjeet received a first class honours degree in accounting from University of Malaya and a Doctorate from Universiti Putra Malaysia. Dr Veerinderjeet is a member of the Malaysian Institute of Accountants ('MIA'), the Malaysian Institute of Certified Public Accountants ('MICPA') and the Chartered Tax Institute of Malaysia ('CTIM').

Dr Veerinderjeet had served as a Tax Partner/Executive Director at Arthur Andersen and Ernst & Young in Malaysia and had also served in the Malaysian Inland Revenue Department. He has over 35 years of experience in the tax profession as an Inland Revenue Officer, academician, consultant, author and tax observer. Dr Veerinderjeet is a co-Founder and Chairman of Axcelasia Taxand Sdn Bhd, a boutique tax advisory firm which is a member of the Taxand Global organisation of independent tax firms in nearly 50 countries. He is also a member of the Taxand Global Board. He has been consistently cited as a leading tax adviser in Malaysia in the World Tax Guide (published by the International Tax Review) on the world's leading tax firms. Dr Veerinderjeet is the Non-Executive Chairman of Axcelasia Inc which is a Singapore listed holding company of various entities (including Axcelasia Taxand Sdn Bhd) offering integrated professional services.

Dr Veerinderjeet actively participates in the professional accounting bodies where he currently serves as a council member of the MICPA and the MIA. He was a council member of the CTIM and a Past President of CTIM. He is also an Adjunct Professor at the School of Business, Monash University in Malaysia.

Dr Veerinderjeet is an Independent Director on the Board of Malaysian Rating Corporation Berhad and UMW Holdings Berhad and is also a member of the Audit Committee of InvestKL. Prior to joining the Board of AmBank, he was on the Board of the Bank of Nova Scotia Berhad. In addition, Dr Veerinderjeet also serves on the Board of Trustees of the International Bureau of Fiscal Documentation (a world renowned tax research body in the Netherlands) and as a consultant editor for the "Malaysian Master Tax Guide" published by CCH/Wolters Kluwer.

As an accomplished author and tax observer, Dr Veerinderjeet has published books and numerous articles in local and international tax, law and accounting journals. Among the books he has authored are "Veerinder on Taxation", "Malaysian Taxation: Administrative and Technical Aspects", "Tax Compliance & Ethical Decision-Making: A Malaysian Perspective" and "Tax Thoughts on Today's Taxing Times". Dr Veerinderjeet has spoken at various local and international events on tax policy and tax reforms and also has a grasp of economic developments.

CORPORATE GOVERNANCE (CONT'D.)

(b) Directors' Training

The Board recognised the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

All new Directors appointed to the Board will attend a formal induction programme to familiarise themselves with the Bank's strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, people initiatives, requirements of audit, compliance and risk management conducted by the various Managing Directors/Chief Executive Officers/Heads of the business units as well as Senior Management, and organised by the Group Learning and Development unit. The Company Secretary will also provide the new Directors with an information kit regarding disclosure obligations of a director, Board Charter, Code of Ethics, Constitution of the Bank, Board Committees' Terms of Reference, Schedule of Matters Reserved for the Board, amongst others.

Apart from the Financial Institutions Directors' Education (FIDE) Programme accredited by ICLIF, all Directors appointed to the Board, have also attended other relevant training programmes and seminars organised by the regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Bank. The Directors also attend offsite Strategy Meeting to have an in-depth understanding and continuous engagement with Management pertaining to the AMMB Group's strategic direction. In addition, the Directors are constantly updated on information relating to the AMMB Group's development and industry development through discussion at Board meetings with the Senior Management team.

(c) Board Responsibility and Oversight

The Board of Directors (the "Board") remains fully committed in ensuring that the principles and recommendations in corporate governance are applied consistently in the Bank and its subsidiaries. The Board complies with the recommendations in corporate governance as set out in the Malaysian Code on Corporate Governance 2012.

The Board supervises the management of the Bank's businesses, policies and affairs with the goal of long term sustainability of the Group. The Board meets eight (8) times in the year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, business developments, human resource (subject to matters reserved for shareholders' meetings by law), and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments.

The Board currently comprises five (5) Directors with wide skills and experience, four (4) of whom are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Bank and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the Management are fully discussed and examined, as well as taking into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Chief Executive Officer of the Bank. The Senior Management team of the Bank are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board

The Board delegates certain responsibilities to the Board Committees. The Board Committees together with the Committees established at AMMB Group level, which were created to assist the Board in certain areas of deliberations, are:

1. Group Nomination and Remuneration Committee (at AMMB Group level)
2. Audit and Examination Committee (at Bank level)
3. Risk Management Committee (at Bank level)
4. Board Credit Committee (at Bank level)

The roles and responsibilities of each Committee are set out under their respective terms of reference, which have been approved by the Board. The minutes of the Committee meetings are tabled at the subsequent Board meetings for comment and notation.

The attendance of Board members at the meetings of the Board and the various Board Committees is set out below:

Number of meetings attended in Financial Year 2018 ("FY2018")					
	Board of Directors	Group Nomination and Remuneration Committee	Audit and Examination Committee	Risk Management Committee	Board Credit Committee
Tan Sri Azman Hashim	11/11 (Chairman)	N/A	N/A	N/A	25/25 (Chairman)
Raymond Fam Chye Soon	11/11	N/A	12/12 (Chairman)	9/9	N/A
Voon Seng Chuan	10/11[a]	11/11[b] (Chairman)	12/12	9/9 (Chairman)	N/A
Dato' Sri Abdul Hamidy Abdul Hafiz	11/11	N/A	N/A	N/A	25/25
Dr Veerinderjeet Singh a/l Tejwant Singh (appointed on 1.6.2017)	9/9	N/A	9/9[c]	8/8[c]	N/A
Number of meetings held in FY2018	11	11	12	9	25

a. Non-attendance related to Ad-Hoc meeting
b. Appointed as Chairman on 25.1.2018
c. Appointed as Member on 1.6.2017

Notes:
1. All attendances reflect the number of meetings attended during the respective Directors' tenure of service.
2. N/A represents non-Committee member.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board (Cont'd.)

Group Nomination and Remuneration Committee

The Committee was established at AMMB Group level and the Committee comprises five (5) members, all of whom are Non-Executive Directors and is chaired by an Independent Non-Executive Director, is responsible for:

- regularly reviewing the board structure, size and composition, as well as making recommendation to the Board of the Bank with regard to any changes that are deemed necessary;
- recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board;
- on an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contributions of the Chairman and each Director to the effectiveness of the Board;
- recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved; and
- to implement Executives' Share Scheme (the "Scheme") in accordance with the By-Laws of the Scheme as approved by the shareholders of AMMB.

The Committee met twelve (12) times during the financial year ended 31 March 2018.

Audit and Examination Committee

The Committee comprises three (3) members, all of whom are Independent Non-Executive Directors and chaired by an Independent Non-Executive Director. The Board has appointed the Audit and Examination Committee ("AEC") to assist in discharging its duties of maintaining a sound system of internal controls to safeguard the Bank's assets and shareholder's investments.

The AEC met twelve (12) times during the financial year ended 31 March 2018 to review the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The AEC also followed up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in their audit reports. The financial statements were reviewed by the AEC prior to their submission to the Board of the Bank for adoption.

In addition, the AEC has reviewed the procedures set up by the Bank to identify and report, and where necessary, seeks approval for related party transactions and, with the assistance of the internal auditors, reviewed related party transactions to ensure such transactions were carried out at arms-length.

Internal Audit Function

The Internal Audit function is established at AMMB Group level, headed by the Group Chief Internal Auditor.

The Group Chief Internal Auditor reports to the AEC. Group Internal Audit assists the AEC in assessing and reporting on business risks and internal controls, operating within the framework defined in the Audit Charter.

The AEC approves Group Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Bank. The results of each audit are submitted to the AEC and significant findings are discussed during the AEC meeting. The minutes of the AEC meetings are formally tabled to the Board for notation and action, where necessary. The Group Chief Internal Auditor attends the AEC meeting by invitation. The AEC also holds separate meetings with the Group Chief Internal Auditor whenever necessary.

The scope of internal audit includes the review of risk management processes, operational controls, financial controls, compliance with laws and regulations, and information technology systems and security.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board (Cont'd.)

Internal Audit Function (Cont'd.)

Group Internal Audit prioritises its efforts on performing audits in accordance with the audit plan, based on a comprehensive risk assessment of all areas of banking activities. The risk-based audit plan is reviewed at least semi-annually taking into account of the changing business and risk environment.

Group Internal Audit also performs investigations and special reviews, and participates actively in major system development activities and projects to advise on risk management and internal control measures.

Risk Management Committee

Risk management is an integral part of the Group's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the Risk Appetite Framework and sets the broad risk tolerance level and activities after considering the risk bearing capacity and readiness of the Bank.

The Risk Management Committee exercises oversight on behalf of the Board to ensure adequate overall management of credit, market, liquidity, operational, cyber security, legal and capital risks impacting the Bank.

The Committee is independent from Management and comprises three (3) members, all of whom are Independent Non-Executive Directors and chaired by an Independent Non-Executive Director. The Committee ensures that the Board's risk tolerance level is effectively enforced, the risk management process is in place and functioning and reviews high-level risk exposures to ensure that they are within the overall interests of the Bank. It also assesses the Bank's ability to accommodate risks under normal and stress scenarios.

Risk Management Committees have been established at the Bank to oversee the overall management of credit, market, liquidity, operational, legal and capital risks impacting the Group. They are assisted by the Group Risk Management Division.

There were nine (9) meetings held during the financial year ended 31 March 2018.

Risk Management Functions

The Group Risk Management Division is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the Group. The Group Risk Management Division encompasses Wholesale Credit Risk, Retail Credit Risk, Investment Banking and Markets Risk, Operational Risk, Governance and Provisioning (which is responsible for the development of credit models), Legal Risk and Group Risk Projects.

Risk Management Department takes its lead from the Board's approved Risk Appetite Framework that forms the foundation of the Group to set its risk/reward profile. The framework is approved annually taking into account the Group's desired external rating and targeted profitability/return on equity ("ROE") and is reviewed periodically throughout the financial year to take account of prevailing or expected changes to the operating environment.

We have an IT Risk Management Framework that is designed to protect our Group's IT systems against internal and external risks and threats. It is our objective to ensure that our IT Risk Management Framework is continuously enhanced and robustly tested to safeguard our Group's and our customers' data from potential cyber-attacks.

CORPORATE GOVERNANCE (CONT'D.)

(d) Committees of the Board (Cont'd.)

Board Credit Committee

The Committee comprises two (2) members, all of whom are Non-Executive Directors. The Board has established the Committee to assist in ensuring the credit facilities and commitments, and connected party credit transactions are approved in accordance with policies approved by the Board.

There were twenty five (25) meetings held during the financial year ended 31 March 2018.

MANAGEMENT INFORMATION

The Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Bank and its subsidiaries that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports include among others, minutes of meetings of all Committees of the Board, monthly performance of the Bank, review of business strategy, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board provides input on Group policies.

HOLDING COMPANY

The Directors regard AMMB Holdings Berhad, which is incorporated in Malaysia, as the holding company.

RATING BY EXTERNAL AGENCIES

The Bank continues to maintain credit ratings with Moody's Investors Service, S&P Global Ratings and RAM Rating Services Berhad.

Details of the Bank's ratings are as follows:

Rating agency	Date accorded	Rating Classification	Ratings
Moody's Investors Service	December 2017	Long-term Bank deposits (Foreign) rating	Baa1
		Short-term Bank deposits (Foreign) rating	P-2
		Outlook	Stable
S&P Global Ratings	October 2017	Long-term foreign currency rating	BBB+
		Short-term foreign currency rating	A-2
		Outlook	Stable
RAM Rating Services Berhad	December 2017	Long-term financial institution rating	AA2
		Short-term financial institution rating	P1
		Outlook	Stable

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young, have expressed their willingness to continue in office. Auditors' remuneration is disclosed in Note 36 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

TAN SRI AZMAN HASHIM
Director

RAYMOND FAM CHYE SOON
Director

Kuala Lumpur, Malaysia
24 May 2018

Company No. 8515-D

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **TAN SRI AZMAN HASHIM** and **RAYMOND FAM CHYE SOON**, being two of the Directors of **AMBANK (M) BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 22 to 182 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors.

TAN SRI AZMAN HASHIM
Director

RAYMOND FAM CHYE SOON
Director

Kuala Lumpur, Malaysia
24 May 2018

Company No. 8515-D

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **JAMIE LING FOU-TSONG**, being the Officer primarily responsible for the financial management of **AMBANK (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 22 to 182 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
JAMIE LING FOU-TSONG at Kuala Lumpur in the Wilayah Persekutuan
24 May 2018

JAMIE LING FOU-TSONG

Before me,

PESURUHJAYA SUMPAH
No. W 710
MOHAN A.S. MANIAM
1.1.2017 hingga
31.12.2018
MALAYSIA

COMMISSIONER FOR OATHS
Lodged on behalf by:
Address: 22nd Floor, Bangunan AmBank Group,
No. 55 Jalan Raja Chulan,
50200 Kuala Lumpur
Telephone Number: 03-20362633

Tingkat 20 Ambank Group Building
55, Jln. Raja Chulan, 50200 Kuala Lumpur

Building a better working world

Ernst & Young AF: 0039
GST Reg No: 001556430848
Chartered Accountants
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Independent auditors' report to the member of AmBank (M) Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmBank (M) Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Bank, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 22 to 182.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditors' report to the member of
AmBank (M) Berhad (cont'd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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Independent auditors' report to the member of
AmBank (M) Berhad (cont'd.)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Independent auditors' report to the member of AmBank (M) Berhad (cont'd.) (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

Other matters

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young	Chan Hooi Lam
AF: 0039	No. 02844/02/2020 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
24 May 2018

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	Group 31 March 2018 RM'000	Group 31 March 2017 (Restated) (Note 54) RM'000	Group 1 April 2016 (Restated) (Note 54) RM'000	Bank 31 March 2018 RM'000	Bank 31 March 2017 (Restated) (Note 54) RM'000	Bank 1 April 2016 (Restated) (Note 54) RM'000
ASSETS							
Cash and short-term funds	6	3,716,029	5,989,301	7,605,681	3,711,118	5,758,942	7,380,187
Securities purchased under resale agreements	7	-	10,369	-	-	10,369	-
Deposits and placements with banks and other financial institutions	8	450,000	450,000	850,000	450,000	450,000	850,000
Investment account	9	2,859,110	1,600,000	1,000,000	2,859,110	1,600,000	1,000,000
Derivative financial assets	10	1,134,053	1,172,132	1,894,819	1,134,053	1,172,132	1,894,819
Financial assets held-for-trading	11	8,041,941	5,862,496	1,870,427	8,041,941	5,862,496	1,870,427
Financial investments available-for-sale	12	4,794,991	5,658,713	7,476,200	4,829,412	5,709,466	7,545,237
Financial investments held-to-maturity	13	1,802,605	2,077,505	2,828,754	1,802,605	2,077,505	2,828,754
Loans and advances	14	67,321,750	62,331,446	58,814,740	67,251,739	62,248,620	58,717,201
Receivables: Investments not quoted in active markets	15	1,149,600	1,172,157	97,181	1,149,600	1,172,157	97,181
Statutory deposit with Bank Negara Malaysia	16	2,012,837	1,760,114	1,745,554	2,012,837	1,760,114	1,745,554
Deferred tax assets	17	42,835	995	76,485	42,813	-	75,430
Investment in subsidiaries and other investment	18	-	-	-	31,535	74,277	104,277
Investment in an associate	19	-	-	-	22	22	22
Other assets	20	1,277,958	1,900,830	2,032,171	1,270,856	1,883,134	2,034,781
Property and equipment	21	129,524	161,459	165,900	108,754	139,987	143,987
Intangible assets	22	400,376	406,506	350,753	400,376	406,504	350,750
Asset held for sale	23	-	2,091	3,167	-	2,091	100
TOTAL ASSETS		95,133,609	90,556,114	86,811,832	95,096,771	90,327,816	86,638,707
LIABILITIES AND EQUITY							
Deposits from customers	24	69,753,528	67,409,164	62,047,283	69,757,231	67,485,479	62,146,342
Deposits and placements of banks and other financial institutions	25	2,921,511	970,458	871,138	2,933,610	1,072,737	950,888
Securities sold under resale agreements	7	-	9,464	-	-	9,464	-
Recourse obligation on loans sold to Cagamas Berhad	26	3,753,216	2,663,105	2,807,951	3,753,216	2,663,105	2,807,951
Derivative financial liabilities	10	1,281,688	958,894	2,023,211	1,281,688	958,894	2,023,211
Term funding	27	2,748,820	4,229,942	5,730,633	2,748,820	4,229,942	5,730,633
Debt capital	28	3,579,871	3,194,706	2,694,550	3,579,871	3,194,706	2,694,550
Deferred tax liabilities	17	-	97,832	-	-	97,828	-
Other liabilities	29	2,185,028	2,235,128	2,374,240	2,173,781	2,225,151	2,370,392
TOTAL LIABILITIES		86,223,662	81,768,693	78,549,006	86,228,217	81,937,306	78,723,967
Share capital	30	1,763,208	1,763,208	820,364	1,763,208	1,763,208	820,364
Reserves	31	7,146,675	7,024,150	7,442,400	7,105,346	6,627,302	7,094,376
Equity attributable to equity holder of the Bank		8,909,883	8,787,358	8,262,764	8,868,554	8,390,510	7,914,740
Non-controlling interests	32	64	63	62	-	-	-
TOTAL EQUITY		8,909,947	8,787,421	8,262,826	8,868,554	8,390,510	7,914,740
TOTAL LIABILITIES AND EQUITY		95,133,609	90,556,114	86,811,832	95,096,771	90,327,816	86,638,707
COMMITMENTS AND CONTINGENCIES	47	135,900,849	129,008,488	121,028,342	135,962,738	129,095,390	121,066,632
NET ASSETS PER SHARE (RM)		10.86	10.71	10.07	10.81	10.23	9.65

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

Company No. 8515-D

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Group		Bank	
		2018	**2017**	**2018**	**2017**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Operating revenue	2.5w	4,906,250	4,610,491	5,290,783	4,598,270
Interest income	33	4,256,227	3,898,564	4,247,926	3,885,797
Interest expense	34	(2,613,137)	(2,376,169)	(2,615,319)	(2,379,901)
Net interest income		1,643,090	1,522,395	1,632,607	1,505,896
Other operating income	35	650,023	711,927	1,042,857	712,473
Net income		2,293,113	2,234,322	2,675,464	2,218,369
Other operating expenses	36	(1,428,039)	(1,166,729)	(1,428,691)	(1,170,709)
Operating profit		865,074	1,067,593	1,246,773	1,047,660
Writeback of allowance for impairment on loans and advances	38	62,631	148,345	62,548	148,218
(Provision for)/writeback of provision for commitments and contingencies	29(a)	(1,179)	(1,157)	(1,190)	4,835
Impairment (loss)/writeback on:					
Doubtful other receivables, net	20(a)	(8,794)	(387)	(8,794)	(377)
Financial investments	39	(27,523)	-	(27,523)	-
Foreclosed properties	20(d)	(35)	(553)	(35)	(553)
Property and equipment	21	368	-	368	-
Subsidiaries	18(c)(1)	-	-	(42,742)	-
Other recoveries, net		1,976	13,053	1,976	13,053
Profit before taxation		892,518	1,226,894	1,231,381	1,212,836
Taxation	40	(183,277)	(273,376)	(177,837)	(270,525)
Profit for the financial year		709,241	953,518	1,053,544	942,311
Attributable to:					
Equity holder of the Bank		709,240	953,517	1,053,544	942,311
Non-controlling interests		1	1	-	-
Profit for the financial year		709,241	953,518	1,053,544	942,311
Earnings per share (sen)					
Basic/Diluted	41	86.45	116.23		

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

Company No. 8515-D

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Profit for the financial year		709,241	953,518	1,053,544	942,311
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to statement of profit or loss					
Currency translation on offshore operations		(78,168)	63,937	(66,823)	58,501
Cash flow hedge					
- gain arising during the financial year		3,518	1,281	3,518	1,281
- reclassification adjustments for gain included in the statements of profit or loss	10(ii)	(3,302)	(1,861)	(3,302)	(1,861)
Tax effect	17	(52)	(45)	(52)	(45)
Financial investments available-for-sale					
- net unrealised gain/(loss) on changes in fair value		9,216	(2,276)	9,043	(2,544)
- net gain classified to statement of profit or loss		(23,892)	(29,280)	(23,892)	(29,277)
Tax effect	17	3,521	7,573	3,564	7,637
Other comprehensive (loss)/income, net of tax		(89,159)	39,329	(77,944)	33,692
Total comprehensive income for the financial year, net of tax		620,082	992,847	975,600	976,003
Attributable to:					
Equity holder of the Bank		620,081	992,846	975,600	976,003
Non-controlling interests		1	1	-	-
		620,082	992,847	975,600	976,003

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

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Attributable to equity holder of the Bank											
			Non-distributable							Distributable			
Group	Note	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve/ (deficit) RM'000	Cash flow hedging reserve 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 year		-	-	-	-	-	-	-	-	953,517	953,517	1	953,518
Other comprehensive (loss)/income		-	-	-	-	-	(23,983)	(625)	63,937	-	39,329	-	39,329
Total comprehensive (loss)/income for the financial year		-	-	-	-	-	(23,983)	(625)	63,937	953,517	992,846	1	992,847
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	-	-	(645)	(645)	-	(645)
Transfer to regulatory reserve		-	-	-	163,820	-	-	-	-	(163,820)	-	-	-
Transfer to paid up share capital	30	942,844	(942,844)	-	-	-	-	-	-	-	-	-	-
Dividends on ordinary shares	42	-	-	-	-	-	-	-	-	(467,607)	(467,607)	-	(467,607)
Transactions with owner and other equity movements		942,844	(942,844)	-	163,820	-	-	-	-	(632,072)	(468,252)	-	(468,252)
At 31 March 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

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

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D.)

		Attributable to equity holder of the Bank										
			Non-distributable						Distributable			
Group	**Note**	**Share capital RM'000**	**Statutory reserve RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Available-for-sales deficit RM'000**	**Cash flow hedging reserve 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 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 year		-	-	-	-	-	-	-	709,240	709,240	1	709,241
Other comprehensive (loss)/income		-	-	-	-	(11,155)	164	(78,168)	-	(89,159)	-	(89,159)
Total comprehensive (loss)/income for the financial year		-	-	-	-	(11,155)	164	(78,168)	709,240	620,081	1	620,082
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	-	(1,236)	(1,236)	-	(1,236)
Transfer to retained earnings		-	(980,969)	-	-	-	-	-	980,969	-	-	-
Transfer to regulatory reserve		-	-	208,313	-	-	-	-	(208,313)	-	-	-
Dividend on ordinary shares	42	-	-	-	-	-	-	-	(496,320)	(496,320)	-	(496,320)
Transactions with owner and other equity movements		-	(980,969)	208,313	-	-	-	-	275,100	(497,556)	-	(497,556)
At 31 March 2018		1,763,208	-	372,133	104,149	(23,387)	3,174	49,075	6,641,531	8,909,883	64	8,909,947

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

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D.)

		Attributable to equity holder of the Bank									
			Non-distributable							Distributable	
Bank	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Statutory reserve RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Available-for-sale reserve/ (deficit) RM'000**	**Cash flow hedging reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2016		820,364	942,844	980,969	-	13,181	11,951	3,635	61,296	5,080,500	7,914,740
Profit for the financial year		-	-	-	-	-	-	-	-	942,311	942,311
Other comprehensive (loss)/income		-	-	-	-	-	(24,184)	(625)	58,501	-	33,692
Total comprehensive (loss)/income for the financial year		-	-	-	-	-	(24,184)	(625)	58,501	942,311	976,003
Effect arising from the pooling of interests		-	-	-	-	(13,181)	-	-	-	(18,800)	(31,981)
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	-	-	(645)	(645)
Transfer to regulatory reserve		-	-	-	163,820	-	-	-	-	(163,820)	-
Transfer to paid up share capital	30	942,844	(942,844)	-	-	-	-	-	-	-	-
Dividends on ordinary shares	42	-	-	-	-	-	-	-	-	(467,607)	(467,607)
Transactions with owner and other equity movements		942,844	(942,844)	-	163,820	(13,181)	-	-	-	(650,872)	(500,233)
At 31 March 2017		1,763,208	-	980,969	163,820	-	(12,233)	3,010	119,797	5,371,939	8,390,510

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

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D.)

		Attributable to equity holder of the Bank							
		Non-distributable						Distributable	
Bank	**Note**	**Share capital RM'000**	**Statutory reserve RM'000**	**Regulatory reserve RM'000**	**Available-for-sales deficit RM'000**	**Cash flow hedging reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total equity 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 year		-	-	-	-	-	-	1,053,544	1,053,544
Other comprehensive (loss)/income		-	-	-	(11,285)	164	(66,823)	-	(77,944)
Total comprehensive (loss)/income for the financial year		-	-	-	(11,285)	164	(66,823)	1,053,544	975,600
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	(1,236)	(1,236)
Transfer to retained earning		-	(980,969)	-	-	-	-	980,969	-
Transfer to regulatory reserve		-	-	208,313	-	-	-	(208,313)	-
Dividend on ordinary shares	42	-	-	-	-	-	-	(496,320)	(496,320)
Transactions with owner and other equity movements		-	(980,969)	208,313	-	-	-	275,100	(497,556)
At 31 March 2018		1,763,208	-	372,133	(23,518)	3,174	52,974	6,700,583	8,868,554

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

Company No. 8515-D

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group 2018 RM'000	Group 2017 (Restated) (Note 54) RM'000	Bank 2018 RM'000	Bank 2017 (Restated) (Note 54) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		892,518	1,226,894	1,231,381	1,212,836
Adjustments for:					
Accretion of discount less amortisation of premium		(93,399)	(59,199)	(93,399)	(59,199)
Amortisation of fair value gain on terminated hedge	26	(3,651)	(1,866)	(3,651)	(1,866)
Amortisation of intangible assets	36	85,244	82,112	85,244	82,110
Amortisation of issuance costs and premium for term funding	27	5,168	9,130	5,168	9,130
Amortisation of costs for debt capital	28	165	156	165	156
Depreciation of property and equipment	36	50,042	40,959	49,489	40,471
Gain on disposal of foreclosed properties	35	(44,659)	(108,061)	(44,659)	(108,061)
Gain on disposal of property and equipment	35	(2,600)	(83)	(551)	(83)
Gain on disposal of assets held for sale	35	(252)	(368)	(252)	(368)
Gain on disposal of an associate	35	-	(1,391)	-	(2,179)
Gain on liquidation of subsidiary		-	-	-	(78)
Dividend income from financial assets held-for-trading	35	(8,868)	(6,946)	(8,868)	(6,946)
Dividend income from financial investments available-for-sale	35	(1,492)	(3,077)	(1,492)	(3,077)
Dividend income/distribution from subsidiaries	35	-	-	(397,872)	-
Financial investments available-for-sale written off		-	63	-	63
Impairment loss on foreclosed properties	20(d)	35	553	35	553
Impairment loss on financial investments	39	27,523	-	27,523	-
Impairment loss on investment in subsidiaries	18(c)(1)	-	-	42,742	-
Impairment loss/writeback of other receivables		8,794	(11,681)	8,794	(11,691)
Reversal of impairment loss on property and equipment	21	(368)	-	(368)	-
Loans and advances - allowances, net of writeback	38	283,280	414,572	283,363	414,726
Net loss/(gain) on revaluation of derivatives		363,467	(342,210)	363,467	(342,210)
Net (gain)/loss on revaluation of financial assets held-for-trading	35	(28,648)	1,790	(28,648)	1,790
Net gain on sale of financial assets held-for-trading	35	(27,970)	(85,517)	(27,970)	(85,517)
Net gain on sale of financial investments available-for-sale	35	(66,503)	(29,280)	(66,503)	(29,277)
Net gain on redemption of financial investments held-to-maturity	35	-	(47)	-	(47)
Property and equipment written off	36	132	25	132	25
Intangible asset written off	36	262	-	262	-
Scheme shares and options granted under AMMB ESS	36	(6,032)	(8,117)	(6,032)	(7,893)

Company No. 8515-D

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D.)

		Group		Bank	
		2018	2017 (Restated) (Note 54)	2018	2017 (Restated) (Note 54)
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)					
Unrealised foreign exchange loss on term funding and debt capital	27	(224,000)	208,400	(224,000)	208,400
Charge/(writeback) of provision for commitments and contingencies	29(a)	1,179	1,157	1,190	(4,835)
Operating profit before working capital changes		1,209,367	1,327,968	1,194,690	1,306,933
(Increase)/decrease in operating assets:					
Deposits and placements with banks and other financial institutions		(50,000)	(550,000)	(50,000)	(550,000)
Securities purchased under resale agreements		10,369	(10,369)	10,369	(10,369)
Investment account		(1,259,110)	(600,000)	(1,259,110)	(600,000)
Financial assets held-for-trading		(2,052,993)	(3,877,924)	(2,052,993)	(3,877,924)
Loans and advances		(5,478,593)	(3,677,770)	(5,491,491)	(3,692,637)
Statutory deposit with Bank Negara Malaysia		(252,723)	(14,560)	(252,723)	(14,560)
Other assets		409,892	288,075	402,360	299,120
(Decrease)/increase in operating liabilities:					
Deposits from customers		2,344,364	5,361,881	2,271,752	5,339,137
Deposits and placements of banks and other financial institutions		1,951,053	99,320	1,860,873	121,849
Securities sold under resale agreements		(9,464)	9,464	(9,464)	9,464
Recourse obligation of loans sold to Cagamas Berhad		1,091,383	(142,980)	1,091,383	(142,980)
Term funding	27	(1,254,990)	(1,900,281)	(1,254,990)	(1,900,281)
Other liabilities		77,201	(147,800)	87,082	(159,225)
Cash used in from operations		(3,264,244)	(3,834,976)	(3,452,262)	(3,871,473)
Net taxation paid		(66,578)	(127,259)	(65,020)	(109,462)
Net cash used in operating activities		(3,330,822)	(3,962,235)	(3,517,282)	(3,980,935)

AMBANK (M) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D.)

		Group		Bank	
		2018	2017 (Restated) (Note 54)	2018	2017 (Restated) (Note 54)
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for net assets vested		-	-	-	(31,981)
Dividend income/distribution from subsidiaries	35	-	-	397,872	-
Dividend received from financial assets held-for-trading	35	8,868	6,946	8,868	6,946
Dividend received from financial investments available-for-sale	35	1,492	3,077	1,492	3,077
Proceed from liquidation of subsidiary		-	-	-	78
Net sale of financial investments held-to-maturity		300,010	780,894	300,010	780,894
Net sale of financial investments available-for-sale		886,481	1,814,327	902,641	1,832,346
Net sales/(purchase) of receivables: investments not quoted in active markets		22,557	(1,074,976)	22,557	(1,074,976)
Proceeds from disposal of property and equipment		4,040	240	1,286	240
Proceeds from disposal of an associate		-	4,558	-	2,279
Proceeds from disposal of asset held for sale		2,941	2,975	2,941	2,975
Purchase of intangible assets	22	(82,225)	(115,864)	(82,225)	(115,864)
Purchase of property and equipment	21	(21,035)	(61,658)	(20,426)	(61,654)
Withdrawal of investment in collective investment scheme		-	-	-	30,000
Net cash generated from investing activities		1,123,129	1,360,519	1,535,016	1,374,360
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	42	(496,320)	(467,607)	(496,320)	(467,607)
Proceeds from issuance of Subordinated Notes	28(d)	1,095,000	500,000	1,095,000	500,000
Repayment of Medium Term Note	28(a)	(710,000)	-	(710,000)	-
Net cash (used in)/generated from financing activities		(111,320)	32,393	(111,320)	32,393
Net decrease in cash and cash equivalents		(2,319,013)	(2,569,323)	(2,093,586)	(2,574,182)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		5,889,301	8,455,681	5,658,942	8,230,187
Effect of exchange rate changes		(4,259)	2,943	(4,238)	2,937
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		3,566,029	5,889,301	3,561,118	5,658,942
Cash and cash equivalents comprise:					
Cash and short-term funds	6	3,716,029	5,989,301	3,711,118	5,758,942
Deposits and placements with banks and other financial institutions	8	450,000	450,000	450,000	450,000
		4,166,029	6,439,301	4,161,118	6,208,942
Less: Deposits with original maturity more than 3 months (Note 6 and 8)		(600,000)	(550,000)	(600,000)	(550,000)
		3,566,029	5,889,301	3,561,118	5,658,942

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

1. CORPORATE INFORMATION

The principal activity of AmBank (M) Berhad ("the Bank") is to carry on the business of a licensed commercial bank.

The principal activities of its subsidiaries are disclosed in Note 18.

Other than as disclosed in Note 18, there have been no significant changes in the nature of the activities of the Bank and its subsidiaries during the financial year.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 22nd Floor, Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur. The principal places of business for the Retail and Wholesale Banking Divisions are located at Menara AmBank, Jalan Yap Kwan Seng, 50450 Kuala Lumpur and Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur.

The Bank is a wholly-owned subsidiary of AMMB Holdings Berhad ("AMMB"), a company incorporated in Malaysia. AMMB is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements of the Bank and its subsidiaries ("the Group") and the separate financial statements of the Bank have been approved and authorised for issue by the Board of Directors on 25 April 2018.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis unless otherwise indicated in the financial statements.

2.2 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

2.3 Presentation of financial statements

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The statements of financial position are presented in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date ("current") and more than 12 months after the reporting date ("non-current") is presented in Note 48.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 March 2018.

Subsidiaries are entities (including structured entities) over which the Group has control.

The Group controls an investee, if and only if, the Group has:

- power over the investee (i.e. that is existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the size of the Group's voting rights and potential voting rights relative to the size and dispersion of voting rights and potential rights held by the other vote holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income, expenses and cash flows of a subsidiary are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity owners of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as transaction with equity owners of the Group. If the Group losses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises any consideration received at its fair value;
- recognises any investment retained at its fair value;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Bank adopts the purchase method in preparing the consolidated financial statements except subsidiary in which control was obtained in business combinations between entities under common control where the merger accounting method is applied.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (Cont'd.)

Where the merger accounting method is used, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

2.5 Summary of significant accounting policies

2.5a Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the acquisition date fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as a financial asset or a financial liability is recognised in accordance with MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") is recognised in profit or loss. If the contingent consideration is not within the scope of MFRS 139, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5a Business combinations and goodwill (Cont'd.)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with MFRS 8 Operating Segments ("MFRS 8").

Where goodwill has been allocated to a CGU (or a group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.5b Investments in subsidiaries

In the Bank's separate financial statements, investments in subsidiaries is accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and its carrying amounts are recognised in profit or loss.

2.5c Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition date. Dividends received or receivable from an associate is recognised as a reduction in the carrying amount of the investment. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The aggregate of the Group's share of profit or loss of the associates is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the associates.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5c Investments in associates (Cont'd.)

When the Group's share of losses in an associate equals or exceeds its interests in the investee, including any long-term interests that, in substance, form part of the Group's net investment in the investee, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associates are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, then recognises the loss as "impairment loss on associates" in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Bank's separate financial statements, investment in associates are stated at cost less accumulated impairment losses. On disposal of such investment, the difference between the net disposal proceeds and its carrying amounts are recognised in profit or loss.

2.5d Transactions with non-controlling interests

Non-controlling interests represent the portion of equity in subsidiaries not held directly or indirectly by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position. Any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. In such circumstances, the carrying amounts of the non-controlling interests shall be adjusted to reflect the changes in relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributable to the owners of the Group.

2.5e Foreign currencies

(i) Functional and presentation currency

The Group's consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency. The individual financial statements of each entity in the Group are measured using that currency of the primary economic environment in which the entity operates (the "functional currency").

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5e Foreign currencies (Cont'd.)

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot exchange rate at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(iii) Group entities

On consolidation, the assets and liabilities of foreign subsidiaries and operations are translated into RM at the exchange rates prevailing at the reporting date and their profit or losss are translated at the average exchange rates for the financial year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign subsidiary or operation, the component of OCI relating to that particular foreign subsidiary or operation is reclassified to profit or loss.

2.5f Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5f Property and equipment (Cont'd.)

Purchased computer software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Freehold land has an unlimited life and therefore, is not depreciated. Work-in-progress which are not yet available for use are not depreciated. Depreciation of other property and equipment is calculated on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets.

The annual depreciation rates for the various classes of property and equipment are as follows:

Leasehold land	2% or remaining lease period (whichever is shorter)
Buildings	2% or over the term of short term lease (whichever is shorter)
Leasehold improvements	15% to 20%
Motor vehicles	20%
Computer equipment	12.5% to 33.3%
Office equipment, furniture and fittings	15% - 50%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if the expectations differ from previous estimates.

2.5g Leases

The determination of whether an arrangement is or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) The Group as a lessee

Leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases, and are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. The corresponding lease obligations, net of finance charges, are included in other short-term and long-term payables. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in "interest expense" in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5g Leases (Cont'd.)

(i) The Group as a lessee (Cont'd.)

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term. The aggregate benefits of incentives provided by the lessor are recognised as a reduction of rental expenses over the lease term on a straight line basis.

(ii) The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income is recognised over the term of the lease on a straight-line basis. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.5h Intangible assets, other than goodwill arising from business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5h Intangible assets, other than goodwill arising from business combination (Cont'd.)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) **Research and development costs**

Research costs are expensed as incurred. Development expenditure on an individual software project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- the ability to use the intangible asset generated.

Following initial recognition of the software development expenditure as an asset, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight-line basis over the period of expected benefit of 3 years to 10 years. During the period of development, the asset is tested for impairment annually.

2.5i Financial instruments - initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, that is, the date that the Group becomes party to the contractual provisions of the instrument. This includes regular way trades; purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5i Financial instruments - initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as described below:

a. Financial assets and financial liabilities at fair value through profit or loss: held-for-trading

Financial assets or financial liabilities held-for-trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "investment and trading income". Interest income or expense is recorded in "interest income" or "interest expense" as appropriate and calculated using the effective interest method in accordance with the terms of the contract. Dividend income is recorded in "investment and trading income" when the right to the payment has been established.

Included in this classification are debt securities and equities that have been acquired principally for the purpose of selling or repurchasing in the near term.

b. Financial assets and financial liabilities at fair value through profit or loss: designated as fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- the financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities designated at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "investment and trading income". Interest is earned or accrued in "interest income" or "interest expense", respectively, and is calculated using the effective interest method, while dividend income is recorded in "investment and trading income" when the right to the payment has been established.

The Group has not designated any financial assets at fair value through profit or loss.

c. Financial assets and financial liabilities at fair value through profit or loss: derivatives

The Group uses derivatives such as interest rate swaps and futures, credit default swaps, cross-currency swaps, forward foreign exchange contracts and options on interest rates, foreign currencies and equities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in "investment and trading income".

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in profit or loss.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5i Financial instruments - initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement (Cont'd.)

d. Financial investments available-for-sale ("AFS")

Financial investments AFS include equity investments and debt securities. Equity investments classified as AFS are those which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Group has not designated any loan and advances as financial investment AFS.

After initial measurement, financial investments AFS are subsequently measured at fair value with unrealised gains or losses recognised as OCI in the "AFS reserve" until the investment is derecognised, at which time the cumulative gain or loss is recognised in "other operating income" or the investment is determined to be impaired, when the cumulative loss is reclassified from the "AFS reserve" to profit or loss in "impairment losses on financial investments". Interest earned whilst holding financial investments AFS is reported as interest income and is calculated using the effective interest method. Dividends earned whilst holding financial investments AFS are recognised in profit or loss as "other operating income" when the right to the payment has been established.

The Group evaluates whether the ability and intention to sell its financial investments AFS in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial investments due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial investments. Reclassification to loans and receivables is permitted when the financial investments meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial investments accordingly.

For a financial investment reclassified from the financial investments AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the investment that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest method. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Unquoted shares in organisations which are set up for specific socio-economic reasons and equity instruments received as a result of loan restructuring or loan conversion are also classified as financial investments AFS. To the extent that the instruments do not have a quoted market price in an active market and their fair values cannot be reliably measured, the instruments are carried at cost less impairment.

e. Financial investments held-to-maturity ("HTM")

Non-derivative financial instruments with fixed or determinable payments and fixed maturities are classified as financial investments HTM when the Group has the positive intention and ability to hold them to maturity. After initial measurement, financial investments HTM are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortisation is included in "interest income" in profit or loss. The losses arising from impairment are recognised in profit or loss in "impairment losses on financial investments".

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5i Financial instruments - initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement (Cont'd.)

e. Financial investments held-to-maturity ("HTM")(Cont'd.)

If the Group were to sell or reclassify more than an insignificant amount of financial investments HTM before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as financial investments AFS. Furthermore, the Group would be prohibited from classifying any financial investments as HTM during the following two financial years.

f. Financial assets at amortised cost - loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "interest income" in profit or loss. The losses arising from impairment are recognised in profit or loss in "allowance for impairment on loans and advances" for loans and advances or "impairment losses on doubtful receivables" for losses other than loans and advances.

g. Financial liabilities at amortised cost

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

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

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

(iv) "Day 1" profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in "investment and trading income". In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5i Financial instruments - initial recognition and subsequent measurement (Cont'd.)

(v) Reclassification of financial assets

The Group may reclassify a non-derivative trading asset out of the "held-for-trading" category and "available-for-sale" category under rare circumstances and into the "loans and advances" category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimates.

For a financial investment reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the investment that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the investment using the EIR. If the investment is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

(vi) Derecognition of financial assets and financial liabilities

a. Financial assets

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

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

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

b. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount of the original financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5j Repurchase and reverse repurchase agreements

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

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

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

2.5k Securities lending and borrowing

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

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

2.5l Fair value measurement

The Group and the Bank measure financial instruments such as financial assets at fair value through profit or loss, financial investments available-for-sale and derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group and to the Bank.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5l Fair value measurement (Cont'd.)

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

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

The Group and the Bank use valuation techniques that are in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The fair value hierarchies of:

i) financial instruments that are measured at fair value
ii) financial assets, financial liabilities and non-financial assets that are not measured at fair value, but for which fair value

are disclosed in Note 51.

2.5m Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Loans, advances and receivables are classified as impaired in accordance with the criteria as disclosed in Note 50.2 Credit Risk Management - Impairment - Definition of past due on impaired loans and advances.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5m Impairment of financial assets (Cont'd.)

(i) Financial assets carried at amortised cost - loans and receivables

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Group has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

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

For financial assets which are not individually significant and that have been individually assessed but with no impairment loss are grouped together for collective impairment assessment. These financial assets are grouped based on the Group's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics of the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that do not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows for a group of assets should reflect and be directionally consistent with changes in related observable data from year to year. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5m Impairment of financial assets (Cont'd.)

(ii) Financial investments AFS

For financial investments AFS, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "interest income". If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In the case of equity investments classified as AFS, objective evidence would include a "significant" or "prolonged" decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss - is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

(iii) Rescheduled and restructured loans

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

(iv) Collateral valuation

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

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements and other independent sources. (See Note 50.2 for further analysis of collateral).

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5m Impairment of financial assets (Cont'd.)

(v) Collateral repossessed

The Group's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Repossessed financial assets determined to be useful for the internal operations are classified based on their characteristics and the management's intention, and are measured at their fair value in the same manner as described in Note 2.5i(ii). Repossessed non-financial assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value and the carrying value of the original secured asset. Repossessed assets that are determined better to be sold are immediately transferred to assets held for sale if the sale is deemed highly probable within a short period following the repossession, whereby financial assets are measured at their fair value whereas non-financial assets are measured at the lower of fair value less cost to sell at the repossession date and the carrying value of the original secured asset.

2.5n Hedge accounting

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

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

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognised in profit or loss. For situations where the hedged item is a forecast transaction, the Group also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

(i) Fair value hedges

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

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

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5n Hedge accounting (Cont'd.)

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the "cash flow hedge reserve", while any ineffective portion is recognised immediately in "investment and trading income" in profit or loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(iii) Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in OCI while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised in equity is transferred to profit or loss.

2.5o Offsetting financial instruments

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

2.5p Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5p Impairment of non-financial assets (Cont'd.)

For assets excluding goodwill and intangible assets with indefinite useful lives, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

The following assets have specific characteristics for impairment testing:

(i) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(ii) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.5q Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts. The policy for the measurement of foreclosed properties is in accordance with Note 2.5m(v) on collateral repossessed.

2.5r Cash and cash equivalents

Cash and short-term funds in the statement of financial position comprise cash and bank balances with banks and other financial institutions and short-term deposits maturing within one month.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term funds with original maturity of less than 3 months, excluding deposits and monies held in trust and net of outstanding bank overdrafts.

2.5s Assets held for sale

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. This condition is regarded as met only when the sale is probable and the assets are available for immediate sale in their present condition, management has committed to the sale and the sale is expected to have been completed within one year from the date of the classification. Such assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5t Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.5u Contingent liabilities and contingent assets

A contingent liability is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or in extremely rare cases whereby there is a liability that cannot be recognised because it cannot be measured with sufficient reliability. The contingent liability is not recognised but instead is disclosed in the financial statements. A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group is also disclosed as a contingent liability unless the probability of outflow or economic resources is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The Group does not recognise contingent assets in the financial statements but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.5v Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

2.5w Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Operating revenue of the Group comprises all types of revenue derived from commercial banking and non-financial services rendered by the subsidiaries.

Operating revenue of the Bank comprises gross interest income, fee and commission earned and other income derived from commercial banking operations.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5w Recognition of income and expenses (Cont'd.)

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

(i) Interest income and similar income and expense

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

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

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

(ii) Fee and commission income

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

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

Fees earned for the provision of services over a period of time are accrued over that period by reference to the stage of completion of the services. These fees include loan arrangement, commission income, asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

b. Fee income from providing transaction services

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

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5w Recognition of income and expenses (Cont'd.)

(iii) Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iv) Investment and trading income

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

(v) Rental income

Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease terms.

(vi) Customer loyalty programmes

Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which the award credits are granted. The fair value of the consideration received in respect of the initial sale is allocated between the award credits and the other components of the sale such that the award credits are recognised at their fair value. Revenue from the award credits is recognised when the award credits are redeemed or expired. The amount of revenue recognised when the award credits are redeemed is based on the number of award credits redeemed relative to the total number expected to be redeemed.

2.5x Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions that are expected to be settled wholly within 12 months after the end of the financial year in which the employees render the related service are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and are measured at the amounts paid or expected to be paid when the liabilities are settled. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution pension plan

The Group makes contributions to the Employee Provident Fund ("EPF"), as well as defined contribution private retirement schemes in Malaysia. Such contributions are recognised as an expense in profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5x Employee benefits (Cont'd.)

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(iv) Share-based payment transactions

The holding company, AMMB, operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of AMMB are granted to eligible directors and employees of the AMMB Group based on the financial and performance criteria and such conditions as it may deem fit.

The Group and the Bank recognised the cost of this equity-settled share based compensation (being the fair value at grant date) as prepayment made to the holding company on grant date, and amortised to profit or loss as "personnel costs", over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date").

The estimated number of grants to be ultimately vested and its financial impact are reviewed quarterly and adjustments made accordingly to profit or loss to reflect changes in the non-market vesting conditions.

Upon vesting, any losses arising from differences of fair value at vesting date against fair value at grant date is recognised directly to the retained earnings of the Group and the Bank.

2.5y Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholder. Interim dividends are deducted from equity when they are declared.

Dividends for the year that are approved between the end of the reporting period and the date the financial statements are authorised for issue are disclosed as an event after the reporting period.

2.5z Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior financial years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss. Current taxes relating to items recognised in OCI or directly in equity is recognised in OCI or equity respectively.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5z Taxes (Cont'd.)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

a. where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

b. in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

a. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

b. in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted, at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

2.5aa Earnings Per Share ("EPS")

The Group presents basic and diluted (where applicable) EPS data for its ordinary shares in Note 41. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholder of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholder and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.5ab Segment reporting

Segment reporting in the financial statements are presented on the same basis as is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to operating segments. Reportable segments are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are distinguishable components of the Group about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Reportable segments are operating segments or aggregations of operating segments of similar economic characteristics that meet specific aggregation criteria.

The Group's segmental reporting is based on the following three operating segments: retail banking, wholesale banking and group funding and others, as disclosed in Note 53.

2.5ac Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all the liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Changes in the fair value of the ordinary shares are not recognised in the financial statements.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of Amendments and Annual Improvement to Standards

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new standards and amendments to published standards which became effective for the first time for the Group and the Company 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 new standards and amendments to standards did not have any material impact on the financial statements of the Group and the Bank. The Group and the Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new standards and amendments to published standards.

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

3.1a 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. This disclosure has been provided in Note 27 and 28.

3.1b 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.

3.1c 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:

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.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 Standards issued but not yet effective

The following are standards issued but not yet effective up to the date of issuance of the Group's and Bank's financial statements. The Group and the Bank intend to adopt the relevant standards when they become 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
Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
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.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

3.2a 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 two of them is effective for annual periods beginning on or after 1 January 2018, as summarised below:

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

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

(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.

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 intend to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

3.2a Standards effective for financial year ending 31 March 2019 (Cont'd.)

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

The following area has been identified to be impacted by the requirements of MFRS 15:

(i) Customer loyalty programme

The Group concluded that under MFRS 15 the loyalty programme gives rise to a separate performance obligation because it generally provides a material right to the customer. Under MFRS 15, the Group will need to allocate a portion of the transaction price to the loyalty programme based on relative alone selling price instead of the allocation using the fair value of points issued.

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 models 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 income statement.

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.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

3.2a Standards effective for financial year ending 31 March 2019 (Cont'd.)

MFRS 9 Financial Instruments (Cont'd.)

The Group and the Bank have planned to adopt MFRS 9 on the required effective date and, as permitted by the new standard, will not restate comparative information. The AMMB 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 report to the Programme Steering Committee ("PSC") chaired by the AMMB Group Chief Financial Officer. The Programme has clear individual work streams for classification and measurement, impairment, hedge accounting and disclosure. The AMMB Group has also engaged its external auditors to independently verify and validate the accounting policies and solution tools developed under the Programme and to report on whether they comply with the requirements of MFRS 9.

During the financial year, the Group and the Bank have performed a detailed impact assessment on all aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Bank in financial year ending 31 March 2019 when the Group and the Bank will adopt MFRS 9. The estimable impact from the adoption of MFRS 9 based on currently available information are as discussed below.

(i) Classification and measurement

Loans and advances, which forms a substantial portion of the Group's financial assets, will satisfy the conditions for classification at amortised cost and hence there will be no change to the accounting of these assets. Similarly, investments in corporate bonds and sukuk currently classified as held-to-maturity will meet the conditions for classification at amortised cost under MFRS 9.

Financial assets held for trading will continue to be measured at FVTPL.

Certain investments in corporate bonds and sukuk that are currently classified as available-for-sale will qualify for classification at amortised cost going forward. The reclassification will be effected by way of a retrospective application of the effective interest method and accordingly, the related cumulative fair value loss will be reversed on 1 April 2018. Other investments in corporate bonds and sukuk that are currently classified as available-for-sale will satisfy the conditions for classification at FVOCI and hence there will be no change to the accounting of these assets.

The majority of the Group's debt investments not quoted in active market that are currently measured at amortised cost will satisfy the conditions for classification at FVOCI and the related fair value gains will be recognised in fair value reserve on 1 April 2018. However, certain debt investments do not meet the cash flow characteristics criterion to be classified either at FVOCI or at amortised cost and shall be classified at FVTPL accordingly with related fair value loss to be recognised in retained earnings on 1 April 2018.

Other than equity instruments held for long-term strategic or socioeconomic purposes, the Group does not intend to designate any of the equity instruments not held-for-trading at FVOCI. As a majority of the equity instruments held for long-term strategic or socioeconomic purposes are unquoted and have been measured at cost in accordance with MFRS 139, the classification of these equity instruments at FVOCI under MFRS 9 will result in the recognition of related fair value gains in fair value reserve on 1 April 2018.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have any such liabilities.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

3.2a Standards effective for financial year ending 31 March 2019 (Cont'd.)

MFRS 9 Financial Instruments (Cont'd.)

(ii) Hedge accounting

The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under MFRS 9. As MFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of MFRS 9 will not have a significant impact on Group's financial statements.

(iii) Impairment

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

In comparison to MFRS 139, the Bank expects the impairment charge under MFRS 9 to be more volatile than under MFRS 139 and to result in an increase in the total level of current impairment allowances.

Based on the assessments undertaken to date, the Group expects an increase in the loss allowance in respect of loans and advances, as well as investments in debt securities that are not classified at FVTPL. A negative adjustment will be made to retained earnings on 1 April 2018 to recognise the additional loss allowance.

Following the detailed impact assessment performed based on currently available information, the Group's Capital Adequacy Ratio is to be not significantly different on 1 April 2018 when the impact of MFRS 9 adoption as discussed above are adjusted to the Group's opening equity. Notwithstanding the negative adjustment to the opening retained earnings arising from the increase in loss allowance, the expected impact to the Group's Capital Adequacy Ratio is not significant mainly because of the positive impact to retained earnings arising from the recognition of fair value gains from certain equity instruments, as well as the availability of regulatory reserves to mitigate the increase in loss allowance.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

3.2a Standards effective for financial year ending 31 March 2019 (Cont'd.)

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 amendments are 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.

3.2b Standards effective for financial year ending 31 March 2020

MFRS 16 Leases

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

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

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

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in 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. At this stage, the Group and the Bank do not intend to adopt the standard before its effective date. The Group and the Bank intend to apply the simplified transition approach and will not restate comparative amounts.

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

IC Interpretation 23 Uncertainty over Income Tax Treatments

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

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

3.2b Standards effective for financial year ending 31 March 2020 (Cont'd.)

IC Interpretation 23 Uncertainty over Income Tax Treatments (Cont'd.)

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.

Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Under the current MFRS 9 requirements, the "solely payments of principal and interest on the principal amount outstanding" ("SPPI") condition is not met if the lender has to make a settlement payment in the event of early termination by the borrower. The existing requirements are amended to enable entities, to measure at amortised cost or at fair value through other comprehensive income (depending on the business model), some prepayable financial assets with negative compensation if the negative compensation is a reasonable compensation for early termination of the contract. An example of such reasonable compensation is an amount that reflects the effect of the change in the relevant benchmark rate of interest at the time of termination; the calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.

The amendments are effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The amendments shall be applied retrospectively.

Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

The amendments clarify that MFRS 128 including its impairment requirements shall be applied to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The amendments shall be applied retrospectively.

Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

Currently, MFRS 119 did not specify how current service cost and net interest should be determined for the remainder of the period after a plan amendment, curtailment or settlement. The standard has been amended to mandate the use of updated assumptions from the remeasurement of net defined benefit liability or asset upon a change to the plan to determine current service cost and net interest for the remainder of the period after the change to the plan.

The amendments are applied prospectively to plan amendments, settlements or curtailments that occur after the beginning of the first annual reporting period beginning on or after 1 January 2019. Early adoption is permitted.

Annual Improvements to MFRSs 2015-2017 Cycle

The Annual Improvements to MFRSs 2015-2017 Cycle include minor amendments affecting 4 MFRSs, which are effective for annual periods beginning on or after 1 January 2019, as summarised below:

(i) MFRS 3 Business Combinations

The amendments clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer shall remeasure its previously held interest in the joint operation at fair value at of the acquisition date.

(ii) MFRS 11 Joint Arrangements

The amendments clarified that the party obtaining joint control of a business that is a joint operation shall not remeasure any previously held interest in the joint operation.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

3.2b Standards effective for financial year ending 31 March 2020 (Cont'd.)

Annual Improvements to MFRSs 2015-2017 Cycle (Cont'd.)

(iii) MFRS 112 Income Taxes

The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated the distributable amounts were recognised. Hence the tax consequences are recognised in profit or loss only when an entity determines payments on such instruments are distributions of profits.

(iv) MFRS 123 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

3.2c Standard deferred to 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.

4. SIGNIFICANT CHANGES IN REGULATORY REQUIREMENTS

4.1 BNM policy document on Capital Funds

On 3 May 2017, BNM issued revised policy document, Capital Funds is applicable for licensed banks. The key change in the revised policy document 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 year, the Group and the Bank had reclassified balances in Statutory Reserve to Retained earnings.

4.2 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 year, the Group and the Bank had reclassified all structured products that do not fullfil the definition of the deposits under Section 2 of the FSA to Term Funding. The comparatives were also restated as per Note 54.

4. SIGNIFICANT CHANGES IN REGULATORY REQUIREMENTS (CONT'D.)

4.3 Financial Reporting

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

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

Following the application of MFRS 9 impairment requirements, the revised policy documents require banking institutions and Islamic banking institutions to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

The revised policy documents also introduced new disclosure requirements in the annual financial statements, as follows:

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

The Group shall apply the above requirements from the financial year ending 31 March 2019.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgments, 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, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

5.1 Allowance for impairment on loans and advances (Notes 14 and 38)

The Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether allowance should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan to collateral ratios, etc.) and judgments on cover model risks (e.g., errors for design/development process, data quality, data extraction and transformation) and macro risks (e.g., covering economic, portfolio and procedural issues).

5.2 Impairment losses on financial investments AFS and HTM (Notes 12, 13 and 39)

The Group reviews its debt securities classified as financial investments AFS and HTM at each reporting date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances.

The Group also records impairment loss on AFS equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

5.3 Deferred tax assets and income taxes (Notes 17, 20 and 40)

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management judgment is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group is subjected to income taxes in Malaysia and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process may involve seeking advice of experts, where appropriate. Where the final liability for taxation assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.

5.4 Fair value measurements of financial instruments (Notes 10, 11, 12, 35 and 51)

When the fair value of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required to establish fair values. Judgments include considerations of liquidity and model inputs such as volatility for longer-dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities.

5.5 Development costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future economic benefits. The capitalised development costs relates to the development and implementation of new Information Technology systems for the Group and the Bank.

6. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	1,605,992	1,560,217	1,603,614	1,333,687
Deposit placements maturing within one month:				
Licensed banks	2,040,037	2,989,084	2,037,504	2,985,255
Bank Negara Malaysia	70,000	1,440,000	70,000	1,440,000
	2,110,037	4,429,084	2,107,504	4,425,255
	3,716,029	5,989,301	3,711,118	5,758,942
Deposit and placements with original maturity of:				
Three months or less	1,960,037	4,329,084	1,957,504	4,325,255
More than three months	150,000	100,000	150,000	100,000
	2,110,037	4,429,084	2,107,504	4,425,255

7. SECURITIES PURCHASED UNDER RESALE AGREEMENTS/SECURITIES SOLD UNDER RESALE AGREEMENTS

As part of the securities purchased under resale agreements, the Group and the Bank received securities as collateral that it was allowed to sell or repledge in the absence of default by their owners. The Group and the Bank had an obligation to return the securities to its counterparties. No securities purchased under resale agreements for the Group and the Bank as at 31 March 2018 (2017: RM10,369,000). As at 31 March 2017, the Group and the Bank had sold some of the collateral received and recorded the short sale as securities sold under resale agreements of RM9,464,000.

8. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2018	2017
	RM'000	RM'000
Licensed investment banks	450,000	450,000
	450,000	450,000
Deposit and placements with original maturity of:		
More than three months	450,000	450,000
	450,000	450,000

9. INVESTMENT ACCOUNT

These represent investment placed under Restricted Investment Account ("RIA") arrangement with AmBank Islamic. The contract is based on the Shariah concept of Mudarabah Muqayyadah between two parties, that is, the investor ("the Bank") and the entrepreneur ("AmBank Islamic") to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne solely by the investor.

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group and Bank	2018 Contract/ Notional amount RM'000	2018 Fair value assets RM'000	2018 Fair value liabilities RM'000	2017 Contract/ Notional amount RM'000	2017 Fair value assets RM'000	2017 Fair value liabilities RM'000
Trading Derivatives						
Interest rate related contracts						
- One year or less	10,095,515	7,042	4,746	8,580,942	5,497	4,973
- Over one year to three years	14,390,414	44,542	33,457	10,675,092	30,875	32,464
- Over three years	26,991,612	153,418	133,429	25,384,535	177,517	175,117
Foreign exchange related contracts						
- One year or less	47,702,318	553,637	742,957	46,187,005	465,386	275,493
- Over one year to three years	1,223,565	56,490	60,702	253,960	4,909	28,653
- Over three years	2,826,612	279,776	252,886	3,714,814	448,455	414,569
Credit related contracts						
- Over three years	334,505	6,537	-	361,251	11,237	-
Equity and commodity related contracts						
- One year or less	797,179	30,633	34,728	228,591	2,417	3,040
- Over one year to three years	418,626	1,940	1,940	83,396	4	4
Hedging Derivatives						
Interest rate related contracts						
Cash flow hedge						
- One year or less	620,000	38	220	1,230,000	713	1,100
- Over one year to three years	1,005,000	-	7,576	1,735,000	5,058	4,039
- Over three years	1,068,700	-	9,047	2,640,000	20,064	19,442
Total	107,474,046	1,134,053	1,281,688	101,074,586	1,172,132	958,894

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative financial instruments and hedge accounting

(i) Fair value hedge

The Group's and the Bank's fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market interest rates. The financial instruments previously hedged for interest rate risk consist of the subordinated term loan and loans sold to Cagamas Berhad ("hedged instruments").

With the termination of the fair value hedges on these hedged instruments, the unamortised fair values are amortised to profit or loss over the remaining term to maturity of the hedged instruments using effective interest method (Note 26).

(ii) Cash flow hedge

The Group's and the Bank's derivatives designated for cash flow hedges principally consist of interest rate swaps that are used to protect against exposures to variability in future interest cash flows on variable rate interest bearing assets and incurring liabilities. This hedging strategy is applied towards housing loan receivables, treasury fixed deposits and short-term treasury deposits. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for each portfolio on the basis of their contractual terms and other relevant factors, including estimates of early repayment for loans and withdrawal for deposits. The aggregate principal balances and interest cash flows over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedges of forecast transactions. Gains and losses are initially recognised directly in equity in the cash flow hedge reserve and are transferred to profit or loss when the forecast cash flows affect the profit or loss.

All underlying hedged cash flows are expected to be recognised in the profit and loss in the period in which they occur which is anticipated to take place over the next 7 years (2017: 8 years).

All gains and losses associated with the ineffective portion of the hedging derivatives are recognised immediately in profit or loss. The ineffectiveness recognised in profit or loss during the financial year in respect of cash flow hedges amounted to a gain of RM3,302,000 (2017: gain of RM1,861,000) for the Group and the Bank.

During the current financial year, pursuant to a review of the Bank's hedging strategy, the Bank recognised a gain of RM2,379,000 in the statement of profit or loss arising from unwinding of hedge on its variable rate housing loan portfolio using interest rate swaps with a total notional value of RM2.1 billion. The remaining unamortised fair value gain will be amortised to the profit or loss over the remaining life of the hedged forecast transactions.

11. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank 2018 RM'000	Group and Bank 2017 RM'000
At fair value		
Money market instruments:		
Bank Negara Monetary Notes	4,808,484	333,562
Government Investment Issues	428,254	562,691
Islamic Treasury Bills	327,942	118,689
Malaysian Government Securities	311,458	1,997,251
Malaysian Treasury Bills	52,540	1,148,116
	5,928,678	4,160,309
Quoted securities:		
In Malaysia:		
Shares	268,992	115,600
Unit trusts	60,573	57,923
Sukuk	37,962	38,207
	367,527	211,730
Outside Malaysia:		
Shares	120,095	114,596
Unquoted securities:		
In Malaysia:		
Corporate bonds and sukuk	1,625,641	1,365,863
Outside Malaysia:		
Corporate bonds	-	9,998
	8,041,941	5,862,496

12. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
At fair value				
Money market instruments:				
Government Investment Issues	314,152	585,381	314,152	585,381
Foreign Government Investment Issues	11,493	8,887	11,493	8,887
Malaysian Government Securities	232,917	629,737	232,917	629,737
	558,562	1,224,005	558,562	1,224,005
Quoted securities:				
In Malaysia:				
Shares	98	568	98	568
Unit trusts	110,093	148,626	110,093	148,626
	110,191	149,194	110,191	149,194
Outside Malaysia:				
Shares	40	52	7	8
Unquoted securities:				
In Malaysia:				
Corporate bonds and sukuk	3,556,154	4,002,718	3,590,653	4,053,560
Shares	46,677	-	46,677	-
	3,602,831	4,002,718	3,637,330	4,053,560
Outside Malaysia:				
Corporate bonds and sukuk	252,349	195,183	252,349	195,183
At cost				
Unquoted securities:				
In Malaysia:				
Shares	270,830	87,375	270,785	87,330
Outside Malaysia:				
Shares	188	186	188	186
	4,794,991	5,658,713	4,829,412	5,709,466

As at 31 March 2018, the Bank owns 26.7% (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").

In the financial year ended 31 March 2014, the Bank 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 31 March 2018, the fair value gain that would have been recognised in other comprehensive income for the current financial year if the securities had not been reclassified amounted to RM4,584,000 (2017: RM4,336,000).

In the previous financial 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 effective for the period from January 2017 to December 2017. As at 31 March 2018, no MGS and MGII maintained by the Group and the Bank for SRR purposes (2017: RM179,798,000).

13. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group and Bank 2018 RM'000	Group and Bank 2017 RM'000
At amortised cost		
Unquoted securities:		
In Malaysia:		
Corporate bonds and sukuk	1,805,155	2,080,055
Less: Accumulated impairment losses	(2,550)	(2,550)
	1,802,605	2,077,505

A reconciliation of the allowance for impairment losses is as follows:

	Group and Bank 2018 RM'000	Group and Bank 2017 RM'000
Balance at beginning of the financial year	2,550	3,008
Amount written off	-	(458)
Balance at end of the financial year	2,550	2,550

14. LOANS AND ADVANCES

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
At amortised cost:				
Overdrafts	2,546,703	2,491,874	2,546,703	2,491,874
Term loans	14,532,383	13,618,641	14,532,383	13,618,641
Housing loan receivables	22,009,341	18,565,189	21,850,682	18,396,587
Hire purchase receivables	13,173,584	12,895,977	13,173,584	12,895,977
Bills receivables	1,064,506	1,279,990	1,064,506	1,279,990
Trust receipts	1,634,359	1,478,562	1,634,359	1,478,562
Claims on customers under acceptance credits	3,237,968	3,038,682	3,237,968	3,038,682
Card receivables	1,560,226	1,389,985	1,560,226	1,389,985
Revolving credits	7,866,973	8,093,653	7,955,585	8,179,310
Staff loans	100,637	107,517	100,637	107,517
Others	276,722	220,964	276,722	220,964
Gross loans and advances	68,003,402	63,181,034	67,933,355	63,098,089
Allowance for impairment on loans and advances:				
- Individual allowance (Note 14(i))	(181,100)	(240,793)	(181,100)	(240,793)
- Collective allowance (Note 14(i))	(500,552)	(608,795)	(500,516)	(608,676)
Net loans and advances	67,321,750	62,331,446	67,251,739	62,248,620

As part of RIA arrangements with AmBank Islamic, the Bank records the amount it provides as financing under the arrangement as investment accounts (Note 9). 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 (Note14(i)(a) and 14(i)(b)).

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

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Domestic banking institutions	216	5,861	216	5,861
Domestic non-bank financial institutions	1,544,384	1,527,443	1,632,996	1,613,101
Domestic business enterprises				
- Small and medium enterprises	11,396,083	9,423,770	11,396,083	9,423,770
- Others	14,783,349	15,583,404	14,783,349	15,583,404
Government and statutory bodies	3	36	3	36
Individuals	39,089,885	35,358,171	38,931,226	35,189,568
Other domestic entities	7,521	94,563	7,521	94,563
Foreign individuals and entities	1,181,961	1,187,786	1,181,961	1,187,786
	68,003,402	63,181,034	67,933,355	63,098,089

14. LOANS AND ADVANCES (CONT'D.)

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

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
In Malaysia	67,775,699	62,692,237	67,705,652	62,609,292
Outside Malaysia	227,703	488,797	227,703	488,797
	68,003,402	63,181,034	67,933,355	63,098,089

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

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Fixed rate				
- Housing loans	279,506	301,579	120,847	132,977
- Hire purchase receivables	12,137,937	11,984,134	12,137,937	11,984,134
- Other fixed rate loans	5,411,233	5,271,011	5,411,233	5,271,011
Variable rate				
- Base rate and base lending rate plus	31,853,878	27,306,952	31,853,878	27,306,952
- Cost plus	13,788,707	14,858,061	13,877,319	14,943,718
- Other variable rates	4,532,141	3,459,297	4,532,141	3,459,297
	68,003,402	63,181,034	67,933,355	63,098,089

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

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Agriculture	1,602,895	1,832,710	1,602,895	1,832,710
Mining and quarrying	864,688	1,163,224	864,688	1,163,224
Manufacturing	6,502,898	6,287,455	6,502,898	6,287,455
Electricity, gas and water	847,981	375,880	847,981	375,880
Construction	2,860,344	2,709,295	2,860,344	2,709,295
Wholesale and retail trade and hotels and restaurants	4,635,523	4,089,255	4,635,523	4,089,255
Transport, storage and communication	1,145,419	1,307,985	1,145,419	1,307,985
Finance and insurance	1,563,370	1,533,305	1,651,982	1,618,962
Real estate	6,025,534	5,992,973	6,025,534	5,992,973
Business activities	1,232,608	1,074,761	1,232,608	1,074,761
Education and health	627,112	670,566	627,112	670,566
Household of which:	39,997,162	36,043,441	39,838,503	35,874,839
- Purchase of residential properties	21,523,361	18,274,251	21,364,702	18,105,649
- Purchase of transport vehicles	12,327,254	12,274,723	12,327,254	12,274,723
- Others	6,146,547	5,494,467	6,146,547	5,494,467
Others	97,868	100,184	97,868	100,184
	68,003,402	63,181,034	67,933,355	63,098,089

14. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	14,601,773	15,404,747	14,689,847	15,489,867
Over one year to three years	5,125,625	4,858,788	5,121,947	4,855,109
Over three years to five years	7,356,814	8,341,104	7,348,390	8,332,680
Over five years	40,919,190	34,576,395	40,773,171	34,420,433
	68,003,402	63,181,034	67,933,355	63,098,089

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

	Group		Bank	
	2018	2017	2018	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 financial year	802,564	1,064,566	802,048	1,063,984
Reclassified as performing	(74,898)	(39,530)	(74,833)	(39,530)
Recoveries	(413,904)	(392,810)	(413,227)	(392,299)
Amount written off	(441,873)	(540,945)	(441,873)	(540,945)
Foreign exchange differences	(16,551)	13,778	(16,551)	13,778
Balance at end of the financial year	1,053,800	1,198,462	1,053,616	1,198,052
Gross impaired loans and advances as % of gross loans and advances	1.55%	1.90%	1.55%	1.90%
Loan loss coverage (including regulatory reserve)	100.0%	84.6%	100.0%	84.6%

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

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
In Malaysia	994,850	1,116,969	994,666	1,116,559
Outside Malaysia	58,950	81,493	58,950	81,493
	1,053,800	1,198,462	1,053,616	1,198,052

14. LOANS AND ADVANCES (CONT'D.)

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

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Agriculture	265	636	265	636
Mining and quarrying	82,711	150,058	82,711	150,058
Manufacturing	81,147	88,773	81,147	88,773
Electricity, gas and water	110	100	110	100
Construction	37,226	5,799	37,226	5,799
Wholesale and retail trade and hotels and restaurants	28,054	32,629	28,054	32,629
Transport, storage and communication	8,966	4,567	8,966	4,567
Finance and insurance	-	1	-	1
Real estate	291,255	399,114	291,255	399,114
Business activities	8,097	5,824	8,097	5,824
Education and health	18,333	2,847	18,333	2,847
Household of which:	495,401	503,827	495,217	503,417
- Purchase of residential properties	282,769	288,132	282,585	287,722
- Purchase of transport vehicles	132,187	121,365	132,187	121,365
- Others	80,445	94,330	80,445	94,330
Others	2,235	4,287	2,235	4,287
	1,053,800	1,198,462	1,053,616	1,198,052

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

	Group and Bank 2018 RM'000	Group and Bank 2017 RM'000
Individual allowance		
Balance at beginning of the financial year	240,793	251,303
Charge for the financial year, net (Note 38)	76,158	236,032
Amount written off	(128,355)	(248,244)
Foreign exchange differences	(7,496)	1,702
Balance at end of the financial year	181,100	240,793

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Collective allowance				
Balance at beginning of the financial year	608,795	730,849	608,676	730,576
Charge for the financial year, net (Note 38)	207,122	178,540	207,205	178,694
Amount written off	(313,518)	(302,841)	(313,518)	(302,841)
Foreign exchange differences	(1,847)	2,247	(1,847)	2,247
Balance at end of the financial year (Note 14(i)(b))	500,552	608,795	500,516	608,676
Collective allowance (including regulatory reserve) as % of gross loans and advances less individual allowance	1.29%	1.23%	1.29%	1.23%

14. LOANS AND ADVANCES (CONT'D.)

(i) Movements in allowances for impaired loans and advances are as follows (Cont'd.):

(a) On 29 September 2017 and 19 December 2017, the Bank entered into RIA contracts for the sum of RM529,428,000 and RM857,617,000 respectively, with AmBank Islamic.

(b) As at 31 March 2018, the gross exposure and collective allowance relating to the RIA financing for the Group and the Bank amounted to RM2,869,566,000 and RM2,729,000 (2017: RM1,604,369,000 and RM2,299,000) respectively are included in the Group and the Bank's collective allowance.

There was no individual allowance provided for the RIA financing for financial years 2018 and 2017.

15. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

	Group and Bank	
	2018	**2017**
	RM'000	**RM'000**
At amortised cost:		
Corporate bonds in Malaysia	1,149,600	1,172,157

16. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined as a set percentage of total eligible liabilities.

17. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the statements of financial position, after appropriate offsetting:

	Group		Bank	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	42,835	995	42,813	-
Deferred tax liabilities	-	(97,832)	-	(97,828)
	42,835	(96,837)	42,813	(97,828)

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferrred tax assets	98,765	101,199	98,792	98,775
Deferred tax liabilities	(55,930)	(198,036)	(55,979)	(196,603)
	42,835	(96,837)	42,813	(97,828)

17. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows:

Group	Balance at beginning of the financial year RM'000	Recognised in statement of profit or loss RM'000	Recognised in other comprehensive income RM'000	Balance at end of the financial year RM'000
Deferred tax assets				
2018				
Allowance for impairment of foreclosed properties	3,152	(3,152)	-	-
Provision for expenses	67,600	(5,544)	-	62,056
Provision for commitments and contingencies	13,181	473	-	13,654
Available-for-sale deficit	3,859	-	3,521	7,380
Other temporary differences	13,407	2,268	-	15,675
	101,199	(5,955)	3,521	98,765
2017				
Allowance for impairment of foreclosed properties	3,070	82	-	3,152
Provision for expenses	71,245	(3,645)	-	67,600
Provision for commitments and contingencies	16,008	(2,827)	-	13,181
Available-for-sale deficit	-	-	3,859	3,859
Unrealised losses on foreign exchange	45,355	(45,355)	-	-
Other temporary differences	10,292	3,115	-	13,407
	145,970	(48,630)	3,859	101,199
Deferred tax liabilities				
2018				
Deferred charges	(16,885)	(8,331)	-	(25,216)
Excess of capital allowance over depreciation	(41,996)	12,565	-	(29,431)
Unrealised foreign exchange gain	(138,204)	137,924	-	(280)
Cash flow hedging reserve	(951)	-	(52)	(1,003)
	(198,036)	142,158	(52)	(55,930)
2017				
Deferred charges	(16,607)	(278)	-	(16,885)
Excess of capital allowance over depreciation	(48,258)	6,262	-	(41,996)
Unrealised foreign exchange gain	-	(138,204)	-	(138,204)
Available-for-sale reserve	(3,714)	-	3,714	-
Cash flow hedging deficit	(906)	-	(45)	(951)
	(69,485)	(132,220)	3,669	(198,036)

17. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows (Cont'd.):

	Balance at beginning of the financial year RM'000	Recognised in statement of profit or loss RM'000	Recognised in other comprehensive income RM'000	Balance at end of the financial year RM'000
Bank				
Deferred tax assets				
2018				
Allowance for impairment of foreclosed properties	3,152	(3,152)	-	-
Provision for expenses	65,155	(3,119)	-	62,036
Provision for commitments and contingencies	13,181	473	-	13,654
Available-for-sale deficit	3,863	-	3,564	7,427
Other temporary differences	13,424	2,251	-	15,675
	98,775	(3,547)	3,564	98,792
2017				
Allowance for impairment of foreclosed properties	3,070	82	-	3,152
Provision for expenses	68,800	(3,645)	-	65,155
Provision for commitments and contingencies	16,008	(2,827)	-	13,181
Unrealised foreign exchange gain	45,355	(45,355)		-
Available-for-sale deficit	-	-	3,863	3,863
Cash flow hedging deficit	(906)	-	906	-
Other temporary differences	10,309	3,115	-	13,424
	142,636	(48,630)	4,769	98,775
Deferred tax liabilities				
2018				
Deferred charges	(16,886)	(8,331)	-	(25,217)
Excess of capital allowance over depreciation	(40,562)	11,083	-	(29,479)
Unrealised foreign exchange gain	(138,204)	137,924	-	(280)
Cash flow hedging deficit	(951)	-	(52)	(1,003)
	(196,603)	140,676	(52)	(55,979)
2017				
Deferred charges	(16,608)	(278)	-	(16,886)
Excess of capital allowance over depreciation	(46,824)	6,262	-	(40,562)
Unrealised foreign exchange gain	-	(138,204)	-	(138,204)
Available-for-sale reserve	(3,774)	-	3,774	-
Cash flow hedging deficit	-	-	(951)	(951)
	(67,206)	(132,220)	2,823	(196,603)

As at 31 March 2018, the Group and the Bank respectively, have unabsorbed capital allowances of approximately RM453,086,000 and RM167,117,000 (2017: RM453,086,000 and RM167,117,000 for the Group and the Bank respectively) that are available for offset against future taxable profit of leasing business. Deferred tax assets are not recognised due to uncertainty in timing of their recoverability.

18. INVESTMENT IN SUBSIDIARIES

	Bank 2018 RM'000	Bank 2017 RM'000
Investment in subsidiaries:		
Unquoted shares, at cost	98,796	98,796
Less: Accumulated impairment losses	(67,261)	(24,519)
	31,535	74,277

The subsidiaries are all incorporated in Malaysia.

a) Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Effective equity interest 2018 %	Effective equity interest 2017 %
AmCard Services Berhad	Outsourcing service for mortgage related services	100.0	100.0
AmPremier Capital Berhad	Issue of subordinated securities	100.0	100.0
AmMortgage One Berhad	Securitisation of mortgage loans	100.0	100.0
AmProperty Holdings Sdn Bhd	Property investment	100.0	100.0
Bougainvillaea Development Sdn Bhd	Property investment	100.0	100.0
MBf Information Services Sdn Bhd	Property investment	100.0	100.0
MBf Trustees Berhad *	Dormant	60.0	60.0
MBf Nominees (Tempatan) Sdn Bhd	Nominee services	100.0	100.0
Teras Oak Pembangunan Sendirian Berhad	Dormant	100.0	100.0
Komuda Credit & Leasing Sdn Bhd #	Dormant	100.0	100.0
Malco Properties Sdn Bhd	Dormant	81.5	81.5
AmLabuan Holdings (L) Ltd @	Investment holding	100.0	100.0

18. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Investment in subsidiaries (Cont'd.)

a) Details of the subsidiaries are as follows (Cont'd.):

		Effective equity interest	
		2018	2017
Name of subsidiary	**Principal activities**	%	%
AMBB Capital (L) Ltd @ #	Dormant	100.0	100.0
AmTrade Services Limited ^ ##	Dormant	-	100.0

* The investment in MBf Trustees Berhad is classified as investment in subsidiary at Group level through additional equity interests held by two other subsidiaries of the Bank, MBf Information Services Sdn Bhd and MBf Nominees (Tempatan) Sdn Bhd (see Note 19).

^ Audited by an affiliate of Ernst & Young.

@ Incorporated under the Labuan Companies Act 1990.

\# Subsidiary under member's voluntary liquidation.

\## Subsidiary that had been dissolved by way of member's voluntary liquidation on 3 January 2018.

b) There are no restrictions on transfer of funds, for example paying dividends or repaying loans and advances by the subsidiaries. The ability of the subsidiaries to pay dividends or make advances to the Bank depends on their financial and operating performance.

c) Transactions during the financial year:

1. Capital repayment of subsidiaries

   (i) On 9 October 2017, AmCard Services Berhad ("AmCard"), a wholly-owned subsidiary of the Bank, had obtained the Capital Reduction Order from the High Court pursuant to Section 116 of the Companies Act 2016. On 26 October 2017, AmCard had returned paid-up share capital in excess of its needs which amounted to RM277.5 million to the Bank.

   (ii) On 23 October 2017, MBf Information Sdn. Bhd. ("MBf Information"), a wholly-owned subsidiary of the Bank, had obtained the Capital Reduction Order from the High Court pursuant to Section 116 of the Companies Act 2016. On 7 November 2017, MBf Information had returned paid-up share capital in excess of its needs which amounted to RM25.5 million to the Bank. Arising from this exercise, the Bank had provided for impairment loss on investment in MBf Information of RM10.5 million.

   (iii) On 27 December 2017, AmLabuan Holdings (L) Ltd. ("AmLabuan"), a wholly-owned subsidiary of the Bank lodged a High Court order for capital reduction to the Labuan Financial Services Authority and subsequently returned paid-up share capital in excess of its need of USD9,999,000 (equivalent to approximately RM40.7 million) to the Bank which resulted in gain on capital repayment by subsidiary which amounted to RM7,679,000 as disclosed in Note 35. Arising from this exercise, the Bank had provided for impairment loss on investment in AmLabuan of RM32.2 million.

   The capital repayment did not have any effect on the reported cash flows from operations, financial position and performance of the Group for the current financial year other than the gain on AmLabuan as stated above, and the dividends received in conjunction with the capital repayment as disclosed in Note 35.

2. Dissolution of a wholly-owned dormant subsidiary

   The Bank's wholly-owned subsidiary, AmTrade Services Limited (incorporated in Hong Kong) ("AmTrade"), has been dissolved by way of member's voluntary liquidation pursuant to Section 548 of the Companies Ordinance (Chapter 622) of Hong Kong on 3 January 2018. As the subsidiary was dormant, there was no significant impact on the Group's statement of profit or loss or statement of financial position arising from the dissolution.

d) The subsidiaries which are not wholly owned are not material individually or in aggregate to the financial position or performance of the Group. Hence the disclosure requirements under MFRS12 *Disclosure of Interest in Other Entities* paragraph 12 were not presented.

19. INVESTMENT IN AN ASSOCIATE

	Bank 2018 RM'000	Bank 2017 RM'000
Unquoted shares, at cost	50	50
Less: Accumulated impairment losses	(28)	(28)
	22	22

Detail of the associate, which is incorporated and with principal place of business in Malaysia, is as follows:

Name of associate	Principal activity	Bank Effective equity interest 2018 %	Bank Effective equity interest 2017 %
MBf Trustees Berhad	Dormant	20.0	20.0

The investment in MBf Trustees Berhad is classified as investment in subsidiary at Group level through additional equity interests held by two other subsidiaries of the Bank (see Note 18(a)).

20. OTHER ASSETS

	Note	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Other receivables, deposits and prepayments	(a)	525,519	500,868	523,806	487,127
Interest receivable	(a)	237,745	255,420	237,754	255,433
Amount due from originators	(b)	-	161,812	-	161,812
Amount due from related companies	(c)	31,959	28,958	35,087	24,558
Collateral pledged for derivative transactions	52	247,839	487,751	247,839	487,751
Foreclosed properties	(d)	4,497	40,943	4,190	40,636
Deferred charges		116,234	91,181	116,234	91,181
Tax recoverable	(e)	133,852	382,511	125,087	370,683
		1,297,645	1,949,444	1,289,997	1,919,181
Less: Accumulated impairment losses		(19,687)	(48,614)	(19,141)	(36,047)
		1,277,958	1,900,830	1,270,856	1,883,134

20. OTHER ASSETS (CONT'D.)

(a) As at 31 March 2018, the impairment losses for other receivables, deposits and repayment of the Group and the Bank are RM18,809,000 (2017: RM34,437,000) and RM18,420,000 (2017: RM22,027,000) respectively.

As at 31 March 2018, the impairment losses for interest receivable of the Group and the Bank is RM721,000 (2017: RM886,000).

The movement in accumulated impairment losses of interest receivable and other receivables is as follows:

	Group		Bank	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance at beginning of the financial year	35,323	35,699	22,913	23,299
Impairment loss during the financial year, net	8,794	387	8,794	377
Amount written off	(24,587)	(763)	(12,566)	(763)
Balance at end of the financial year	19,530	35,323	19,141	22,913

(b) Amount due from originators represents personal and housing loans acquired from originators for onward sale to Cagamas Berhad as mentioned in Note 26.

(c) Amounts due from subsidiaries and related companies are unsecured, non-interest bearing and are repayable on demand.

(d) The movement in accumulated impairment losses on foreclosed properties is as follows:

	Group		Bank	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance at beginning of the financial year	13,291	12,951	13,134	12,794
Impairment loss during the financial year	35	553	35	553
Disposal	(13,169)	(213)	(13,169)	(213)
Balance at end of the financial year	157	13,291	-	13,134

(e) 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 the 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. The Bank had received Notice of Reduced Assessment for year of assessment 2008 and 2009 and progressive cash refund.

21. PROPERTY AND EQUIPMENT

2018 Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At beginning of the financial year	8,989	4,977	534	39,334	152,842	172,027	357,288	7,352	13,426	756,769
Additions	-	-	-	-	6,582	2,226	10,345	-	1,882	21,035
Transfer to related companies, net	-	-	-	-	(55)	(30)	-	-	-	(85)
Disposals	-	-	(213)	(2,188)	(1)	(184)	(25,425)	(2,408)		(30,419)
Written off	-	-	-	-	(1,454)	(14,381)	(6,802)	-	-	(22,637)
Reclassification/Adjustments	-	-	-	-	1,529	(10)	10,663	-	(13,760)	(1,578)
Foreign exchange differences	-	-	-	(72)	-	(238)	(46)	(22)	-	(378)
At end of the financial year	8,989	4,977	321	37,074	159,443	159,410	346,023	4,922	1,548	722,707
Accumulated depreciation										
At beginning of the financial year	-	1,781	309	17,404	136,414	137,435	295,359	4,768	-	593,470
Depreciation charge for the financial year (Note 36)	-	91	8	746	8,665	11,551	28,772	209	-	50,042
Transfer to related companies, net	-	-	-	-	(48)	(29)	-	-	-	(77)
Disposals	-	-	(97)	(1,607)	(1)	(171)	(25,417)	(1,694)	-	(28,987)
Written off	-	-	-	-	(1,121)	(14,320)	(6,732)		-	(22,173)
Reclassification/Adjustments	-	-	6	3	(3)	(11)	107	-	-	102
Foreign exchange differences	-	-	-	(31)	-	(235)	(46)	(22)	-	(334)
At end of the financial year	-	1,872	226	16,515	143,906	134,220	292,043	3,261	-	592,043
Accumulated impairment losses										
At beginning of the financial year	-	254	-	886	700	-	-	-	-	1,840
Written off	-	-	-	-	(332)	-	-	-	-	(332)
Reversal	-	-	-	-	(368)	-	-	-	-	(368)
At end of the financial year	-	254	-	886	-	-	-	-	-	1,140
Carrying amount										
At end of the financial year	8,989	2,851	95	19,673	15,537	25,190	53,980	1,661	1,548	129,524

Company No. 8515-D

21. PROPERTY AND EQUIPMENT (CONT'D.)

2017 Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At beginning of the financial year	8,989	4,977	534	39,267	149,842	164,724	344,604	7,399	32,174	752,510
Additions	-	-	-	-	2,996	14,067	26,159	399	18,037	61,658
Disposals	-	-	-	-	-	(679)	(11,981)	(467)	-	(13,127)
Reclassification/Adjustments	-	-	-	-	4	986	10,794	-	(36,785)	(25,001)
Written off	-	-	-	-	-	(7,292)	(12,331)	-	-	(19,623)
Foreign exchange differences	-	-	-	67	-	221	43	21	-	352
At end of the financial year	8,989	4,977	534	39,334	152,842	172,027	357,288	7,352	13,426	756,769
Accumulated depreciation										
At beginning of the financial year	-	1,688	300	16,607	127,670	132,925	300,771	4,809	-	584,770
Depreciation charge for the financial year (Note 36)	-	93	9	769	8,744	12,232	18,847	265	-	40,959
Disposals	-	-	-	-	-	(672)	(11,971)	(327)	-	(12,970)
Written off	-	-	-	-	-	(7,268)	(12,330)	-	-	(19,598)
Foreign exchange differences	-	-	-	28	-	218	42	21	-	309
At end of the financial year	-	1,781	309	17,404	136,414	137,435	295,359	4,768	-	593,470
Accumulated impairment losses										
At beginning and end of the financial year	-	254	-	886	700	-	-	-	-	1,840
Carrying amount										
At end of the financial year	8,989	2,942	225	21,044	15,728	34,592	61,929	2,584	13,426	161,459

21. PROPERTY AND EQUIPMENT (CONT'D.)

2018 Bank	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At beginning of the financial year	90	3,806	303	16,663	152,806	170,083	356,908	7,175	13,426	721,260
Additions	-	-	-	-	5,973	2,226	10,345	-	1,882	20,426
Transfer to related companies, net	-	-	-	-	(55)	(24)	2	-	-	(77)
Disposals	-	-	-	-	(1)	(184)	(25,425)	(2,408)	-	(28,018)
Written off	-	-	-	-	(1,454)	(14,381)	(6,802)	-	-	(22,637)
Reclassification/Adjustments	-	-	-	-	1,530	-	10,679	-	(13,761)	(1,552)
At end of the financial year	90	3,806	303	16,663	158,799	157,720	345,707	4,767	1,547	689,402
Accumulated depreciation										
At beginning of the financial year	-	1,443	184	6,338	136,376	135,516	294,985	4,591	-	579,433
Depreciation charge for the financial year (Note 36)	-	76	3	330	8,560	11,541	28,770	209	-	49,489
Transfer to related companies, net	-	-	-	-	(48)	(29)	-	-	-	(77)
Disposals	-	-	-	-	(1)	(171)	(25,417)	(1,694)	-	(27,283)
Written off	-	-	-	-	(1,121)	(14,320)	(6,732)	-	-	(22,173)
Reclassification/Adjustments	-	-	-	-	-	-	119	-	-	119
At end of the financial year	-	1,519	187	6,668	143,766	132,537	291,725	3,106	-	579,508
Accumulated impairment losses										
At beginning of the financial year	-	254	-	886	700	-	-	-	-	1,840
Written off	-	-	-	-	(332)	-	-	-	-	(332)
Reversal	-	-	-	-	(368)	-	-	-	-	(368)
At end of the financial year	-	254	-	886	-	-	-	-	-	1,140
Carrying amount										
At end of the financial year	90	2,033	116	9,109	15,033	25,183	53,982	1,661	1,547	108,754

21. PROPERTY AND EQUIPMENT (CONT'D.)

2017 Bank	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Leasehold improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At beginning of the financial year	90	3,806	303	16,663	149,806	163,005	344,260	7,243	32,174	717,350
Additions	-	-	-	-	2,996	14,063	26,159	399	18,037	61,654
Disposals	-	-	-	-	-	(679)	(11,974)	(467)	-	(13,120)
Reclassification/Adjustments	-	-	-	-	4	986	10,794	-	(36,785)	(25,001)
Written off	-	-	-	-	-	(7,292)	(12,331)	-	-	(19,623)
At end of the financial year	90	3,806	303	16,663	152,806	170,083	356,908	7,175	13,426	721,260
Accumulated depreciation										
At beginning of the financial year	-	1,367	181	6,008	127,633	131,247	300,434	4,653	-	571,523
Depreciation charge for the financial year (Note 36)	-	76	3	330	8,743	12,210	18,844	265	-	40,471
Disposals	-	-	-	-	-	(672)	(11,964)	(327)	-	(12,963)
Written off	-	-	-	-	-	(7,269)	(12,329)	-	-	(19,598)
At end of the financial year	-	1,443	184	6,338	136,376	135,516	294,985	4,591	-	579,433
Accumulated impairment losses										
At beginning and end of the financial year	-	254	-	886	700	-	-	-	-	1,840
Carrying amount										
At end of the financial year	90	2,109	119	9,439	15,730	34,567	61,923	2,584	13,426	139,987

22. INTANGIBLE ASSETS

Group	Computer software RM'000	Work-in-progress RM'000	Total RM'000
2018			
Cost			
At beginning of the financial year	1,023,999	80,935	1,104,934
Additions	18,521	63,704	82,225
Transfer to related companies, net	2	-	2
Written off	(15,229)	(127)	(15,356)
Reclassification/Adjustments	77,307	(80,281)	(2,974)
Foreign exchange differences	(8)	-	(8)
At end of the financial year	1,104,592	64,231	1,168,823
Accumulated amortisation			
At beginning of the financial year	698,428	-	698,428
Amortisation for the financial year (Note 36)	85,244	-	85,244
Written off	(15,094)	-	(15,094)
Reclassification/Adjustments	(123)	-	(123)
Foreign exchange differences	(8)	-	(8)
At end of the financial year	768,447	-	768,447
Carrying amount			
At end of the financial year	336,145	64,231	400,376
2017			
Cost			
At beginning of the financial year	933,212	33,850	967,062
Additions	22,288	93,576	115,864
Reclassification/Adjustments	68,492	(46,491)	22,001
Foreign exchange differences	7	-	7
At end of the financial year	1,023,999	80,935	1,104,934
Accumulated amortisation			
At beginning of the financial year	616,309	-	616,309
Amortisation for the financial year (Note 36)	82,112	-	82,112
Foreign exchange differences	7	-	7
At end of the financial year	698,428	-	698,428
Carrying amount			
At end of the financial year	325,571	80,935	406,506

22. INTANGIBLE ASSETS (CONT'D.)

	Computer software RM'000	Work-in-progress RM'000	Total RM'000
Bank			
2018			
Cost			
At beginning of the financial year	1,023,934	80,935	1,104,869
Additions	18,521	63,704	82,225
Transfer to related companies, net	2	-	2
Written off	(15,229)	(127)	(15,356)
Reclassification/Adjustments	77,313	(80,281)	(2,968)
At end of the financial year	1,104,541	64,231	1,168,772
Accumulated amortisation			
At beginning of the financial year	698,365	-	698,365
Amortisation for the financial year (Note 36)	85,244	-	85,244
Written off	(15,094)	-	(15,094)
Reclassification/Adjustments	(119)	-	(119)
At end of the financial year	768,396	-	768,396
Carrying amount			
At end of the financial year	336,145	64,231	400,376
2017			
Cost			
At beginning of the financial year	933,155	33,850	967,005
Additions	22,288	93,576	115,864
Reclassification/Adjustments	68,491	(46,491)	22,000
At end of the financial year	1,023,934	80,935	1,104,869
Accumulated amortisation			
At beginning of the financial year	616,255	-	616,255
Amortisation for the financial year (Note 36)	82,110	-	82,110
At end of the financial year	698,365	-	698,365
Carrying amount			
At end of the financial year	325,569	80,935	406,504

23. ASSET HELD FOR SALE

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Proposed disposal of properties obtained from garnishee proceedings	-	2,091	-	2,091
	-	2,091	-	2,091

24. DEPOSITS FROM CUSTOMERS

	Group 2018 RM'000	Group 2017 (Restated) (Note 54) RM'000	Bank 2018 RM'000	Bank 2017 (Restated) (Note 54) RM'000
Demand deposits	10,433,073	10,154,966	10,435,202	10,157,583
Savings deposits	3,304,968	3,449,818	3,304,968	3,449,818
Term/Investment deposits	55,115,487	53,804,123	55,117,061	53,877,821
Negotiable instruments of deposits	900,000	257	900,000	257
	69,753,528	67,409,164	69,757,231	67,485,479

Included in deposits from customers of the Group and the Bank are deposits of RM1,460,695,000 (2017: RM1,425,954,000 for the Group and the Bank) held as collateral for loans and advances.

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

	Group 2018 RM'000	Group 2017 (Restated) (Note 54) RM'000	Bank 2018 RM'000	Bank 2017 (Restated) (Note 54) RM'000
Government and other statutory bodies	1,928,246	2,648,964	1,928,246	2,648,964
Business enterprises	32,553,376	35,540,006	32,557,079	35,616,321
Individuals	32,110,042	24,828,308	32,110,042	24,828,308
Others	3,161,864	4,391,886	3,161,864	4,391,886
	69,753,528	67,409,164	69,757,231	67,485,479

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

	Group 2018 RM'000	Group 2017 (Restated) (Note 54) RM'000	Bank 2018 RM'000	Bank 2017 (Restated) (Note 54) RM'000
Due within six months	37,958,354	38,849,559	37,959,927	38,923,257
Over six months to one year	16,058,089	12,879,144	16,058,089	12,879,144
Over one year to three years	1,214,097	1,379,869	1,214,097	1,379,869
Over three years to five years	784,947	695,808	784,948	695,808
	56,015,487	53,804,380	56,017,061	53,878,078

25. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Licensed banks	1,260,015	299,994	1,260,015	299,994
Licensed investment banks	541,513	153,141	541,513	153,141
Other financial institutions	1,099,410	492,061	1,111,509	594,340
Bank Negara Malaysia	20,573	25,262	20,573	25,262
	2,921,511	970,458	2,933,610	1,072,737

26. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

Recourse obligation on loans sold to Cagamas Berhad represents the proceeds received from the sale of loans directly from the Bank or acquired from the originators (as disclosed in Note 20(b)) to Cagamas Berhad with recourse. Under this arrangement, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans, which are regarded as defective based on prudential criteria with recourse to the Bank. Under the back-to-back arrangement with the originators, the Bank acts as the intermediary financial institution and undertakes to administer the receivables on behalf of Cagamas Berhad and to buy back any receivables which are regarded as defective based on prudential criteria with recourse against the originators.

Previously, the Group had undertaken a fair value hedge on the interest rate risk of the loans sold directly to Cagamas Berhad but the hedge was terminated during the financial year ended 31 March 2012.

Consequently, the fair value credit adjustment previously recognised of RM10,420,000 is amortised to the income statement over the remaining term to maturity of the loans using the effective interest method. As at 31 March 2018, the unamortised fair value adjustments of RM1,272,000 included in the carrying amount of the recourse obligation on loans sold to Cagamas Berhad has been fully amortised. Total amortisation recognised during the current financial year was RM3,651,000 (2017: RM1,866,000).

27. TERM FUNDING

		Group and Bank	
		2018	2017 (Restated) (Note 54)
	Note	RM'000	RM'000
Senior Notes	(a)	2,541,957	3,788,274
Credit-Linked Notes	(b)	138,259	136,769
Other borrowings	(c)	68,604	304,899
		2,748,820	4,229,942

(a) Senior Notes comprise of the following:

Senior Notes	(i)	1,000,000	2,024,965
Euro Medium Term Note (net of unamortised issuance expenses of RM2,198,000; 2017: RM3,786,000)	(ii)	1,541,957	1,763,309
		2,541,957	3,788,274

27. TERM FUNDING (CONT'D.)

(a) Senior Notes comprise of the following (Cont'd.):

(i) Senior Notes

The movements in Senior Notes are as follows:

	Group and Bank	
	2018	**2017**
	RM'000	**RM'000**
Balance at beginning of the year	2,024,965	2,349,595
Repayment during the financial year	(1,025,000)	(325,000)
Amortisation of premium	35	370
Balances at end of the financial year	1,000,000	2,024,965

The Senior Notes issued by the Bank is under a Senior Notes Programme ("SNP") of up to RM7 billion nominal value. The proceeds from the issuance of the Senior Notes is to be utilised for the Bank's general working capital requirements.

The SNP has a tenure of up to thirty (30) years from the date of first issuance under the programme. Under the SNP, the Bank may issue Senior Notes with a tenure of more than one (1) year and up to ten (10) years provided that the Senior Notes mature prior to the expiry of the SNP. Unless previously redeemed or purchased and cancelled, the Senior Notes shall be fully redeemed on the respective maturity date(s) at 100% of their nominal value.

The Senior Notes rank pari-passu with all other present and future unsecured and unsubordinated obligations (excluding deposits) of the Bank. RAM Ratings has assigned a long-term rating of AA2/Stable to the SNP. During the financial year, the Bank repaid the Senior Notes with nominal value of RM1,025.0 million. The Senior Notes issued which remain outstanding as at reporting date have a fixed interest rate ranging from 4.30% to 4.40% per annum (2017: 4.25% to 5.25% per annum) and are payable semi-annually. The Senior Notes outstanding are repayable within 1 year (2017: 1 month to 2 years).

(ii) Euro Medium Term Note

The movements in Euro Medium Term Note are as follows:

	Group and Bank	
	2018	**2017**
	RM'000	**RM'000**
Balance at beginning of the year	1,763,309	1,552,843
Foreign exchange differences	(224,000)	208,400
Amortisation of issuance expenses	1,588	1,538
Amortisation of premium	1,060	528
Balances at end of the financial year	1,541,957	1,763,309

On 3 July 2014, the Bank issued USD400 million Senior Notes under its USD2 billion Euro Medium Term Note Programme in nominal value (or its equivalent in other currencies) ("EMTNP"). The EMTNP was approved by the Securities Commission under its deemed approval process.

The net proceeds from the EMTNP will be utilised by the Bank for its working capital, general funding requirements and other corporate purposes. The notes with a tenure of five (5) years, will mature on 3 July 2019 are rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's Ratings Services. The notes bear a coupon of 3.125% per annum and are payable semi annually.

27. TERM FUNDING (CONT'D.)

(b) The movements in Credit-Linked Notes ("CLNs") are as follows:

	Group and Bank 2018 RM'000	Group and Bank 2017 RM'000
Balance at beginning of the year	136,769	284,863
Repayment during the financial year	-	(150,000)
Amortisation of premium	1,490	1,906
Balances at end of the financial year	138,259	136,769

The CLNs are structured investment product issued by the Bank and subscribed at nominal value.

The nominal value of CLNs issued and outstanding at reporting date amounted to RM150 million (2017: RM150.0 million). The CLNs carry a fixed interest rate at 4.0% per annum (2017: 4.0%) and will mature on 14 September 2021.

(c) Other borrowings comprise of the the following:

	Note	Group and Bank 2018 RM'000	Group and Bank 2017 RM'000
Term loans and revolving credit	(i)	-	221,150
Structured deposit	(ii)	68,604	83,749
		68,604	304,899

(i) The Bank's Labuan offshore branch's USD50 million term loan drawn on 16 June 2015 for working capital purposes. This term loan bears interest at 0.85% per annum above LIBOR. This term loan has been fully repaid in full upon maturity on 16 June 2017.

(ii) Structured deposit

This includes non-principal guaranteed deposit placed by customers and structured products that are only principal guaranteed on maturity. The structured products include investment products with an embedded derivative where the embedded derivative is normally linked to the performance of an underlying asset such as interest rates, equities, commodities and foreign currency rates. Upon maturity, the customer will receive either cash payment or pre-determined units of the underlying asset. The structured products will mature from 1 month to 2 years.

The movements in other borrowings are as follows:

	Group and Bank 2018 RM'000	Group and Bank 2017 RM'000
Term loans and revolving credit		
Balance at beginning of the year	221,150	1,362,150
Foreign exchange differences	(7,300)	182,060
Repayment during the financial year	(213,850)	(1,326,900)
Amortisation of issuance expenses	-	3,840
Balances at end of the financial year	-	221,150
Structured deposit		
Balance at beginning of the year	83,749	181,182
Net redemption during the financial year	(16,140)	(98,381)
Amortisation of premium	995	948
Balances at end of the financial year	68,604	83,749

28. DEBT CAPITAL

	Note	Group and Bank 2018 RM'000	2017 RM'000
Medium Term Notes	(a)	600,000	1,310,000
Non-Innovative Tier 1 Capital Securities	(b)	500,000	500,000
Innovative Tier 1 Capital Securities	(c)	485,000	485,000
Subordinated notes (net of unamortised issuance costs of RM129,000; 2017: RM294,000)	(d)	1,994,871	899,706
		3,579,871	3,194,706

(a) Medium Term Notes

The movements in Medium Term Notes are as follows:

	Group and Bank 2018 RM'000	2017 RM'000
Balance at beginning of the year	1,310,000	1,310,000
Repayment during the financial year	(710,000)	-
Balances at end of the financial year	600,000	1,310,000

In the financial year ended 31 March 2008, the Bank implemented a RM2 billion nominal value Medium Term Notes Programme ("MTN Programme") whereby the proceeds raised from the MTN Programme had been and will be utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN Programme has a tenure of up to 20 years from the date of the first issuance under the MTN Programme. The MTNs shall be issued for a maturity of up to 20 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

The MTNs issued under the MTN Programme was included as Tier 2 Capital under BNM's capital adequacy framework. Effective 1 January 2013, the MTNs are recognised as a capital instrument under Tier 2 Capital and eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

The salient features of the MTN issued and outstanding are as follows:

(i) Tranche 6 amounting to RM600 million, which was issued on 9 April 2008 with a tenure of 15 years Non-Callable 10 years, bears interest at 6.25% per annum (step up by 0.5% per annum after its first call date).

(ii) Tranche 8 amounting to RM710 million, which was issued on 16 October 2012 with a tenure of 10 years Non-Callable 5 years, bears interest at 4.45% per annum. This tranche has been fully redeemed on its first call date on 16 October 2017.

28. DEBT CAPITAL (CONT'D.)

(b) Non-Innovative Tier 1 Capital Securities

In the financial year ended 31 March 2009, the Bank issued RM500 million Non-Innovative Tier 1 Capital ("NIT1") under its programme of up to RM500 million in nominal value comprising:

(i) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by the Bank and stapled to the Subordinated Notes described below; and

(ii) Subordinated Notes ("SubNotes"), which are issued by AmPremier Capital Berhad ("AmPremier"), a wholly-owned subsidiary of the Bank.

(collectively known as "Stapled Capital Securities")

The SubNotes has a fixed interest rate of 9.0% per annum. However, the NCPCS distribution will not begin to accrue until the SubNotes are re-assigned to the Bank.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of the Bank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a tenure of 30 years unless redeemed earlier under the terms of the SubNotes. The SubNotes are redeemable at the option of AmPremier on any interest payment date, which cannot be earlier than the occurrence of Assignment Events as stipulated under the terms of the Stapled Capital Securities.

The Stapled Capital Securities comply with BNM's Guidelines on Non-Innovative Tier 1 capital instruments. Effective 1 January 2013, the Stapled Capital Securities qualify as Additional Tier 1 Capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

(c) Innovative Tier 1 Capital Securities

On 18 August 2009, the Bank issued RM485 million Innovative Tier 1 Capital Securities under its RM500 million Innovative Tier 1 Capital Securities ("ITICS") Programme. The ITICS bears a fixed interest (non-cumulative) rate at issuance date of 8.25% per annum and step up 100 basis points after the First Call Date (10 years after issuance date) and interest is payable semi-annually in arrears. The maturity date is 30 years from the issue date. The ITICS facility is for a tenure of 60 years from the First Issue date and has a principal stock settlement mechanism to redeem the ITICS via the issuance of the Bank's ordinary shares. Upon BNM's approval, the Bank may redeem in whole but not in part the relevant tranche of the ITICS at any time on the 10th anniversary of the issue date of that tranche or on any interest payment date thereafter.

Effective 1 January 2013, the ITICS qualify as Additional Tier 1 Capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

28. DEBT CAPITAL (CONT'D.)

(d) Subordinated notes

The movements in Subodinated Notes are as follows:

	Group and Bank	
	2018	2017
	RM'000	RM'000
Balance at beginning of the year	899,706	399,550
Amortisation of issuance expenses	165	156
Issuance during the financial year	1,095,000	500,000
Balances at end of the financial year	1,994,871	899,706

During the financial year ended 31 March 2014, the Bank established a new Subordinated Notes programme of RM4.0 billion. The objective of the programme is to enable the issuance of Tier 2 Capital from time to time, for the purpose of enhancing the Bank's total capital position. The programme is set up in accordance to the requirements spelt out in the Capital Adequacy Framework (Capital Components) issued by BNM.

The programme has a tenure of thirty (30) years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenure of at least five (5) years from the issue date, and is cellable on any coupon payment date after a minimum period of five (5) years from the date of issuance of each tranche. The Tier 2 Subordinated Notes have been assigned a credit rating of AA3 by RAM Rating Services Berhad ("RAM").

The salient features of the Subordinated notes issued and outstanding are as follows:

(i) Tranche 1 amounting to RM400 million was issued on 30 December 2013 with a tenure of 10 years (callable in 5th year). The interest rate is 5.20%, payable on a half-yearly basis.

(ii) Tranche 2 amounting to RM500 million was issued on 15 March 2017 with a tenure of 10 years (callable in 5th year). The interest rate is 5.20%, payable on a half-yearly basis.

(iii) Tranche 3 amounting to RM570 million was issued on 16 October 2017 with a tenure of 10 years (callable in 5th year). The interest rate is 4.90%, payable on a half-yearly basis.

(iv) Tranche 4 amounting to RM175 million was issued on 23 February 2018 with a tenure of 10 years (callable in 5th year). The interest rate is 5.23%, payable on a half-yearly basis.

(v) Tranche 5 amounting to RM350 million was issued on 14 March 2018 with a tenure of 10 years (callable in 5th year). The interest rate is 5.23%, payable on a half-yearly basis.

The full amount issued qualifies as Tier 2 Capital for the purpose of capital adequacy ratio computation.

29. OTHER LIABILITIES

	Note	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Other payables and accruals		987,218	1,121,143	975,931	1,111,190
Interest payable		643,071	655,372	643,076	655,399
Amount due to holding company, subsidiaries and other related companies		139,204	126,844	139,204	126,877
Collateral received for derivative transactions	52	270,412	196,769	270,412	196,769
Lease deposits and advance rentals		16,262	9,159	16,262	9,159
Provision for commitments and contingencies	(a)	61,714	62,585	61,760	62,620
Provision for taxation		31	139	20	20
Deferred income		67,116	63,117	67,116	63,117
		2,185,028	2,235,128	2,173,781	2,225,151

Amounts due to holding company, subsidiaries and other related companies are unsecured, non-interest bearing and repayable on demand.

(a) The movement in provision for commitments and contingencies is follows:

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Balance at beginning of the financial year	62,585	72,793	62,620	72,813
Charge/(writeback) during the financial year, net	1,179	1,157	1,190	(4,835)
Settlement during the financial year	-	(12,014)	-	(6,007)
Foreign exchange differences	(2,050)	649	(2,050)	649
Balance at end of the financial year	61,714	62,585	61,760	62,620

30. SHARE CAPITAL

	Number of ordinary shares Group and Bank 2018 Units'000	Number of ordinary shares Group and Bank 2017 Units'000	Group and Bank 2018 RM'000	Group and Bank 2017 RM'000
Issued and fully paid				
Balance at beginning of the financial year	820,364	820,364	1,763,208	820,364
Balance in share premium account transferred in as paid up share capital	-	-	-	942,844
Balance at end of the financial year	820,364	820,364	1,763,208	1,763,208

31. RESERVES

	Note	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Statutory reserve	(a)	-	980,969	-	980,969
Regulatory reserve	(b)	372,133	163,820	372,133	163,820
Merger reserve	(c)	104,149	104,149	-	-
Available-for-sale deficit	(d)	(23,387)	(12,232)	(23,518)	(12,233)
Cash flow hedging reserve	(e)	3,174	3,010	3,174	3,010
Foreign currency translation reserve	(f)	49,075	127,243	52,974	119,797
Retained earnings	(g)	6,641,531	5,657,191	6,700,583	5,371,939
		7,146,675	7,024,150	7,105,346	6,627,302

(a) Statutory reserve was maintained in compliance with Section 47(2)(f) of the Financial Service Act, 2013 and was not distributable as cash dividends. During the current financial year, pursuant to BNM's revised policy documents, Capital Funds issued on 3 May 2017, the balance in the Statutory Reserve was transfered to Retained Earnings as under the revised policy documents, the Bank is no longer required to maintain a reserve fund.

(b) Regulatory reserve is maintained in accordance with BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing as an additional credit risk absorbent.

(c) Merger reserve represents reserve arising from the acquisitions of AmLabuan Holdings (L) Ltd and AmCard Services Berhad which were accounted for using the merger accounting method.

(d) Available-for-sale deficit represents the unrealised fair value gain/(losses) on financial investments available-for-sale.

(e) Cash flow hedging reserve comprises the portion of the gains on hedging instruments in a cash flow hedge that is determined to be an effective hedge.

(f) Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Bank's and the Group's functional currency.

(g) The Bank can distribute dividends out of its entire retained earnings under the single-tier system.

32. NON-CONTROLLING INTERESTS

	Group 2018 RM'000	Group 2017 RM'000
Balance at beginning of the financial year	63	62
Share in net results of subsidiaries	1	1
Balance at end of the financial year	64	63

33. INTEREST INCOME

	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Short-term funds and deposits with financial institutions	126,236	86,895	122,783	79,314
Financial assets held-for-trading	212,321	108,476	212,321	108,476
Financial investments available-for-sale	220,970	273,769	223,185	276,848
Financial investments held-to-maturity	77,716	82,321	77,716	82,321
Loans and advances	3,424,177	3,216,837	3,417,114	3,208,572
Investment account	92,281	60,633	92,281	60,633
Impaired loans and advances	18,183	7,498	18,183	7,498
Others	84,343	62,135	84,343	62,135
	4,256,227	3,898,564	4,247,926	3,885,797

34. INTEREST EXPENSE

	Group 2018 RM'000	Group 2017 (Restated) (Note 54) RM'000	Bank 2018 RM'000	Bank 2017 (Restated) (Note 54) RM'000
Deposits from customers	2,033,891	1,848,321	2,034,486	1,849,656
Deposits and placements of banks and other financial institutions	97,667	43,782	99,254	46,179
Recourse obligation on loans sold to Cagamas Berhad	129,809	107,503	129,809	107,503
Term funding	141,788	194,344	141,788	194,344
Debt capital	201,226	176,218	201,226	176,218
Others	8,756	6,001	8,756	6,001
	2,613,137	2,376,169	2,615,319	2,379,901

35. OTHER OPERATING INCOME

	Note	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Fee and commission income:					
Bancassurance commission		29,802	29,683	29,801	29,669
Brokerage fees, commission and rebates		3,417	1,921	3,417	1,921
Card operation charges		-	3,821	-	3,821
Fees on loans, advances and securities		151,217	169,461	151,114	169,118
Fees, service and commission charges		33,971	34,001	33,932	34,176
Guarantee fees		62,517	62,099	62,517	62,099
Remittances		20,792	19,303	20,792	19,303
Other fee and commission income		54,782	31,215	54,773	31,204
		356,498	351,504	356,346	351,311
Investment and trading income:					
Foreign exchange gain[1]		12,126	67,429	12,126	67,429
Dividend income/distribution from:					
Financial assets held-for-trading		8,868	6,946	8,868	6,946
Financial investments available-for-sale		1,492	3,077	1,492	3,077
Subsidiaries[2]		-	-	397,872	-
Net gain on sale/redemption of:					
Financial assets held-for-trading		27,970	85,517	27,970	85,517
Financial investments available-for-sale		66,503	29,280	66,503	29,277
Financial investments held-to-maturity		-	47	-	47
Net gain/(loss) on revaluation of financial assets held-for-trading		28,648	(1,790)	28,648	(1,790)
Net gain on derivatives		57,139	28,094	57,139	28,094
Gain on disposal of an associate		-	1,391	-	2,179
Others		7,867	9,809	7,867	10,126
		210,613	229,800	608,485	230,902
Other income:					
Gain on disposal of foreclosed properties		44,659	108,061	44,659	108,061
Gain on repayment of capital by a subsidiary	18(c)(iii)	7,679	-	-	-
Net gain on disposal of asset held for sale		252	368	252	368
Net gain on disposal of property and equipment		2,600	83	551	83
Net non-trading foreign exchange gain		1,206	989	1,198	998
Profit from sale of goods and services		12,864	9,108	12,864	9,108
Rental income		4,452	3,748	4,035	3,268
Others		9,200	8,266	14,467	8,374
		82,912	130,623	78,026	130,260
		650,023	711,927	1,042,857	712,473

[1] Foreign exchange gain includes gains and losses from spot and forward contracts and other currency derivatives.

[2] Consists of dividend income from subsidiaries of RM54,176,000 (2017: Nil) and distribution from capital repayment by subsidiaries of RM343,696,000 (2017:Nil) as disclosed in Note 18.

36. OTHER OPERATING EXPENSES

	Note	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Personnel costs[1]:					
Medical		33,036	17,607	33,022	17,595
Insurance		25,472	23,488	25,452	23,463
Contributions to EPF/Private Retirement Scheme[2]		121,382	107,282	121,492	107,831
Salaries, bonuses, allowances and incentives		757,524	685,431	758,207	688,866
Shares and options granted under ESS ESS - (writeback)/charge		(6,032)	(8,117)	(6,032)	(7,893)
Social security cost		7,040	6,164	7,038	6,158
Recruitment costs		27,386	26,187	27,386	26,187
Training		12,360	4,495	12,360	4,494
Other staff benefits		129,042	6,216	129,018	6,215
Expenses capitalised		(8,515)	(8,741)	(8,515)	(8,741)
		1,098,695	860,012	1,099,428	864,175
Establishment costs:					
Amortisation of intangible assets	22	85,244	82,112	85,244	82,110
Cleaning, maintenance and security		19,859	24,063	19,075	23,258
Computerisation cost		140,873	142,973	140,873	142,973
Depreciation of property and equipment	21	50,042	40,959	49,489	40,471
Rental of premises		81,921	83,424	83,971	85,590
Others		32,499	37,458	31,972	36,897
Expenses capitalised		(561)	(103)	(561)	(103)
		409,877	410,886	410,063	411,196
Marketing and communication expenses:					
Advertising and marketing		14,690	25,881	14,689	25,881
Commission		4,770	11,797	4,770	11,796
Communication		40,477	39,751	40,578	39,742
Others		5,891	6,491	5,891	6,483
		65,828	83,920	65,928	83,902
Administration and general expenses:					
Bank charges		7,853	6,555	7,850	6,553
Insurance		3,434	4,253	3,375	4,202
Professional services[1]		97,441	68,685	97,189	68,417
Travelling		4,473	4,353	4,471	4,350
Subscriptions, newspaper and periodical		1,212	2,691	1,212	2,691
Others		104,827	66,483	104,785	66,355
		219,240	153,020	218,882	152,568
Service transfer pricing recovery, net		(365,601)	(341,109)	(365,610)	(341,132)
		1,428,039	1,166,729	1,428,691	1,170,709

1 During the current financial year, the AMMB Group had offered its eligible employees a Mutual Separation Scheme ("MSS"). As at 31 March 2018, the AMMB Group had completed its MSS exercise and the payout by the Bank from this exercise taken up under personnel costs and professional fees amounted to approximately RM141.2 million. The MSS was introduced as part of the AMMB Group's Top Four Strategy, to enhance efficiency and productivity within the AMMB Group. To aid employees with this transition, career transition programmes, workshops and on-ground job search support continues to be provided.

2 Contribution to Employees' Provident Fund ("EPF") (a substantial shareholder of the holding company) for the Group and the Bank amounted to RM111,332,000 and RM111,441,000 (2017: RM101,696,000 and RM102,245,000) respectively.

36. OTHER OPERATING EXPENSES (CONT'D.)

Included in operating expenses are the following:

	Note	Group 2018 RM'000	Group 2017 RM'000	Bank 2018 RM'000	Bank 2017 RM'000
Auditors' remuneration:					
Parent auditor					
- Audit		2,857	1,228	2,815	1,110
- Regulatory and assurance related		978	410	978	410
- Other services		1,559	2,202	1,559	2,202
Firm affiliated with parent auditor					
- Audit		-	21	-	-
Hire of office equipment		7,762	7,291	7,762	7,280
Operating lease		26,639	26,625	26,639	26,625
Property and equipment written off	21	132	25	132	25
Intangible written off	22	262	-	262	-
Rental of premises					
- Subsidiaries		-	-	2,050	2,178
- Others		81,921	83,424	81,921	83,412

37. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors of the Bank are as follows:

	Remuneration received from Group and Bank		
2018	**Fees RM'000**	**Other emoluments RM'000**	**Total RM'000**
Chief Executive Officer:			
Dato' Sulaiman Bin Mohd Tahir *	-	-	-
	-	-	-
Non-Executive Directors:			
Tan Sri Azman Hashim	160	422	582
Raymond Fam Chye Soon	150	85	235
Voon Seng Chuan	150	77	227
Dato' Sri Abdul Hamidy Abdul Aziz	150	61	211
Dr Veerinderjeet Singh a/l Tejwant Singh	125	65	190
	735	710	1,445
Total remuneration (Note 43(d))	735	710	1,445
2017			
Chief Executive Officer:			
Dato' Sulaiman Bin Mohd Tahir *	-	-	-
	-	-	-
Non-Executive Directors:			
Tan Sri Azman Hashim	160	429	589
Raymond Fam Chye Soon	150	93	243
Voon Seng Chuan	150	88	238
Dato' Sri Abdul Hamidy Abdul Aziz	150	68	218
Graham Kennedy Hodges **	37	18	55
Kevin Paul Corbally **	33	17	50
	680	713	1,393
Total remuneration (Note 43(d))	680	713	1,393

* The remuneration for Chief Executive Officer of the Bank was paid by AMMB Holdings Berhad and the portion reimbursed by the Bank during the financial year of RM3,444,000 (2017: RM2,431,000) was taken up under service transfer pricing expenses.

** Payable to Australia and New Zealand Banking Group Limited.

38. WRITEBACK OF ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans and advances:				
Individual allowance (Note 14(i))	76,158	236,032	76,158	236,032
Collective allowance (Note 14(i))	207,122	178,540	207,205	178,694
	283,280	414,572	283,363	414,726
Impaired loans and advances recovered, net	(345,911)	(562,917)	(345,911)	(562,944)
	(62,631)	(148,345)	(62,548)	(148,218)

39. IMPAIRMENT LOSS ON FINANCIAL INVESTMENTS

	Group and Bank	
	2018	2017
	RM'000	RM'000
Financial investments available-for-sale	27,523	-

40. TAXATION

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Estimated tax payable	247,280	99,664	244,578	90,900
Under/(over) provision in prior financial years	72,199	(7,138)	70,388	(7,160)
Effect arising from the pooling of interests	-	-	-	5,935
	319,479	92,526	314,966	89,675
Deferred tax (Note 17):				
- Origination and reversal of temporary differences	(82,707)	181,419	(82,964)	181,419
- Over provision of deferred tax in prior financial years	(53,495)	(569)	(54,165)	(569)
	(136,202)	180,850	(137,129)	180,850
Taxation	183,277	273,376	177,837	270,525

Domestic income tax is calculated at the statutory tax rate of 24% (2017: 24%) on the estimated chargeable profit for the financial year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The computation of deferred tax for the current financial year is based on the tax rate of 24% (2017: 24%).

40. TAXATION (CONT'D.)

A reconciliation of taxation applicable to profit before taxation at the statutory tax rate to taxation at the effective tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2018	2017	2018	2017 (Restated) (Note 54)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	892,518	1,226,894	1,231,381	1,212,836
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	214,204	294,455	295,531	291,081
Effect of different tax rates in Labuan	(9,979)	(12,849)	(9,979)	(12,838)
Expenses not deductible for tax purposes	18,564	9,424	28,634	9,855
Income not subject to tax	(56,402)	(8,581)	(150,758)	(8,478)
Tax recoverable recognised on income subject to tax remission	(1,814)	(1,366)	(1,814)	(1,366)
Under/(over) provision of current tax in prior financial years	72,199	(7,138)	70,388	(7,160)
Over provision of deferred tax in prior financial years	(53,495)	(569)	(54,165)	(569)
Total taxation	183,277	273,376	177,837	270,525

41. EARNINGS PER SHARE

	Group		Bank	
	2018	2017	2018	2017
Net profit attributable to equity holder of the Bank (RM'000)	709,240	953,517	1,053,544	942,311
Number of ordinary shares at beginning and end of the financial year representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/Diluted earnings per share (sen)	86.45	116.23	128.42	114.86

42. DIVIDENDS

	Group and Bank 2018 RM'000	Group and Bank 2017 RM'000
Recognised during the financial year:		
Final single-tier cash dividend of 39.50 sen per ordinary share in respect of financial year ended 31 March 2017 (2017: 36.00 sen per ordinary share in respect of the financial year ended 31 March 2016)	324,044	295,331
First interim single-tier cash dividend of 21.00 sen per ordinary share in respect of financial year ended 31 March 2018 (2017: 21.00 sen per ordinary share in respect of the financial year ended 31 March 2017)	172,276	172,276
	496,320	467,607
Proposed but not recognised as a liability:		
Final single-tier cash dividend of 30.50 sen per ordinary share in respect of financial year ended 31 March 2018 (2017: 39.50 sen per ordinary share)	250,211	324,044

The Directors propose the payment of a final single-tier dividend of 30.50 sen per ordinary share on 820,363,762 ordinary shares amounting to approximately RM250,210,947 in respect of the current financial year ended 31 March 2018. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2019.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or if one party controls both parties.

The related parties of the Group and the Bank are:

(a) Subsidiaries

Details of subsidiaries are disclosed in Note 18.

(b) Related companies

These are subsidiaries of the holding company.

(c) Associates and joint ventures of the holding company ("Associates and joint ventures")

Details of associates are disclosed in Note 19.

The joint ventures of the holding company are AmMetlife Takaful Berhad and AmMetlife Insurance Berhad.

(d) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank, either directly or indirectly. The key management personnel of the Group and the Bank includes the Chief Executive Officer, Executive and Non-Executive directors of the Bank and certain members of the senior management of the Group (including close members of their families).

(e) Companies in which certain directors have substantial financial interest

These are entities in which significant voting power in such entities, either directly or indirectly, resides with certain directors of the Bank.

(f) Companies which have significant influence over the Group

These are entities who are substantial shareholders (including its related parties) of the holding company of the Bank.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the financial year:

Group	Related companies 2018 RM'000	Related companies 2017 RM'000	Associates and joint ventures 2018 RM'000	Associates and joint ventures 2017 RM'000	Key management personnel 2018 RM'000	Key management personnel 2017 RM'000	Companies in which certain Directors have substantial financial interest 2018 RM'000	Companies in which certain Directors have substantial financial interest 2017 RM'000	Companies which significant influence over the Group 2018 RM'000	Companies which significant influence over the Group 2017 RM'000
Income										
Bancassurance commission	18,187	15,972	11,570	13,697	-	-	-	-	-	-
Fee income	-	-	-	-	31	39	-	-	-	-
Interest on deposits	25,483	25,437	-	-	-	-	-	-	-	-
Interest on investment accounts	92,281	60,633	-	-	-	-	-	-	-	-
Interest on financial investments available-for-sale	-	-	-	-	-	-	-	-	-	-
Interest on loans and advances	-	-	24,330	25,052	147	72	9,341	9,275	-	-
Loss on derivatives	(1,515)	(3,043)	-	-	-	-	-	-	-	-
Card operation income	-	3,821	-	-	-	-	-	-	-	-
Service transfer pricing income	390,819	381,849	-	-	-	-	-	-	-	-
	525,255	484,669	35,900	38,749	178	111	9,341	9,275	-	-
Expenses										
Interest on debt capital and term funding	27,831	1,211	-	-	-	-	-	-	-	25,283
Interest on deposits	11,719	8,087	-	-	1,284	1,012	194	85	-	380
Insurance premium	-	-	21,733	20,343	-	-	-	66	-	-
Professional fees	-	-	-	-	-	-	-	-	-	-
Rental	1,960	1,923	2,681	3,577	-	-	496	348	-	-
Service transfer pricing expense	25,218	40,740	-	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	285	-	-	-
Marketing	-	-	1,524	-	-	-	1,683	24	-	-
Travelling	-	-	-	-	-	-	1,098	2,219	-	-
	66,728	51,961	25,938	23,920	1,284	1,012	3,756	2,742	-	25,663

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the financial year (Cont'd.):

Bank	Subsidiaries		Related companies		Associates and joint ventures		Key management personnel		Companies in which certain Directors have substantial financial interest		Companies which have significant influence over the Group	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income												
Bancassurance commission	-	-	18,187	15,972	11,570	13,697	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	31	39	-	-	-	-
Interest on deposits	-	-	22,030	18,882	-	-	-	-	-	-	-	-
Interest on investment accounts	-	-	92,281	60,633	-	-	-	-	-	-	-	-
Interest on financial investments available-for-sale	2,215	3,079	-	-	-	-	-	-	-	-	-	-
Interest on loans and advances	4,953	4,482	-	-	24,330	25,052	147	72	9,341	9,275	-	-
Card operation income	-	-	-	3,821	-	-	-	-	-	-	-	-
Loss on derivatives	-	-	(1,515)	(3,043)	-	-	-	-	-	-	-	-
Service fee	1,495	1,464	-	-	-	-	-	-	-	-	-	-
Service transfer pricing income	9	23	390,819	381,849	-	-	-	-	-	-	-	-
	8,672	9,048	521,802	478,114	35,900	38,749	178	111	9,341	9,275	-	-
Expenses												
Interest on debt capital and term funding	45,000	45,000	27,831	1,211	-	-	-	-	-	-	-	25,283
Interest on deposits	593	1,081	11,719	8,338	3	3	1,284	1,012	194	85	-	380
Insurance premium	-	-	-	-	21,733	20,343	-	-	-	59	-	-
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-
Rental	2,050	2,178	1,960	1,923	2,681	3,577	-	-	496	348	-	-
Service transfer pricing expense	-	-	25,218	40,740	-	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	-	-	285	-	-	-
Marketing	-	-	-	-	1,524	-	-	-	1,683	285	-	-
Travelling	-	-	-	-	-	-	-	-	1,098	2,216	-	-
	47,643	48,259	66,728	52,212	25,941	23,923	1,284	1,012	3,756	2,993	-	25,663

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(b) The significant outstanding balances of the Group and the Bank with its related parties are as follows:

Group	Related companies 2018 RM'000	Related companies 2017 RM'000	Associates and joint ventures 2018 RM'000	Associates and joint ventures 2017 RM'000	Key management personnel 2018 RM'000	Key management personnel 2017 RM'000	Companies in which certain Directors have substantial financial interest 2018 RM'000	Companies in which certain Directors have substantial financial interest 2017 RM'000	Companies which have significant influence over the Group 2018 RM'000	Companies which have significant influence over the Group 2017 RM'000
Assets:										
Cash and short-term funds	152,533	103,829	-	-	-	-	-	-	-	-
Deposits and placements	450,000	450,000	-	-	-	-	-	-	-	-
Investment account	2,859,110	1,600,000	-	-	-	-	-	-	-	-
Derivative financial assets	13,270	33,851	-	-	-	-	-	-	-	-
Loans and advances	-	73	553,124	542,413	3,344	3,907	200,395	73,027	-	-
Interest receivable	15,932	10,484	-	-	-	-	-	-	-	-
	3,490,845	2,198,237	553,124	542,413	3,344	3,907	200,395	73,027	-	-
Liabilities:										
Deposits and placements	518,379	374,347	-	-	58,841	55,647	30,879	3,013	12,329	11,064
Term funding	-	-	-	-	-	-	-	-	-	-
Debt capital	1,025,000	500,000	-	-	-	-	-	-	-	-
Derivative financial liabilities	82,575	14,240	-	-	-	-	-	-	-	-
Interest payable	4,002	351	-	-	1	-	-	-	-	-
	1,629,956	888,938	-	-	58,842	55,647	30,879	3,013	12,329	11,064
Commitments and contingencies:										
Contingent liabilities	9,838	25,566	8,960	2,380	-	-	25,000	-	179,161	212,817
Commitments	55,162	489	517,648	35	3,832	4,154	137,500	161,814	260,000	115
Contract/Notional amount for derivatives	1,673,763	2,004,664	-	-	-	-	-	-	-	-
	1,738,763	2,030,719	526,608	2,415	3,832	4,154	162,500	161,814	439,161	212,932

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(b) The significant outstanding balances of the Group and the Bank with its related parties are as follows (Cont'd.):

Bank	Subsidiaries 2018 RM'000	Subsidiaries 2017 RM'000	Related companies 2018 RM'000	Related companies 2017 RM'000	Associates and joint ventures 2018 RM'000	Associates and joint ventures 2017 RM'000	Key management personnel 2018 RM'000	Key management personnel 2017 RM'000	Companies in which certain Directors have substantial financial interest 2018 RM'000	Companies in which certain Directors have substantial financial interest 2017 RM'000	Companies which have significant influence over the Group 2018 RM'000	Companies which have significant influence over the Group 2017 RM'000
Assets:												
Cash and short-term funds	-	-	150,000	100,000	-	-	-	-	-	-	-	-
Deposits and placements	-	-	450,000	450,000	-	-	-	-	-	-	-	-
Investment account	-	-	2,859,110	1,600,000	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	13,270	33,851	-	-	-	-	-	-	-	-
Financial investments available-for-sale	34,499	42,361	-	-	-	-	-	-	-	-	-	-
Loans and advances	88,508	85,593	-	73	553,124	542,413	3,344	3,907	200,395	73,027	-	-
Interest receivable	-	-	15,932	10,483	-	-	-	-	-	-	-	-
	123,007	127,954	3,488,312	2,194,407	553,124	542,413	3,344	3,907	200,395	73,027	-	-
Liabilities:												
Deposits and placements	13,569	175,802	518,379	374,347	103	100	58,841	55,647	30,879	3,013	12,329	11,064
Term funding	-	-	-	-	-	-	-	-	-	-	-	-
Debt capital	500,000	500,000	1,025,000	500,000	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	82,575	14,240	-	-	-	-	-	-	-	-
Interest payable	3,552	3,574	4,002	351	3	3	1	-	-	-	-	-
	517,121	679,376	1,629,956	888,938	106	103	58,842	55,647	30,879	3,013	12,329	11,064
Commitments and contingencies:												
Contingent liabilities	-	22,115	9,838	25,566	8,960	2,380	-	-	25,000	-	179,161	212,817
Commitments	61,839	-	55,162	489	517,648	35	3,832	4,154	137,500	161,814	260,000	115
Contract/Notional amount for derivatives	-	-	1,673,763	2,004,664	-	-	-	-	-	-	-	-
	61,839	22,115	1,738,763	2,030,719	526,608	2,415	3,832	4,154	162,500	161,814	439,161	212,932

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(c) The transactions between the Bank and related parties were executed at terms agreed between the parties during the financial year.

(d) Key management personnel compensation

The remuneration of directors of the Bank and other key management personnel during the year are as follows:

		Group		Bank	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors:					
Fees	37	735	680	735	680
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	37	710	713	710	713
		1,445	1,393	1,445	1,393
Other key management personnel:					
Salaries and other remuneration		48	3,898	48	3,898
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)		8	729	8	729
Share-based payment		-	130	-	130
		56	4,757	56	4,757

44. CREDIT TRANSACTIONS AND EXPOSURE WITH CONNECTED PARTIES

	Group		Bank	
	2018	2017	2018	2017
Outstanding credit exposures with connected parties (RM'000)	2,168,123	1,821,388	2,303,602	1,883,287
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	2.71	2.38	2.89	2.46
Percentage of outstanding credit exposures to connected parties which is impaired or in default (%)	0.42	0.01	0.40	0.01

The disclosure on credit transactions and exposure with connected parties above is presented in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014. Based on these guidelines, a connected party refers to the following:

(a) directors of the Bank and their close relatives;

(b) controlling shareholder and his close relatives;

(c) influential shareholder and his close relatives;

(d) executive officer being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank and his close relatives;

(e) officers and his close relatives; officer refers to those responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually;

44. CREDIT TRANSACTIONS AND EXPOSURE WITH CONNECTED PARTIES (CONT'D.)

(f) firms, partnerships, companies or any legal entities which control, or are controlled by, any person listed in (a) to (e) above, or in which they have interest as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(g) any person for whom the persons listed in (a) to (e) above is a guarantor; and

(h) subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed include the extension of credit facility and/or commitments and contingencies transactions that give rise to credit/counterparty risk, the underwriting and acquisition of equities and corporate bonds and/or sukuk issued by the connected parties.

The credit transactions with connected parties are all transacted on an arm's length basis and on terms and conditions not more favourable than those entered with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

45. CAPITAL COMMITMENTS

	Group and Bank	
	2018 RM'000	2017 RM'000
Authorised and contracted for:		
Purchase of computer equipment and software	34,088	16,915
Leasehold improvements	4,740	2,240
	38,828	19,155
Authorised but not contracted for:		
Purchase of computer equipment and software	79,607	116,684
	118,435	135,839

46. OPERATING LEASE COMMITMENTS

The Group and the Bank have lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating lease. The future minimum lease payments under the non-cancellable operating lease, net of sub-leases are as follows:

	Group		Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
One year or less	63,768	49,154	63,768	49,154
Over one year to five years	49,259	59,309	49,259	59,309
Over five years	-	5	-	5
	113,027	108,468	113,027	108,468

The minimum lease rentals are not adjusted for operating expenses which the Group and the Bank are obligated to pay. These amounts are insignificant in relation to the minimum lease obligations. In the normal course of business, leases that expire will be renewed or replaced by leases on other properties, thus it is anticipated that future annual minimum lease commitments will not be less than rental expenses for the financial year.

47. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilitieswith legal recourse to their 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Contingent liabilities				
Direct credit substitutes	1,832,161	1,817,399	1,832,161	1,817,399
Transaction related contingent items	5,033,552	5,101,771	5,033,552	5,123,886
Short term self liquidating trade related contingencies	638,415	785,111	638,415	785,111
Obligations under on-going underwriting agreements	50,000	85,000	50,000	85,000
	7,554,128	7,789,281	7,554,128	7,811,396
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	13,522,423	13,559,443	13,584,262	13,624,180
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,294,066	3,067,133	3,294,066	3,067,133
Unutilised credit card lines	3,918,163	2,847,424	3,918,163	2,847,424
Forward asset purchases	138,023	670,621	138,023	670,621
Others	-	-	50	50
	20,872,675	20,144,621	20,934,564	20,209,408
Derivative financial instruments				
Foreign exchange related contracts				
- One year or less	47,702,318	46,187,005	47,702,318	46,187,005
- Over one year to five years	2,574,260	1,828,562	2,574,260	1,828,562
- Over five years	1,475,917	2,140,212	1,475,917	2,140,212
Interest rate related contracts				
- One year or less	10,715,515	9,810,942	10,715,515	9,810,942
- Over one year to five years	32,408,108	30,835,847	32,408,108	30,835,847
- Over five years	11,047,618	9,598,780	11,047,618	9,598,780
Credit related contracts				
- Over one year to five years	334,505	361,251	334,505	361,251
Equity and commodity related contracts				
- One year or less	797,179	228,591	797,179	228,591
- Over one year to five years	418,626	83,396	418,626	83,396
	107,474,046	101,074,586	107,474,046	101,074,586
Total	135,900,849	129,008,488	135,962,738	129,095,390

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
Group			
2018			
ASSETS			
Cash and short-term funds	3,716,029	-	3,716,029
Deposits and placements with banks and other financial institutions	450,000	-	450,000
Investment account	495,285	2,363,825	2,859,110
Derivative financial assets	591,350	542,703	1,134,053
Financial assets held-for-trading	8,041,941	-	8,041,941
Financial investments available-for-sale	783,909	4,011,082	4,794,991
Financial investments held-to-maturity	49	1,802,556	1,802,605
Loans and advances	14,455,408	52,866,342	67,321,750
Receivables: Investments not quoted in active markets	-	1,149,600	1,149,600
Statutory deposit with Bank Negara Malaysia	-	2,012,837	2,012,837
Deferred tax assets	-	42,835	42,835
Other assets	1,048,719	229,239	1,277,958
Property and equipment	-	129,524	129,524
Intangible assets	-	400,376	400,376
TOTAL ASSETS	29,582,690	65,550,919	95,133,609
LIABILITIES			
Deposits from customers	67,754,483	1,999,045	69,753,528
Deposits and placements of banks and other financial institutions	2,872,038	49,473	2,921,511
Recourse obligation on loans sold to Cagamas Berhad	2,528,214	1,225,002	3,753,216
Derivative financial liabilities	782,651	499,037	1,281,688
Term funding	1,040,066	1,708,754	2,748,820
Debt capital	1,499,871	2,080,000	3,579,871
Other liabilities	2,106,317	78,711	2,185,028
TOTAL LIABILITIES	78,583,640	7,640,022	86,223,662

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled (Cont'd.).

	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
Group			
2017 (Restated)			
ASSETS			
Cash and short-term funds	5,989,301	-	5,989,301
Securities purchased under resale agreements	10,369	-	10,369
Deposits and placements with banks and other financial institutions	450,000	-	450,000
Investment account	-	1,600,000	1,600,000
Derivative financial assets	474,013	698,119	1,172,132
Financial assets held-for-trading	5,862,496	-	5,862,496
Financial investments available-for-sale	562,162	5,096,551	5,658,713
Financial investments held-to-maturity	294,470	1,783,035	2,077,505
Loans and advances	15,197,601	47,133,845	62,331,446
Receivables: Investments not quoted in active markets	-	1,172,157	1,172,157
Statutory deposit with Bank Negara Malaysia	-	1,760,114	1,760,114
Deferred tax assets	-	995	995
Other assets	1,404,476	496,354	1,900,830
Property and equipment	-	161,459	161,459
Intangible assets	-	406,506	406,506
Asset held for sale	2,091	-	2,091
TOTAL ASSETS	30,246,979	60,309,135	90,556,114
LIABILITIES			
Deposits from customers	65,333,487	2,075,677	67,409,164
Deposits and placements of banks and other financial institutions	946,883	23,575	970,458
Securities sold under resale agreements	9,464	-	9,464
Recourse obligation on loans sold to Cagamas Berhad	1,161,826	1,501,279	2,663,105
Derivative financial liabilities	284,606	674,288	958,894
Term funding	1,302,322	2,927,620	4,229,942
Debt capital	-	3,194,706	3,194,706
Deferred tax liabilities	-	97,832	97,832
Other liabilities	2,160,485	74,643	2,235,128
TOTAL LIABILITIES	71,199,073	10,569,620	81,768,693

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled (Cont'd.).

	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
Bank			
2018			
ASSETS			
Cash and short-term funds	3,711,118	-	3,711,118
Deposits and placements with banks and other financial institutions	450,000	-	450,000
Investment account	495,285	2,363,825	2,859,110
Derivative financial assets	591,350	542,703	1,134,053
Financial assets held-for-trading	8,041,941	-	8,041,941
Financial investments available-for-sale	783,909	4,045,503	4,829,412
Financial investments held-to-maturity	49	1,802,556	1,802,605
Loans and advances	14,542,455	52,709,284	67,251,739
Receivables: Investments not quoted in active markets	-	1,149,600	1,149,600
Statutory deposit with Bank Negara Malaysia	-	2,012,837	2,012,837
Deferred tax assets	-	42,813	42,813
Investment in subsidiaries	-	31,535	31,535
Investment in an associate	-	22	22
Other assets	1,041,850	229,006	1,270,856
Property and equipment	-	108,754	108,754
Intangible assets	-	400,376	400,376
TOTAL ASSETS	29,657,957	65,438,814	95,096,771
LIABILITIES			
Deposits from customers	67,758,186	1,999,045	69,757,231
Deposits and placements of banks and other financial institutions	2,884,137	49,473	2,933,610
Recourse obligation on loans sold to Cagamas Berhad	2,528,214	1,225,002	3,753,216
Derivative financial liabilities	782,651	499,037	1,281,688
Term funding	1,040,066	1,708,754	2,748,820
Debt capital	1,499,871	2,080,000	3,579,871
Other liabilities	2,095,070	78,711	2,173,781
TOTAL LIABILITIES	78,588,195	7,640,022	86,228,217

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled (Cont'd.).

	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
Bank			
2017 (Restated)			
ASSETS			
Cash and short-term funds	5,758,942	-	5,758,942
Securities purchased under resale agreements	10,369	-	10,369
Deposits and placements with banks and other financial institutions	450,000	-	450,000
Investment account	-	1,600,000	1,600,000
Derivative financial assets	474,013	698,119	1,172,132
Financial assets held-for-trading	5,862,496	-	5,862,496
Financial investments available-for-sale	562,161	5,147,305	5,709,466
Financial investments held-to-maturity	294,470	1,783,035	2,077,505
Loans and advances	15,281,332	46,967,288	62,248,620
Receivables: Investments not quoted in active markets	-	1,172,157	1,172,157
Statutory deposit with Bank Negara Malaysia	-	1,760,114	1,760,114
Deferred tax assets	-	-	-
Investment in subsidiaries and other investment	-	74,277	74,277
Investment in an associate	-	22	22
Other assets	1,382,683	500,451	1,883,134
Property and equipment	-	139,987	139,987
Intangible assets	-	406,504	406,504
Asset held for sale	2,091	-	2,091
TOTAL ASSETS	30,078,557	60,249,259	90,327,816
LIABILITIES			
Deposits from customers	65,409,802	2,075,677	67,485,479
Deposits and placements of banks and other financial institutions	1,049,162	23,575	1,072,737
Securities sold under resale agreements	9,464	-	9,464
Recourse obligation on loans sold to Cagamas Berhad	1,161,826	1,501,279	2,663,105
Derivative financial liabilities	284,606	674,288	958,894
Term funding	1,302,322	2,927,620	4,229,942
Debt capital	-	3,194,706	3,194,706
Deferred tax liabilities	-	97,828	97,828
Other liabilities	2,150,508	74,643	2,225,151
TOTAL LIABILITIES	71,367,690	10,569,616	81,937,306

49. CAPITAL MANAGEMENT

The capital and risk management of the banking subsidiaries of AMMB are managed collectively at AMMB Group level. The AMMB Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board. The capital plan ensures that adequate levels of capital and an optimum mix of different components of capital are maintained by the AMMB Group to support its strategy.

The capital plan takes the following into account:

(a) Regulatory capital requirements;
(b) Capital requirement to support business growth, strategic objectives, buffer for material regulatory risks and stress test results.

The AMMB Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them. In addition, the models enable the AMMB Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

Stress testing and scenario analysis are used to ensure that the AMMB Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the AMMB Group and how these events could be mitigated. The AMMB Group's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The AMMB Group's assessment of risk appetite is closely integrated with the AMMB Group's strategy, business planning and capital assessment processes, and is used to form senior management's views on the level of capital required to support the AMMB Group's business activities.

The AMMB Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the AMMB Group's management disciplines.

The capital that the AMMB Group is required to hold is determined by its statement of financial position, commitments and contingencies, counterparty and other risk exposures after applying collateral and other mitigants, based on the AMMB Group's risk rating methodologies and systems. BNM has the right to impose further capital requirements on Malaysian Financial Institutions.

The AMMB Group operates processes and controls to monitor and manage capital adequacy across the organisation. Where we operate in other jurisdictions, capital is maintained on the basis of the local regulator's requirements. It is overseen by the Group Assets and Liabilities Committee ("GALCO"). The GALCO committee is also responsible for managing the Group's statement of financial position, capital and liquidity.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee ("RMC") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels. The Audit and Examination Committee ("AEC") reviews specific risk areas and the issues discussed at the key capital management committees.

49. CAPITAL MANAGEMENT (CONT'D.)

GALCO proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. For the current financial year ended 31 March 2018 ("FY 2018"), these ranges are 9.5% to 11.5% for the Common Equity Tier 1 ("CET 1") capital ratio, 10.0% to 12.0% for the Tier 1 capital ratio and 14.0% to 16.0% for the Total capital ratio. The Group has been operating within these ranges.

The Capital and Balance Sheet Management Department, is responsible for the ongoing assessment of the demand for capital and the updating of the Group's capital plan.

Appropriate policies are also in place governing the transfer of capital within the Group. These ensure that capital is remitted as appropriate, subject to complying with regulatory requirements and statutory and contractual restrictions.

There are no current material, practical or legal impediments to the prompt transfer of capital resources in excess of those required for regulatory purposes or repayment of liabilities between the parent company, AMMB, and its group entities when due.

(a) Capital adequacy ratios

The capital adequacy ratios of the Group and the Bank as at 31 March are as follows:

	Group		Bank	
	2018	**2017**	**2018**	**2017**
Before deducting proposed dividend				
CET 1 Capital ratio	11.057%	11.942%	10.955%	11.230%
Tier 1 Capital ratio	12.009%	13.203%	11.903%	12.478%
Total Capital ratio	16.571%	16.840%	16.451%	16.073%
After deducting proposed dividend				
CET 1 Capital ratio	10.714%	11.471%	10.613%	10.764%
Tier 1 Capital ratio	11.666%	12.732%	11.561%	12.012%
Total Capital ratio	16.228%	16.369%	16.109%	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 2 February 2018, (replacing the same guidelines issued previously 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).

49. CAPITAL MANAGEMENT (CONT'D.)

(a) Capital adequacy ratios (Cont'd.)

Notes:

(ii) Pursuant to the revised BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 2 February 2018, the minimum capital adequacy ratios maintained under the guidelines remain consistant at 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

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

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

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

49. CAPITAL MANAGEMENT (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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
CET 1 Capital				
Ordinary shares	1,763,208	1,763,208	1,763,208	1,763,208
Retained earnings	6,641,531	5,657,191	6,700,583	5,371,939
Available-for-sale deficit	(23,387)	(12,232)	(23,518)	(12,233)
Foreign currrency translation reserve	49,075	127,243	52,974	119,797
Statutory reserve	-	980,969	-	980,969
Regulatory reserve	372,133	163,820	372,133	163,820
Merger reserve	104,149	104,149	-	-
Cash flow hedging reserve	3,174	3,010	3,174	3,010
Less : Regulatory adjustments applied on CET 1 Capital				
Intangible assets	(400,376)	(406,506)	(400,376)	(406,504)
Deferred tax assets	(66,659)	-	(66,637)	-
55% of cumulative gains of available-for-sale financial instruments	-	-	-	-
Cash flow hedging reserve	(3,174)	(3,010)	(3,174)	(3,010)
Regulatory reserve attributable to loans	(372,133)	(163,820)	(372,133)	(163,820)
Investments in ordinary shares of unconsolidated financial and insurance/takaful entities	-	-	(8,488)	(6,808)
Total CET 1 Capital	8,067,541	8,214,022	8,017,746	7,810,368
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	694,040	867,550	694,040	867,550
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	2	2	-	-
Total Tier 1 Capital	8,761,583	9,081,574	8,711,786	8,677,918
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,995,000	900,000	1,995,000	900,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	600,000	983,900	600,000	983,900
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
Collective allowance and regulatory reserves	733,999	618,235	734,013	618,212
Less : Regulatory adjustments applied on Tier 2 Capital	-	-	-	(1,702)
Total Tier 2 Capital	3,329,000	2,502,136	3,329,013	2,500,410
Total Capital	12,090,583	11,583,710	12,040,799	11,178,328

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

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Credit RWA	65,724,455	62,303,235	65,981,322	63,094,846
Market RWA	2,861,357	2,231,862	2,861,798	2,231,439
Operational RWA	4,001,549	4,219,239	3,973,753	4,190,538
Large exposure risk RWA for equity holdings	373,899	30,573	373,899	30,573
Total RWA	72,961,260	68,784,909	73,190,772	69,547,396

50. RISK MANAGEMENT

50.1 GENERAL RISK MANAGEMENT DISCLOSURE

Risk Management Framework

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework that forms the foundation of the AMMB Group to set its risk/reward profile.

The Risk Appetite Framework is approved annually by the Board taking into account the AMMB Group's desired external rating and targeted profitability/return on equity ("ROE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/amendments taking into account prevailing or expected changes to the environment that the AMMB Group operates in.

The Risk Appetite Framework provides portfolio limits/controls for Credit Risk, Traded Market Risk, Non-Traded Market Risk and Operational Risk incorporating, inter alia, limits/controls for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity and operational risk.

The AMMB Group Risk Direction

The AMMB Group's strategic direction is to be top 4 in each of the 4 growth segments (Mass Affluent, Affluent, Small and Medium Enterprise ("SME"), Mid-Corp), top 4 in each of the 4 focus products (Cards & Merchants, Transaction Banking, Markets, Wealth Management) and to sustain top 4 position in each of the current engines (Corporate Loans, Debt Capital Market ("DCM"), Funds Management).

1. The AMMB Group aims to maintain an external rating of AA1 or better based on reference ratings by RAM Rating Services Berhad ("RAM").

2. The AMMB Group aims to achieve and sustain a Return on Risk Weighted Assets ("RoRWA") in the range of 1.5% to 1.8%, based on AIRB.

3. The AMMB Group aims to maintain Available Financial Resources in excess of the capital requirements as estimated in the Internal Capital Adequacy Assessment Process ("ICAAP").

4. The AMMB Group recognizes the importance of funding its own business. It aims to maintain the following:
    a. Liquidity Coverage Ratio ("LCR") at least 10% above prevailing regulatory minimum
    b. Stressed LCR above the regulatory requirement
    c. Net Stable Funding Ratio ("NSFR") above the prevailing regulatory minimum (effective from 2019)

5. The AMMB Group aims to maintain the following Capital Adequacy Ratios (CARs) under normal conditions: CET 1, Tier 1 and total capital ratio of at least 2 percentage points above regulatory minimum.

6. The AMMB Group aims to maintain adequate controls for all key operational risks (including but not limited to regulatory, compliance, technology, conduct and reputational risks).
    a. Keep operational losses and regulatory penalties below 2% of PATMI.
    b. Remain vigilant in risk identification and management to protect its reputation and business franchise.

7. The AMMB Group aims to limit the Group's earnings volatility such that mean Adjusted Return volatility over a period of the last 3 years is Below 0.3**.

8. The AMMB Group aims to maintain RWA efficiency (Credit Risk weighted Assets/EAD) in the range of 50% to 60%, based on AIRB.

** *As per PIDM defination*

50. RISK MANAGEMENT (CONT'D.)

50.1 GENERAL RISK MANAGEMENT DISCLOSURE (CONT'D.)

Risk Management Governance

The Board is ultimately responsible for the management of risks within the AMMB Group. The RMC is formed to assist the Board in discharging its duties in overseeing the overall management of all risks including but not limited to market risk, liquidity risk, credit risk, operational risk, IT and cyber risk.

The Board has also established the Management Risk Committees to assist it in managing the risks and businesses of the Group. The Management Risk Committees address all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, compliance risk, reputational risk, product risk and business and IT project risk.

The AMMB Group has an independent risk management function, headed by the Group Chief Risk Officer who:

- is responsible for establishing an enterprise wide risk management framework in all areas including financial, credit, market, operational, reputational, security, technological and emerging risks.
- essentially champions and embeds a positive risk culture across the Group to ensure that risk taking activities across the Group are aligned to the Group's risk appetite and strategies.
- through the Risk Management Committee of Directors, has access to the Board and the boards of the respective banking entities to facilitate suitable escalation of issues of concern across the organization.

50.2 CREDIT RISK MANAGEMENT

The credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD") • Exposure at default ("EAD")
[illegible]	• Portfolio Limits, Counterparty Limits • Wholesale Pricing • Collateral and tailored facility structures
Monitoring/ Review	• Monitor and report portfolio mix • Review customer under Classified Accounts • Review customers under Reschedules and Restructured Account • Undertake post mortem review

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions.

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group's Risk Appetite Framework ("GRAF") and related credit policies.

For non-retail credits, risk assessment is a combination of both qualitative and quantitative assessment (including the financial standing of the customer or counterparty using the Bank's credit rating model where the scores are translated into rating grade) on the customer or counterparty. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Bank's credit exposures and the overall credit assessment is conducted either through a program lending or discretionary lending approach.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes.

To support credit risk management, our rating models for major portfolios have been upgraded to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- loan loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Lending activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board. The GRAF is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix. Credit risk portfolio management strategies include, amongst others:

- Concentration threshold/review trigger:
  - single counterparty credit;
  - industry sector; and
  - country.
- Setting Loan to Value limits for asset backed loans (that is, property exposures and other collateral);
- Classified Account processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured ("R&R") Account Management sets out the controls in managing R&R loan/financing pursuant to the BNM's revised policy on Classification and Impairment Provisions for Loans/ Financing; and
- Setting Guidelines on Wholesale Pricing which serve as a guide as to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

Individual credit risk exposure exceeding certain thresholds are escalated to Credit and Commitments Committee ("CACC") for approval. In the event such exposure exceeds CACC authority it will be submitted to Board Credit Committee ("BCC") for review or approval, as the case may be. Portfolio credit risk is reported to the relevant management and board committees.

The Group Management Risk Committee ("GMRC") regularly meets to review the quality and diversification of the Group's loan portfolio, and review the portfolio risk profile against the GRAF and recommend or approve new and amended credit risk policy.

Group Risk prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan delinquency buckets and exposures by industry sectors are reported monthly by Group Risk to executive management and to all meetings of the Board.

The Group applies the Standardised Approach to determine the regulatory capital charge related to credit risk exposure.

Credit Risk Exposure and Concentration

The Group's concentration of risk is managed by industry sector, risk grade asset quality and single customer limit ("SCL"). The Group applies single customer limits to monitor the large exposures to single counterparty risk.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements equals the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For committed facilities which are undrawn, the maximum exposure to credit risk is the full amount of the committed facilities.

The following tables show the maximum exposure to credit risk from financial instruments, including derivatives, by industry and by geography, before taking account of any collateral held or other credit enhancements.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis

2018 Group	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotel and restaurants RM'000	Transport, storage and communication RM'000	Subtotal RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account	-	-	-	-	-	-	-	-
Derivative financial assets	15,888	85,031	65,525	-	743	6,023	13,502	186,712
Financial assets held-for-trading								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	-	277,686	-	-	277,686
Total financial assets held-for-trading	-	-	-	-	277,686	-	-	277,686
Financial investments available-for-sale								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	93,475	-	70,574	282,265	897,825	91,015	138,088	1,573,242
Total financial investments available-for-sale	93,475	-	70,574	282,265	897,825	91,015	138,088	1,573,242
Financial investments held-to-maturity								
Unquoted Corporate bonds and sukuk	-	-	-	-	534,000	-	-	534,000
Total financial investments held-to-maturity	-	-	-	-	534,000	-	-	534,000
Loans and advances								
Hire purchase	1,066	1,366	9,166	133	10,801	66,093	34,689	123,334
Mortgage	8,091	1,665	67,302	2,637	65,675	101,865	14,498	261,753
Credit card	-	-	34	-	-	-	-	34
Others	76,014	11,052	291,542	7,077	227,018	483,651	69,743	1,166,297
Corporate loans and advances:								
Term loans and bridging loans	614,575	666,304	1,460,451	544,324	702,886	1,245,392	399,377	5,653,309
Revolving credits	432,716	91,346	1,098,512	276,076	753,244	393,663	368,939	3,414,498
Overdrafts	120,759	30,993	437,104	7,997	469,245	439,840	61,007	1,566,945
Trade (include Factoring)	149,672	35,645	3,127,391	9,735	630,242	1,896,064	196,611	6,045,360
Collective Allowance	-	-	-	-	-	-	-	-
Total loans and advances	1,602,893	858,411	6,491,502	847,981	2,859,111	4,626,768	1,144,864	18,431,530
Receivables: Investment not quoted in active markets	-	222,419	50,000	-	62,181	5,000	700,000	1,039,600
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	497	6,786	2,766	5,046	41,104	1,643	17,794	75,636
Commitments	530,989	593,625	3,504,560	275,858	3,636,721	1,686,602	691,062	10,919,417
Contingent liabilities	59,929	599,408	1,181,638	476,888	3,167,269	504,603	313,456	6,303,191
Total commitments and contingent liabilities	590,918	1,193,033	4,686,198	752,746	6,803,990	2,191,205	1,004,518	17,222,608

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2018 Group	Subtotal from previous page RM'000	Finance and insurance RM'000	Government and central banks RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	-	3,608,284	107,745	-	-	-	-	-	3,716,029
Deposits and placements with banks and other financial institutions	-	450,000	-	-	-	-	-	-	450,000
Investment account	-	2,859,110	-	-	-	-	-	-	2,859,110
Derivative financial assets	186,712	857,200	32,303	1,659	1,284	326	1,745	52,824	1,134,053
Financial assets held-for-trading									
Money Market Securities	-	4,808,484	1,120,194	-	-	-	-	-	5,928,678
Quoted Sukuk	-	37,962	-	-	-	-	-	-	37,962
Unquoted Corporate bonds and sukuk	277,686	913,378	-	150,451	-	-	-	284,126	1,625,641
Total financial assets held-for-trading	277,686	5,759,824	1,120,194	150,451	-	-	-	284,126	7,592,281
Financial investments available-for-sale									
Money Market Securities	-	-	558,562	-	-	-	-	-	558,562
Unquoted Corporate bonds and sukuk	1,573,242	1,101,081	-	222,233	19,478	-	-	892,469	3,808,503
Total financial investments available-for-sale	1,573,242	1,101,081	558,562	222,233	19,478	-	-	892,469	4,367,065
Financial investments held-to-maturity									
Unquoted Corporate bonds and sukuk	534,000	363,605	650,000	255,000	-	-	-	-	1,802,605
Total financial investments held-to-maturity	534,000	363,605	650,000	255,000	-	-	-	-	1,802,605
Loans and advances									
Hire purchase	123,334	235	-	2,749	9,732	7,148	12,395,864	695	12,539,757
Mortgage	261,753	-	-	125,269	65,706	72,911	24,540,378	6,846	25,072,863
Credit card	34	-	-	-	-	-	1,646,482	62	1,646,578
Others	1,168,297	233	-	105,304	123,266	114,526	45,593	13,888	1,569,109
Corporate loans and advances:									
Term loans and bridging loans	5,853,309	366,876	-	3,407,590	749,336	365,990	292,530	28,344	11,063,975
Revolving credits	3,414,498	1,162,127	-	1,820,459	132,016	39,222	964,472	19,660	7,552,454
Overdrafts	1,566,945	14,913	-	413,499	93,498	24,175	107,706	-	2,220,736
Trade (include Factoring)	6,045,360	18,986	-	588	59,052	-	-	32,844	6,156,830
Collective Allowance	-	-	-	-	-	-	-	-	(500,552)
Total loans and advances	18,431,530	1,563,370	-	5,875,458	1,232,608	623,972	39,993,025	102,339	67,321,750
Receivables: Investment not quoted in active markets	1,039,600	25,000	-	75,000	-	10,000	-	-	1,149,600
Statutory deposit with Bank Negara Malaysia	-	-	2,012,837	-	-	-	-	-	2,012,837
Other financial assets	75,636	468,418	311,195	7,632	84,645	263	6,026	60,567	994,382
Commitments	10,919,417	830,984	56,355	891,588	429,232	322,498	7,394,282	28,319	20,872,675
Contingent liabilities	6,303,191	256,005	-	686,268	122,507	66,914	606	118,637	7,554,128
Total commitments and contingent liabilities	17,222,608	1,086,989	56,355	1,577,856	551,739	389,412	7,394,888	146,956	28,426,803

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2017 Group	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotel and restaurants RM'000	Transport, storage and communication RM'000	Subtotal RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Securities purchased under resale agreements	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account	-	-	-	-	-	-	-	-
Derivative financial assets	5,705	183,134	72,722	-	3	4,071	4,444	270,079
Financial assets held-for-trading								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	260,128	54,816	-	10,135	325,079
Total financial assets held-for-trading	-	-	-	260,128	54,816	-	10,135	325,079
Financial investments available-for-sale								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	93,493	-	70,215	284,128	1,078,298	92,055	193,887	1,812,076
Total financial investments available-for-sale	93,493	-	70,215	284,128	1,078,298	92,055	193,887	1,812,076
Financial investments held-to-maturity								
Unquoted Corporate bonds and sukuk	-	-	-	-	568,362	-	-	568,362
Total financial investments held-to-maturity	-	-	-	-	568,362	-	-	568,362
Loans and advances								
Hire purchase	1,007	683	8,917	287	11,503	58,647	37,118	118,162
Mortgage	10,343	2,244	62,981	2,787	75,825	119,316	15,994	289,490
Credit card	-	-	183	-	19	-	2	204
Others	21,215	8,266	122,907	1,751	102,663	245,956	30,943	533,701
Corporate loans and advances:								
Term loans and bridging loans	1,057,992	675,819	1,256,907	349,174	791,794	1,210,281	425,357	5,767,324
Revolving credits	482,458	210,101	1,226,877	9,570	704,641	421,461	645,071	3,700,179
Overdrafts	136,903	21,910	377,900	9,158	444,774	392,707	61,548	1,444,900
Trade (include Factoring)	122,793	215,015	3,179,703	3,152	577,995	1,640,439	91,953	5,831,050
Collective Allowance	-	-	-	-	-	-	-	-
Total loans and advances	1,832,711	1,134,038	6,236,375	375,879	2,709,214	4,088,807	1,307,986	17,685,010
Receivables: Investment not quoted in active markets	-	244,976	50,000	-	62,181	5,000	700,000	1,062,157
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	534	7,542	2,857	7,715	29,040	1,643	18,594	67,925
Commitments	618,007	344,267	3,363,318	253,376	3,418,226	1,785,809	708,330	10,491,333
Contingent liabilities	65,394	520,359	1,082,409	614,415	2,998,068	542,498	449,245	6,272,388
Total commitments and contingent liabilities	683,401	864,626	4,445,727	867,791	6,416,294	2,328,307	1,157,575	16,763,721

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2017 Group	Subtotal from previous page RM'000	Finance and insurance RM'000	Government and central banks RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	-	4,517,036	1,472,265	-	-	-	-	-	5,989,301
Securities purchased under resale agreements	-	-	10,369	-	-	-	-	-	10,369
Deposits and placements with banks and other financial institutions	-	450,000	-	-	-	-	-	-	450,000
Investment account	-	1,600,000	-	-	-	-	-	-	1,600,000
Derivative financial assets	270,079	896,304	389	2,751	1,147	75	-	1,387	1,172,132
Financial assets held-for-trading									
Money Market Securities	-	-	4,160,309	-	-	-	-	-	4,160,309
Quoted Sukuk	-	38,207	-	-	-	-	-	-	38,207
Unquoted Corporate bonds and sukuk	325,079	555,578	-	10,000	-	-	-	485,204	1,375,861
Total financial assets held-for-trading	325,079	593,785	4,160,309	10,000	-	-	-	485,204	5,574,377
Financial investments available-for-sale									
Money Market Securities	-	20,387	1,203,618	-	-	-	-	-	1,224,005
Unquoted Corporate bonds and sukuk	1,812,076	1,192,466	-	192,169	19,433	-	-	981,757	4,197,901
Total financial investments available-for-sale	1,812,076	1,212,853	1,203,618	192,169	19,433	-	-	981,757	5,421,906
Financial investments held-to-maturity									
Unquoted Corporate bonds and sukuk	568,362	416,370	837,773	255,000	-	-	-	-	2,077,505
Total financial investments held-to-maturity	568,362	416,370	837,773	255,000	-	-	-	-	2,077,505
Loans and advances									
Hire purchase	118,162	33	-	1,686	9,045	10,238	12,323,358	1,463	12,463,985
Mortgage	289,490	17	-	131,005	73,264	82,583	20,928,839	14,142	21,519,340
Credit card	204	-	-	-	-	-	1,408,278	102	1,408,584
Others	533,701	817	-	9,785	76,999	42,706	33,057	8,604	705,669
Corporate loans and advances:									
Term loans and bridging loans	5,767,324	462,346	-	3,493,741	381,624	460,946	182,744	7,104	10,755,829
Revolving credits	3,700,179	1,056,317	-	1,679,434	396,829	46,971	1,038,884	23,024	7,941,638
Overdrafts	1,444,900	7,932	-	517,772	78,716	20,189	121,266	73	2,190,648
Trade (include Factoring)	5,831,050	5,644	-	6,595	58,255	6,933	-	45,671	5,954,348
Collective Allowance	-	-	-	-	-	-	-	-	(608,795)
Total loans and advances	17,685,010	1,533,306	-	5,840,018	1,074,732	670,566	36,036,426	100,183	62,331,446
Receivables: Investment not quoted in active markets	1,062,157	25,000	-	75,000	-	10,000	-	-	1,172,157
Statutory deposit with Bank Negara Malaysia	-	-	1,760,114	-	-	-	-	-	1,760,114
Other financial assets	67,925	1,030,928	39,798	3,816	142,082	271	2,530	90,670	1,378,020
Commitments	10,491,333	1,006,856	650,675	1,216,322	273,700	143,421	6,325,079	37,235	20,144,621
Contingent liabilities	6,272,388	409,101	-	852,757	87,431	62,364	926	104,314	7,789,281
Total commitments and contingent liabilities	16,763,721	1,415,957	650,675	2,069,079	361,131	205,785	6,326,005	141,549	27,933,902

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2018 Bank	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotel and restaurants RM'000	Transport, storage and communication RM'000	Subtotal RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account	-	-	-	-	-	-	-	-
Derivative financial assets	15,888	85,031	65,525	-	743	6,023	13,502	188,712
Financial assets held-for-trading								
Money Market Securities								
Quoted Sukuk	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	-	277,686	-	-	277,686
Total financial assets held-for-trading	-	-	-	-	277,686	-	-	277,686
Financial investments available-for-sale								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	93,475	-	70,574	282,265	897,825	91,015	138,088	1,573,242
Total financial investments available-for-sale	93,475	-	70,574	282,265	897,825	91,015	138,088	1,573,242
Financial investments held-to-maturity								
Unquoted Corporate bonds and sukuk	-	-	-	-	534,000	-	-	534,000
Total financial investments held-to-maturity	-	-	-	-	534,000	-	-	534,000
Loans and advances								
Hire purchase	1,066	1,386	9,166	133	10,801	66,093	34,689	123,334
Mortgage	8,091	1,685	67,302	2,637	65,675	101,865	14,498	261,753
Credit card	-	-	34	-	-	-	-	34
Others	76,014	11,052	291,542	7,077	227,018	483,851	69,743	1,166,297
Corporate loans and advances:								
Term loans and bridging loans	814,575	686,304	1,460,451	544,324	702,886	1,245,392	399,377	5,853,309
Revolving credits	432,716	91,346	1,098,512	276,078	753,244	393,663	368,939	3,414,498
Overdrafts	120,759	30,993	437,104	7,997	469,245	439,840	61,007	1,566,945
Trade (include Factoring)	149,672	35,645	3,127,391	9,735	630,242	1,896,064	196,611	6,045,360
Collective Allowance	-	-	-	-	-	-	-	-
Total loans and advances	1,602,893	858,411	6,491,502	847,981	2,859,111	4,626,768	1,144,864	18,431,530
Receivables: Investment not quoted in active markets	-	222,419	50,000	-	62,181	5,000	700,000	1,039,600
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	497	6,766	2,766	5,046	41,104	1,843	17,794	75,636
Commitments	530,989	593,625	3,504,660	275,858	3,636,721	1,686,602	691,062	10,919,417
Contingent liabilities	59,929	599,408	1,181,638	476,888	3,167,269	504,603	313,456	6,303,191
Total commitments and contingent liabilities	590,918	1,193,033	4,686,198	752,746	6,803,990	2,191,205	1,004,518	17,222,608

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2018 Bank	Subtotal from previous page RM'000	Finance and insurance RM'000	Government and central banks RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	-	3,603,373	107,745	-	-	-	-	-	3,711,118
Deposits and placements with banks and other financial institutions	-	450,000	-	-	-	-	-	-	450,000
Investment account	-	2,859,110	-	-	-	-	-	-	2,859,110
Derivative financial assets	186,712	857,200	32,303	1,659	1,284	326	1,745	52,824	1,134,053
Financial assets held-for-trading									
Money Market Securities	-	4,808,484	1,120,194	-	-	-	-	-	5,928,678
Quoted Sukuk	-	37,962	-	-	-	-	-	-	37,962
Unquoted Corporate bonds and sukuk	277,686	913,378	-	150,451	-	-	-	284,126	1,625,641
Total financial assets held-for-trading	277,686	5,759,824	1,120,194	150,451	-	-	-	284,126	7,592,281
Financial investments available-for-sale									
Money Market Securities	-	-	558,562	-	-	-	-	-	558,562
Unquoted Corporate bonds and sukuk	1,573,242	1,135,580	-	222,233	19,478	-	-	892,469	3,843,002
Total financial investments available-for-sale	1,573,242	1,135,580	558,562	222,233	19,478	-	-	892,469	4,401,564
Financial investments held-to-maturity									
Unquoted Corporate bonds and sukuk	534,000	363,605	650,000	255,000	-	-	-	-	1,802,605
Total financial investments held-to-maturity	534,000	363,605	650,000	255,000	-	-	-	-	1,802,605
Loans and advances									
Hire purchase	123,334	235	-	2,749	9,732	7,148	12,395,864	695	12,539,757
Mortgage	261,753	-	-	125,269	65,706	72,911	24,381,719	6,848	24,914,204
Credit card	34	-	-	-	-	-	1,646,482	62	1,646,578
Others	1,166,297	233	-	105,304	123,268	114,526	45,593	13,888	1,569,109
Corporate loans and advances:									
Term loans and bridging loans	5,853,309	366,876	-	3,407,590	749,336	365,990	292,530	28,344	11,063,975
Revolving credits	3,414,498	1,250,739	-	1,820,459	132,016	39,222	964,472	19,660	7,641,066
Overdrafts	1,566,945	14,913	-	413,499	93,498	24,175	107,706	-	2,220,736
Trade (include Factoring)	6,045,360	18,986	-	588	59,052	-	-	32,844	6,156,830
Collective Allowance	-	-	-	-	-	-	-	-	(500,516)
Total loans and advances	18,431,530	1,651,982	-	5,875,458	1,232,608	623,972	39,834,366	102,339	67,251,739
Receivables: Investment not quoted in active markets	1,039,600	25,000	-	75,000	-	10,000	-	-	1,149,600
Statutory deposit with Bank Negara Malaysia	-	-	2,012,837	-	-	-	-	-	2,012,837
Other financial assets	75,636	470,656	311,195	7,632	64,420	263	6,026	60,448	996,276
Commitments	10,919,417	892,873	56,355	891,588	429,232	322,498	7,394,282	28,319	20,934,564
Contingent liabilities	6,303,191	256,005	-	686,268	122,507	66,914	606	118,637	7,554,128
Total commitments and contingent liabilities	17,222,608	1,148,878	56,355	1,577,856	551,739	389,412	7,394,888	146,956	28,488,692

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2017 Bank	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale and retail trade and hotel and restaurants RM'000	Transport, storage and communication RM'000	Subtotal RM'000
Cash and short-term funds	-	-	-	-	-	-	-	-
Securities purchased under resale agreements	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Investment account	-	-	-	-	-	-	-	-
Derivative financial assets	5,705	183,134	72,722	-	3	4,071	4,444	270,079
Financial assets held-for-trading								
Money Market Securities	-	-	-	-	-	-	-	-
Quoted Sukuk	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	-	-	-	260,128	54,816	-	10,135	325,079
Total financial assets held-for-trading	-	-	-	260,128	54,816	-	10,135	325,079
Financial investments available-for-sale								
Money Market Securities	-	-	-	-	-	-	-	-
Unquoted Corporate bonds and sukuk	93,493	-	70,215	284,128	1,078,298	92,055	193,887	1,812,076
Total financial investments available-for-sale	93,493	-	70,215	284,128	1,078,298	92,055	193,887	1,812,076
Financial investments held-to-maturity								
Unquoted Corporate bonds and sukuk	-	-	-	-	568,362	-	-	568,362
Total financial investments held-to-maturity	-	-	-	-	568,362	-	-	568,362
Loans and advances								
Hire purchase	1,007	683	8,917	287	11,503	58,647	37,118	118,162
Mortgage	10,343	2,244	62,981	2,787	75,825	119,316	15,994	289,490
Credit card	-	-	183	-	19	-	2	204
Others	21,215	8,266	122,907	1,751	102,863	245,956	30,943	533,701
Corporate loans and advances:								
Term loans and bridging loans	1,057,992	675,819	1,256,907	349,174	791,794	1,210,281	425,357	5,767,324
Revolving credits	482,458	210,101	1,226,877	9,570	704,641	421,461	645,071	3,700,179
Overdrafts	136,903	21,910	377,900	9,158	444,774	392,707	61,548	1,444,900
Trade (include Factoring)	122,793	215,015	3,179,703	3,152	577,995	1,640,439	91,953	5,831,050
Collective Allowance	-	-	-	-	-	-	-	-
Total loans and advances	1,832,711	1,134,038	6,236,375	375,879	2,709,214	4,088,807	1,307,986	17,685,010
Receivables: Investment not quoted in active markets	-	244,976	50,000	-	62,181	5,000	700,000	1,062,157
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-
Other financial assets	534	7,542	2,857	7,715	29,040	1,643	18,594	67,925
Commitments	618,007	344,267	3,363,318	253,376	3,418,226	1,785,809	708,330	10,491,333
Contingent liabilities	65,394	520,359	1,082,409	614,415	2,998,068	542,498	449,245	6,272,388
Total commitments and contingent liabilities	683,401	864,626	4,445,727	867,791	6,416,294	2,328,307	1,157,575	16,763,721

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(a) Industry Analysis (Cont'd.)

2017 Bank	Subtotal from previous page RM'000	Finance and Insurance RM'000	Government and central banks RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	-	4,286,677	1,472,265	-	-	-	-	-	5,758,942
Securities purchased under resale agreements	-	-	10,369	-	-	-	-	-	10,369
Deposits, placements and investment accounts with banks and other financial institutions	-	450,000	-	-	-	-	-	-	450,000
Investment account	-	1,600,000	-	-	-	-	-	-	1,600,000
Derivative financial assets	270,079	896,304	389	2,751	1,147	75	-	1,387	1,172,132
Financial assets held-for-trading									
Money Market Securities	-	-	4,160,309	-	-	-	-	-	4,160,309
Quoted Sukuk	-	38,207	-	-	-	-	-	-	38,207
Unquoted Corporate bonds and sukuk	325,079	555,578	-	10,000	-	-	-	485,204	1,375,861
Total financial assets held-for-trading	325,079	593,785	4,160,309	10,000	-	-	-	485,204	5,574,377
Financial investments available-for-sale									
Money Market Securities	-	20,387	1,203,618	-	-	-	-	-	1,224,005
Unquoted Corporate bonds and sukuk	1,812,078	1,243,308	-	192,189	19,433	-	-	981,757	4,248,743
Total financial investments available-for-sale	1,812,078	1,263,695	1,203,618	192,189	19,433	-	-	981,757	5,472,748
Financial investments held-to-maturity									
Unquoted Corporate bonds and sukuk	568,362	416,370	837,773	255,000	-	-	-	-	2,077,505
Total financial investments held-to-maturity	568,362	416,370	837,773	255,000	-	-	-	-	2,077,505
Loans and advances									
Hire purchase	118,162	33	-	1,688	9,045	10,238	12,323,358	1,463	12,463,985
Mortgage	289,490	17	-	131,005	73,264	82,583	20,760,237	14,142	21,350,738
Credit card	204	-	-	-	-	-	1,408,278	102	1,408,584
Others	533,701	817	-	9,785	76,999	42,706	33,057	8,604	705,669
Corporate loans and advances:									
Term loans and bridging loans	5,767,324	462,346	-	3,493,741	381,624	460,946	182,744	7,104	10,755,829
Revolving credits	3,700,179	1,141,974	-	1,679,434	398,829	46,971	1,038,884	23,024	8,027,295
Overdrafts	1,444,900	7,932	-	517,772	78,716	20,189	121,266	73	2,190,848
Trade (include Factoring)	5,831,050	5,844	-	6,595	58,255	6,933	-	45,671	5,954,348
Collective Allowance	-	-	-	-	-	-	-	-	(608,676)
Total loans and advances	17,685,010	1,618,963	-	5,840,018	1,074,732	670,566	35,667,824	100,183	62,248,620
Receivables: Investment not quoted in active markets	1,062,157	25,000	-	75,000	-	10,000	-	-	1,172,157
Statutory deposit with Bank Negara Malaysia	-	-	1,760,114	-	-	-	-	-	1,760,114
Other financial assets	67,925	1,027,421	39,798	3,816	140,265	271	2,315	90,573	1,372,384
Commitments	10,491,333	1,071,643	650,675	1,216,322	273,700	143,421	6,325,079	37,235	20,209,408
Contingent liabilities	6,272,388	431,216	-	852,757	87,431	62,384	926	104,314	7,811,398
Total commitments and contingent liabilities	16,763,721	1,502,859	650,675	2,069,079	361,131	205,785	6,326,005	141,549	28,020,804

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis

2018 Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	2,774,489	941,540	3,716,029
Deposits and placements with banks and other financial institutions	450,000	-	450,000
Investment account	2,859,110	-	2,859,110
Derivative financial assets	942,073	191,980	1,134,053
Financial assets held-for-trading			
Money Market Securities	5,928,678	-	5,928,678
Quoted Sukuk	37,962	-	37,962
Unquoted Corporate bonds and sukuk	1,625,641	-	1,625,641
Total financial assets held-for-trading	7,592,281	-	7,592,281
Financial investments available-for-sale			
Money Market Securities	547,069	11,493	558,562
Unquoted Corporate bonds and sukuk	3,556,155	252,348	3,808,503
Total financial investments available-for-sale	4,103,224	263,841	4,367,065
Financial investments held-to-maturity			
Unquoted Corporate bonds and sukuk	1,802,605	-	1,802,605
Total financial investments held-to-maturity	1,802,605	-	1,802,605
Loans and advances			
Hire purchase	12,539,757	-	12,539,757
Mortgage	25,072,863	-	25,072,863
Credit card	1,646,578	-	1,646,578
Others	1,569,109	-	1,569,109
Corporate loans and advances:			
Term loans and bridging loans	10,970,969	93,006	11,063,975
Revolving credits	7,453,791	98,663	7,552,454
Overdrafts	2,220,736	-	2,220,736
Trade (include Factoring)	6,120,796	36,034	6,156,830
Collective Allowance	(498,592)	(1,960)	(500,552)
Total loans and advances	67,096,007	225,743	67,321,750
Receivables: Investment not quoted in active markets	1,149,600	-	1,149,600
Statutory deposit with Bank Negara Malaysia	2,012,837	-	2,012,837
Other financial assets	857,204	137,178	994,382
Commitments	20,800,019	72,656	20,872,675
Contingent liabilities	7,494,985	59,143	7,554,128
Total commitments and contingent liabilities	28,295,004	131,799	28,426,803

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis (Cont'd.)

2017 Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	5,219,288	770,013	5,989,301
Securities purchased under resale agreements	10,369	-	10,369
Deposits, placements with banks and other financial institutions	450,000	-	450,000
Investment account	1,600,000	-	1,600,000
Derivative financial assets	914,347	257,785	1,172,132
Financial assets held-for-trading			
Money Market Securities	4,160,309	-	4,160,309
Quoted Sukuk	38,207	-	38,207
Unquoted Corporate bonds and sukuk	1,365,863	9,998	1,375,861
Total financial assets held-for-trading	5,564,379	9,998	5,574,377
Financial investments available-for-sale			
Money Market Securities	1,215,118	8,887	1,224,005
Unquoted Corporate bonds and sukuk	4,002,718	195,183	4,197,901
Total financial investments available-for-sale	5,217,836	204,070	5,421,906
Financial investments held-to-maturity			
Unquoted Corporate bonds and sukuk	2,077,505	-	2,077,505
Total financial investments held-to-maturity	2,077,505	-	2,077,505
Loans and advances			
Hire purchase	12,463,985	-	12,463,985
Mortgage	21,519,340	-	21,519,340
Credit card	1,408,584	-	1,408,584
Others	705,669	-	705,669
Corporate loans and advances:			
Term loans and bridging loans	10,508,097	247,732	10,755,829
Revolving credits	7,765,585	176,053	7,941,638
Overdrafts	2,190,848	-	2,190,848
Trade (include Factoring)	5,889,336	65,012	5,954,348
Collective Allowance	(602,732)	(6,063)	(608,795)
Total loans and advances	61,848,712	482,734	62,331,446
Receivables: Investment not quoted in active markets	1,172,157	-	1,172,157
Statutory deposit with Bank Negara Malaysia	1,760,114	-	1,760,114
Other financial assets	1,259,234	118,786	1,378,020
Commitments	19,957,177	187,444	20,144,621
Contingent liabilities	7,721,050	68,231	7,789,281
Total commitments and contingent liabilities	27,678,227	255,675	27,933,902

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis (Cont'd.)

2018 Bank	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	2,769,855	941,263	3,711,118
Deposits and placements with banks and other financial institutions	450,000	-	450,000
Investment account	2,859,110	-	2,859,110
Derivative financial assets	942,073	191,980	1,134,053
Financial assets held-for-trading			
Money Market Securities	5,928,678	-	5,928,678
Quoted Sukuk	37,962	-	37,962
Unquoted Corporate bonds and sukuk	1,625,641	-	1,625,641
Total financial assets held-for-trading	7,592,281	-	7,592,281
Financial investments available-for-sale			
Money Market Securities	547,069	11,493	558,562
Unquoted Corporate bonds and sukuk	3,590,654	252,348	3,843,002
Total financial investments available-for-sale	4,137,723	263,841	4,401,564
Financial investments held-to-maturity			
Unquoted Corporate bonds and sukuk	1,802,605	-	1,802,605
Total financial investments held-to-maturity	1,802,605	-	1,802,605
Loans and advances			
Hire purchase	12,539,757	-	12,539,757
Mortgage	24,914,204	-	24,914,204
Credit card	1,646,578	-	1,646,578
Others	1,569,109	-	1,569,109
Corporate loans and advances:			
Term loans and bridging loans	10,970,969	93,006	11,063,975
Revolving credits	7,542,403	98,663	7,641,066
Overdrafts	2,220,736	-	2,220,736
Trade (include Factoring)	6,120,796	36,034	6,156,830
Collective Allowance	(498,556)	(1,960)	(500,516)
Total loans and advances	67,025,996	225,743	67,251,739
Receivables: Investment not quoted in active markets	1,149,600	-	1,149,600
Statutory deposit with Bank Negara Malaysia	2,012,837	-	2,012,837
Other financial assets	859,144	137,132	996,276
Commitments	20,861,908	72,656	20,934,564
Contingent liabilities	7,494,985	59,143	7,554,128
Total commitments and contingent liabilities	28,356,893	131,799	28,488,692

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(b) Geographical Analysis (Cont'd.)

2017 Bank	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	5,034,727	724,215	5,758,942
Securities purchased under resale agreements	10,369	-	10,369
Deposits, placements with banks and other financial institutions	450,000	-	450,000
Investment account	1,600,000	-	1,600,000
Derivative financial assets	914,347	257,785	1,172,132
Financial assets held-for-trading			
Money Market Securities	4,160,309	-	4,160,309
Quoted Sukuk	38,207	-	38,207
Unquoted Corporate bonds and sukuk	1,365,863	9,998	1,375,861
Total financial assets held-for-trading	5,564,379	9,998	5,574,377
Financial investments available-for-sale			
Money Market Securities	1,215,118	8,887	1,224,005
Unquoted Corporate bonds and sukuk	4,053,560	195,183	4,248,743
Total financial investments available-for-sale	5,268,678	204,070	5,472,748
Financial investments held-to-maturity			
Unquoted Corporate bonds and sukuk	2,077,505	-	2,077,505
Total financial investments held-to-maturity	2,077,505	-	2,077,505
Loans and advances			
Hire purchase	12,463,985	-	12,463,985
Mortgage	21,350,738	-	21,350,738
Credit card	1,408,584	-	1,408,584
Others	705,669	-	705,669
Corporate loans and advances:			
Term loans and bridging loans	10,508,097	247,732	10,755,829
Revolving credits	7,851,242	176,053	8,027,295
Overdrafts	2,190,848	-	2,190,848
Trade (include Factoring)	5,889,336	65,012	5,954,348
Collective Allowance	(602,613)	(6,063)	(608,676)
Total loans and advances	61,765,886	482,734	62,248,620
Receivables: Investment not quoted in active markets	1,172,157	-	1,172,157
Statutory deposit with Bank Negara Malaysia	1,760,114	-	1,760,114
Other financial assets	1,253,695	118,689	1,372,384
Commitments	20,021,964	187,444	20,209,408
Contingent liabilities	7,743,165	68,231	7,811,396
Total commitments and contingent liabilities	27,765,129	255,675	28,020,804

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Main Types of Collateral Taken by the Group

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. Types of collateral typically taken by the Group include:

- Cash and term deposits;
- Exchange traded shares, bonds, sukuk, convertible bonds and marketable securities;
- Non-exchange traded debt securities/sukuk;
- Unit trusts (including Amanah Saham Nasional, Amanah Saham Bumiputera and mutual funds);
- Non-exchange traded shares;
- Residential and non-residential property;
- Plantation land, mining land, quarry land and vacant land;
- Passenger vehicle, commercial vehicle, construction vehicle and vessel; and
- Plant and machineries.

The Group Collateral Policy, is the internally recognised collateral framework for lending purposes as well as for regulatory capital.

Where the customer risk profile is considered very sound (or by nature of the product, for instance small limit products such as credit cards), a transaction may be provided on an "unsecured" basis, i.e., not be supported by collateral.

In addition to rating customer's probability of default via an internal risk rating system, the Group uses Security Indicators ("SIs") in its non-retail portfolio to assess the strength of collateral supporting its exposures.

Processes for Collateral Management

To support the development of processes around collateral valuation and management, the concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

Guarantee Support

Guarantee support for lending proposals are an integral component in transaction structuring for the Group. The guarantee of a financially strong party can help improve the risk grade of a transaction through its explicit support of the borrower, where borrower's risk grade will be enhanced with guarantor's risk grade.

Guarantees that are recognised for risk grading purposes may be provided by parties that include associated entities, group or sovereigns. Credit policy provides threshold parameters to determine acceptable counterparties in achieving risk grade enhancement of the transaction. Guarantee by a counterparty with lower rating than the borrower is not recognised as part of the risk grade enhancement.

Use of Credit Derivatives and Netting for Risk Mitigation

Currently, the Group does not use credit derivatives and netting for risk mitigation.

Transaction Structuring to Mitigate Credit Risk

Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the number of years the loan is extended, amortisation schedules and loan covenants. These assist in managing credit risk and in providing early warning signals, whereby should loan covenants be breached, the Group and the customer can work together to address the underlying causes and as appropriate, restructure facilities.

Concentrations of credit risk mitigation

The Group carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its Risk Appetite Framework and related policies governing Loan to Value metrics.

The main types of collateral undertaken by the Group are properties, motor vehicles and exchange traded shares.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality

The credit quality of financial assets are analysed based on broad categories. Internal credit rating grades assigned to corporate and retail lending business are currently aligned to eight rating categories (seven for non-defaulted and one for those that have defaulted) in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets). The following categories based on the descriptions are appended below.

Description of the categories for Retail Banking

Risk Grade	Category	PD Ranges	Description
1 to 6	Exceptionally strong	0.0001% to 0.0737%	• Exceptionally good credit risk profile. • Very strong willingness to meet its financial commitments. • Exhibits high degree resilience to adverse development.
7 to 12	Very strong	0.0738% to 0.5942%	• Very good credit risk profile. • Strong willingness to meet its financial commitments. • Exhibits high degree resilience to adverse development.
13 to 14	Strong	0.5943% to 1.0159%	• Good credit risk profile. • Exhibit willingness to meet its financial commitments. • Generally in a position to withstand adverse development.
15 to 16	Satisfactory	1.0160% to 2.2722%	• Satisfactory credit risk profile. • Adequate willingness to meet its financial commitments. • Generally in a position to resolve any apparent shortcoming within an acceptable time frame.
17 to 18-	Moderate	2.2723% to 4.1028%	• Moderate credit risk profile. • Willingness to meet its financial commitments would be uncertain in the event of adverse changes in circumstances and economic conditions.
19+ to 20-	Marginal	4.1029% to 8.2931%	• Marginal credit risk profile. • Willingness to meet its financial commitments would be uncertain under normal circumstances and economic conditions.
21 to 24	Substandard	>= 8.2932%	• Substandard credit risk profile. • Exhibit less willingness to meet its financial commitments under normal circumstances and economic conditions.
99	Impaired	100%	• Classified as impaired as per the Policy on Definition of Default/Impaired for Credit Facility.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality (Cont'd.)

Description of the categories for Wholesale Banking

Credit quality classification	Description
Exceptionally strong	Highest rating, for exceptionally strong government institutions and a small number of very large multinational institutional clients. The key characteristics are: - Exceptionally solid and stable operating and financial performance. - Debt servicing capacity has been exceptionally strong over the long term. - All available information, of which there is a substantial quantity of extremely high quality, supports the view that these historical performance standards will be maintained for the foreseeable future. - Highly unlikely to be adversely affected by foreseeable events.
Very strong	Strong government institutions or institutional clients, with identifiably higher, albeit modest, long term risk but still demonstrating solid and stable operating and financial performance. The key characteristics are: - Based on their activities, financial profile and past capacity to repay, counterparties with this rating carry a small, but clearly identifiable degree of risk. - Debt servicing capacity in previous period has been substantial and solid, and is projected to continue over the medium term but may be more vulnerable to changes in business, economic and financial conditions than is the case for stronger ratings.
Strong	Counterparties demonstrate medium to long-term operational and financial stability and consistency but they are identifiably susceptible to cyclical trends or variability in earnings. The key characteristics are: - Counterparties present an identifiable degree of generally acceptable risk, possibly expressing itself as variability in financial and/or operating performance. - Debt servicing capacity is quite good but adverse changes in circumstances and economic conditions are more likely to impair this capacity.
Satisfactory	Counterparties demonstrate adequate medium term operational and financial stability. Protection factors are considered sufficient for prudent investment. The key characteristics are: - Counterparties present a mostly satisfactory risk that requires mitigation, possibly expressing itself as variability in financial and/or operating performance. - Debt servicing capacity is satisfactory but adverse changes in circumstances and economic condition may impair this capacity. - Counterparty's financial and/or non-financial profile provides a limited buffer to mitigate the negative impact of any future adverse changes in circumstances and economic conditions.
Moderate	Counterparties demonstrate limited operational and financial stability and may have a track record of fluctuating and poor earnings and profitability evidencing their past susceptibility to cyclical trends. The key characteristics are: - Capacity for timely fulfillment of financial obligations exists. - Adverse economic condition or changing business environment is more likely to lead to weakened capacity to meet timely repayment in the long run. - Overall credit quality may be more volatile within this category.
Marginal	Counterparties demonstrate sustained operational and financial instability. The key characteristics are: - Erratic performance with one or more recent loss periods, increased borrowings or patchy account conduct. - Debt servicing capacity is marginal. - Often under strong, sustained competitive pressure. - Variability and uncertainty in profitability and liquidity is projected to continue over the short and possibly medium term. - Significant changes and instability in senior management may be observed.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Credit Quality (Cont'd.)

Description of the categories for Wholesale Banking (Cont'd.)

Credit quality classification	Description
Substandard	Lowest rating for counterparties that continuously demonstrate operational and financial instability. The key characteristics are: - Mediocre financials with consistent loss periods, increased borrowings and/or poor account conduct. - Current and expected debt servicing capacity is inadequate. - Financial solvency is questionable and/or financial structure is weak. - Deteriorating state of business and require significant changes in strategies or practices to return business to sustainable state. - Experiencing difficulties, which may result in default in the next one to two years.
Impaired	Impaired account. The key characteristic is that the counterparty has been classified as "impaired" as per the Classified Account Management Policy for Credit Facility.

Impairment

Definition of past due and impaired loans and advances

All loans and advances are categorised as either:

- neither past due nor impaired;
- past due but not impaired; or
- impaired

An asset is considered past due when any payment (whether principal and/or interest) due under the contractual terms are received late or missed.

A loan is classified as impaired under the following circumstances:

(a) when the principal or interest or both is past due[1] or the amount outstanding is in excess of approved limit (for revolving facilities), each for more than 90 days or 3 months on any material obligation[2]; or

[1] *For credit card facilities, an account is "past due" when the card member fails to settle the minimum monthly repayment due before the next billing date.*

[2] *Material obligation as determined by Management. Current "material" threshold is set at more than RM200.00.*

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Impairment (Cont'd.)

Definition of past due and impaired loans and advances (Cont'd.)

(b) for loans where repayments are scheduled on intervals of 3 months or longer, the loan is to be classified as impaired 1+30 days or 1 day+1 month past due (the 30-days grace period is to allow for exclusion of administrative default[3]); or

(c) for trade bills/facilities, an account is deemed default and impaired when the past due is 90 days from due date of the bill.

(d) a loan may also be classified as impaired:

i. if it is probable that the bank will be unable to collect all amounts due (including both interest/profit and principal) according to the contractual terms of the agreement; or

ii. due to cross-default. Cross-default occurs when:
- a default of a loan obligation of a customer triggers a default of another loan/financing obligation of the same customer; or
- a default of a loan obligation of a customer triggers a default of a loan obligation of other customer within the same customer group.

The Watchlist and Classification Committee ("WACC") is allowed to waive the declaration of cross-default across all accounts of the same customer or accounts of all customers within the same customer group.

or

iii. if deemed appropriate by the WACC or CACC.

(e) debt instruments (for example, corporate bond and sukuk, debt converted instrument etc.) shall be classified as impaired:

i. when the coupon/interest payment or face/nominal value redemption is one (1) day past due after the grace period, where there is a stipulated grace period within the contractually agreed terms; or

ii. when an event of default ("EOD") has been declared by the Trustee/Facility Agent[4] for reasons other than payment in default (as outlined in the Trust Deeds Guidelines issued by the Securities Commission of Malaysia); or

iii. where it is deemed appropriate to classify as impaired and approved by the WACC.

(f) the loan is deemed impaired when it is classified as rescheduled or restructured ("R&R") in the Central Credit Reference Information System ("CCRIS").

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[3] *Administrative defaults include cases where exposures become overdue because of oversight on the part of the obligor and/or the banking institution. Instances of administrative defaults may be excluded from the historical default count, subject to appropriate policies and procedures established by the banking institution to evaluate and approve such cases.*

[4] *In cases where the bond/sukuk holdings are not governed by a Trust Deed, the Facility Agent may declare, if so requested in writing by the bond/sukuk holders by way of Special Resolution that an EOD has occurred (subject to the Agency Agreement between issuers and facility agent), notwithstanding the stated maturity of the bond/sukuk.*

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

Impairment (Cont'd.)

Methodology for Determination of Individual and Collective Allowances

An assessment is performed to determine whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant or not individually impaired.

Individual Assessment

Individual assessment is divided into two main processes - detection of an event(s) and an assessment of impairment:

(a) Trigger management

In trigger management, financial assets which are above the pre-set individual assessment threshold are assessed using the relevant impairment triggers for objective evidence of impairment.

(b) Valuation of assets

Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment that is, estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value or fair value is less than the carrying value.

Collective Assessment

Loans and advances, and commitments and contingencies below the significant threshold and those not assessed to be individually impaired, will be subject to collective assessment and a collective allowance will be computed accordingly. The collective impairment assessment and provisioning methodology uses historical loss data to derive the level of provisions. The collective provisions are computed after making the necessary adjustments to reflect current economic conditions.

With effect from 31 December 2015, the Group is required to maintain, in aggregate, collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans[5] net of individual impairment.

[5] *Excluding loans/ financing with an explicit guarantee from the Government of Malaysia.*

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system.

	Neither past due nor impaired												
2018 Group	Exceptionally strong credit profile RM'000	Very strong credit profile RM'000	Strong credit profile RM'000	Satisfactory risk RM'000	Moderate risk RM'000	Marginal risk RM'000	Sub-standard RM'000	Unrated RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Gross amount individually impaired RM'000	Individual allowance RM'000
Cash and short-term funds	1,408,318	2,307,711	-	-	-	-	-	-	-	-	3,716,029	-	-
Deposits and placements with banks and other financial institutions	-	450,000	-	-	-	-	-	-	-	-	450,000	-	-
Investment account	-	2,859,110	-	-	-	-	-	-	-	-	2,859,110	-	-
Derivative financial assets	35,380	785,182	239,060	52,812	13,969	3,318	1	4,351	-	-	1,134,053	-	-
Financial assets held-for-trading													
Money Market Securities	-	5,928,678	-	-	-	-	-	-	-	-	5,928,678	-	-
Quoted Sukuk	-	37,962	-	-	-	-	-	-	-	-	37,962	-	-
Unquoted Corporate bonds and sukuk	-	970,072	561,812	93,757	-	-	-	-	-	-	1,625,641	-	-
Total financial assets held-for-trading	-	6,936,712	561,812	93,757	-	-	-	-	-	-	7,592,281	-	-
Financial investments available-for-sale													
Money Market Securities	-	558,562	-	-	-	-	-	-	-	-	558,562	-	-
Unquoted Corporate bonds and sukuk	163,686	1,962,620	876,813	474,682	150,414	-	132,530	47,758	-	-	3,808,503	5,000	(5,000)
Total financial investments available-for-sale	163,686	2,521,182	876,813	474,682	150,414	-	132,530	47,758	-	-	4,367,065	5,000	(5,000)
Financial investments held-to-maturity *													
Unquoted Corporate bonds and sukuk	-	1,801,696	-	-	-	-	-	859	-	2,600	1,805,155	2,600	(2,550)
Total financial investments held-to-maturity	-	1,801,696	-	-	-	-	-	859	-	2,600	1,805,155	2,600	(2,550)
Gross loans and advances *													
Hire purchase	1,818	5,199,792	1,700,224	1,389,133	622,402	157,326	129,944	-	3,204,489	134,629	12,539,757	-	-
Mortgage	1,749	9,828,148	4,516,697	3,827,637	2,384,467	727,518	574,578	-	2,883,970	328,757	25,073,521	4,361	(656)
Credit card	-	89,206	-	745,021	307,577	120,165	104,951	-	257,336	22,322	1,646,578	-	-
Others	-	80,950	92,364	370,835	454,127	181,144	292,424	-	75,187	24,811	1,571,842	3,299	(2,733)
Corporate loans and advances:													
Term loans and bridging loans	-	4,152,954	1,655,958	2,645,896	1,685,683	337,398	85,343	-	74,115	399,259	11,236,604	348,045	(172,829)
Revolving credits	1,001	2,661,259	1,249,621	2,003,643	901,638	259,186	338,952	-	70,573	67,179	7,553,052	67,179	(598)
Overdrafts	2	305,288	294,664	691,208	545,975	268,151	76,671	-	4,637	39,381	2,223,977	18,080	(3,241)
Trade (include Factoring)	10,472	2,327,415	1,617,678	1,581,593	505,743	53,635	12,257	-	11,816	37,462	6,158,071	10,140	(1,241)
Total gross loans and advances	15,042	24,645,012	11,127,204	13,454,968	7,407,812	2,102,523	1,615,120	-	6,582,123	1,053,800	68,003,402	449,104	(181,100)
Receivables: Investment not quoted in active markets	-	1,007,419	117,181	25,000	-	-	-	-	-	-	1,149,600	-	-
Statutory deposit with Bank Negara Malaysia	-	2,012,837	-	-	-	-	-	-	-	-	2,012,837	-	-
Other financial assets*	126,316	678,404	53,511	7,512	12,169	269	1,045	113,625	-	20,046	1,012,897	20,046	(18,515)

* The amounts presented above are gross of impairment allowances.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Group's internal credit rating system (Cont'd.).

	Neither past due nor impaired												
2017	Exceptionally strong credit profile	Very strong credit profile	Strong credit profile	Satisfactory risk	Moderate risk	Marginal risk	Sub-standard	Unrated	Past due but not impaired	Impaired	Total	Gross amount individually impaired	Individual allowance
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	700,511	5,288,790	-	-	-	-	-	-	-	-	5,989,301	-	-
Securities purchased under resale agreements	-	10,369	-	-	-	-	-	-	-	-	10,369	-	-
Deposits and placements with banks and other financial institutions	-	450,000	-	-	-	-	-	-	-	-	450,000	-	-
Investment account	-	1,600,000	-	-	-	-	-	-	-	-	1,600,000	-	-
Derivative financial assets	18,138	630,676	476,846	27,845	13,808	1,559	387	2,873	-	-	1,172,132	-	-
Financial assets held-for-trading													
Money Market Securities	-	4,160,309	-	-	-	-	-	-	-	-	4,160,309	-	-
Quoted Sukuk	-	38,207	-	-	-	-	-	-	-	-	38,207	-	-
Unquoted Corporate bonds and sukuk	9,998	831,102	160,048	374,713	-	-	-	-	-	-	1,375,861	-	-
Total financial assets held-for-trading	9,998	5,029,618	160,048	374,713	-	-	-	-	-	-	5,574,377	-	-
Financial investments available-for-sale													
Money Market Securities	-	1,224,005	-	-	-	-	-	-	-	-	1,224,005	-	-
Unquoted Corporate bonds and sukuk	70,347	2,693,718	640,658	649,223	50,033	-	93,922	-	-	-	4,197,901	5,000	(5,000)
Total financial investments available-for-sale	70,347	3,917,723	640,658	649,223	50,033	-	93,922	-	-	-	5,421,906	5,000	(5,000)
Financial investments held-to-maturity *													
Unquoted Corporate bonds and sukuk	-	2,078,508	-	-	-	-	-	957	-	2,590	2,080,055	2,590	(2,550)
Total financial investments held-to-maturity	-	2,076,508	-	-	-	-	-	957	-	2,590	2,080,055	2,590	(2,550)
Gross loans and advances *													
Hire purchase	1,778	4,849,370	1,798,946	1,555,296	648,542	154,424	131,930	-	3,197,091	126,608	12,463,985	-	-
Mortgage	3,940	8,065,540	3,876,882	3,151,237	2,159,662	696,056	667,944	-	2,565,779	335,040	21,522,080	6,989	(2,740)
Credit card	-	78,606	65,083	705,636	157,201	95,456	67,628	-	221,164	17,810	1,408,584	-	-
Others	-	50,273	46,841	179,845	174,441	87,622	95,348	-	42,516	31,264	708,150	2,996	(2,481)
Corporate loans and advances:													
Term loans and bridging loans	11,379	3,104,784	2,286,072	2,471,250	1,501,672	796,460	226,651	-	79,024	491,775	10,969,267	452,355	(213,438)
Revolving credits	2,005	2,019,322	1,328,505	2,907,269	1,083,698	228,254	165,870	-	96,684	107,767	7,959,374	108,282	(17,736)
Overdrafts	2,812	236,912	202,705	853,957	395,954	296,865	109,560	-	17,045	76,969	2,194,779	20,298	(3,931)
Trade (include Factoring)	5,358	2,223,485	1,354,224	1,637,888	522,470	148,509	49,890	-	1,762	11,229	5,954,815	2,162	(467)
Total gross loans and advances	27,272	20,626,292	10,959,256	13,462,378	6,643,840	2,505,646	1,534,821	-	6,221,065	1,198,462	63,181,034	593,062	(240,793)
Receivables: Investment not quoted in active markets	-	1,029,976	112,181	30,000	-	-	-	-	-	-	1,172,157	-	-
Statutory deposit with Bank Negara Malaysia	-	1,760,114	-	-	-	-	-	-	-	-	1,760,114	-	-
Other financial assets*	109,562	991,598	38,657	9,023	11,294	330	1,189	210,405	-	40,399	1,412,457	40,399	(34,437)

* The amounts presented above are gross of impairment allowances.

Company No. 8515-D

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

	Neither past due nor impaired												
2018 Bank	Exceptionally strong credit profile RM'000	Very strong credit profile RM'000	Strong credit profile RM'000	Satisfactory risk RM'000	Moderate risk RM'000	Marginal risk RM'000	Sub-standard RM'000	Unrated RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Gross amount individually impaired RM'000	Individual allowance RM'000
Cash and short-term funds	1,408,236	2,302,882	-	-	-	-	-	-	-	-	3,711,118	-	-
Deposits and placements with banks and other financial institutions	-	450,000	-	-	-	-	-	-	-	-	450,000	-	-
Investment account	-	2,859,110	-	-	-	-	-	-	-	-	2,859,110	-	-
Derivative financial assets	35,380	785,162	239,060	52,812	13,969	3,318	1	4,351	-	-	1,134,053	-	-
Financial assets held-for-trading													
Money Market Securities	-	5,928,678	-	-	-	-	-	-	-	-	5,928,678	-	-
Quoted Sukuk	-	37,982	-	-	-	-	-	-	-	-	37,982	-	-
Unquoted Corporate bonds and sukuk	-	970,072	561,812	93,757	-	-	-	-	-	-	1,625,641	-	-
Total financial assets held-for-trading	-	6,936,712	561,812	93,757	-	-	-	-	-	-	7,592,281	-	-
Financial investments available-for-sale													
Money Market Securities	-	558,562	-	-	-	-	-	-	-	-	558,562	-	-
Unquoted Corporate bonds and sukuk	163,686	1,997,119	876,813	474,682	150,414	-	132,530	47,758	-	-	3,843,002	5,000	(5,000)
Total financial investments available-for-sale	163,686	2,555,681	876,813	474,682	150,414	-	132,530	47,758	-	-	4,401,564	5,000	(5,000)
Financial investments held-to-maturity *													
Unquoted Corporate bonds and sukuk	-	1,801,696	-	-	-	-	-	859	-	2,600	1,805,155	2,600	(2,550)
Total financial investments held-to-maturity	-	1,801,696	-	-	-	-	-	859	-	2,600	1,805,155	2,600	(2,550)
Gross loans and advances *													
Hire purchase	1,818	5,199,792	1,700,224	1,389,133	822,402	157,328	129,944	-	3,204,489	134,829	12,539,757	-	-
Mortgage	1,749	9,828,147	4,516,697	3,670,684	2,384,467	727,518	574,578	-	2,882,449	328,573	24,914,862	4,361	(658)
Credit card	-	89,206	-	745,021	307,577	120,185	104,951	-	257,336	22,322	1,646,578	-	-
Others	-	80,950	92,384	370,835	454,127	181,144	292,424	-	75,187	24,811	1,571,842	3,299	(2,733)
Corporate loans and advances:													
Term loans and bridging loans	-	4,152,954	1,655,956	2,845,896	1,685,683	337,398	85,343	-	74,115	399,259	11,236,604	348,045	(172,829)
Revolving credits	1,001	2,749,871	1,249,621	2,003,843	901,638	259,186	338,852	-	70,573	67,179	7,641,664	67,179	(598)
Overdrafts	2	305,288	294,664	691,208	545,975	266,151	76,671	-	4,637	39,381	2,223,977	16,080	(3,241)
Trade (include Factoring)	10,472	2,327,415	1,617,678	1,581,593	505,743	53,635	12,257	-	11,816	37,462	6,158,071	10,140	(1,241)
Total gross loans and advances	15,042	24,733,623	11,127,204	13,298,013	7,407,612	2,102,523	1,615,120	-	6,580,602	1,053,616	67,933,355	449,104	(181,100)
Receivables: Investment not quoted in active markets	-	1,007,419	117,181	25,000	-	-	-	-	-	-	1,149,600	-	-
Statutory deposit with Bank Negara Malaysia	-	2,012,837	-	-	-	-	-	-	-	-	2,012,837	-	-
Other financial assets*	126,316	880,641	53,511	7,512	12,169	269	1,045	113,475	-	19,757	1,014,695	19,757	(18,419)

* The amounts presented above are gross of impairment allowances.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(c) Credit Quality By Class of Financial Assets (Cont'd.)

2017 Bank	Neither past due nor impaired: Exceptionally strong credit profile RM'000	Very strong credit profile RM'000	Strong credit profile RM'000	Satisfactory risk RM'000	Moderate risk RM'000	Marginal risk RM'000	Sub-standard RM'000	Unrated RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Gross amount individually impaired RM'000	Individual allowance RM'000
Cash and short-term funds	700,511	5,058,431	-	-	-	-	-	-	-	-	5,758,942	-	-
Securities purchased under resale agreements	-	10,369	-	-	-	-	-	-	-	-	10,369	-	-
Deposits and placements with banks and other financial institutions	-	450,000	-	-	-	-	-	-	-	-	450,000	-	-
Investment account	-	1,600,000	-	-	-	-	-	-	-	-	1,600,000	-	-
Derivative financial assets	18,138	830,676	476,846	27,845	13,808	1,559	387	2,873	-	-	1,172,132	-	-
Financial assets held-for-trading													
Money Market Securities	-	4,160,309	-	-	-	-	-	-	-	-	4,160,309	-	-
Quoted Sukuk	-	38,207	-	-	-	-	-	-	-	-	38,207		
Unquoted Corporate bonds and sukuk	9,998	831,102	160,048	374,713	-	-	-	-	-	-	1,375,861	-	-
Total financial assets held-for-trading	9,998	5,029,618	160,048	374,713	-	-	-	-	-	-	5,574,377	-	-
Financial investments available-for-sale													
Money Market Securities	-	1,224,005	-	-	-	-	-	-	-	-	1,224,005	-	-
Unquoted Corporate bonds and sukuk	70,347	2,744,560	640,658	649,223	50,033	-	93,922	-	-	-	4,248,743	5,000	(5,000)
Total financial investments available-for-sale	70,347	3,968,565	640,658	649,223	50,033	-	93,922	-	-	-	5,472,748	5,000	(5,000)
Financial investments held-to-maturity *													
Unquoted Corporate bonds and sukuk	-	2,076,508	-	-	-	-	-	957	-	2,590	2,080,055	2,590	(2,550)
Total financial investments held-to-maturity	-	2,076,508	-	-	-	-	-	957	-	2,590	2,080,055	2,590	(2,550)
Gross loans and advances *													
Hire purchase	1,778	4,849,370	1,798,946	1,555,296	648,542	154,424	131,930	-	3,197,091	126,608	12,463,985	-	-
Mortgage	3,940	8,065,540	3,876,882	2,983,790	2,159,662	696,056	887,944	-	2,565,034	334,630	21,353,476	6,989	(2,740)
Credit card	-	78,606	65,083	705,636	157,201	95,456	67,626	-	221,164	17,810	1,408,584	-	-
Others	-	50,273	46,841	179,845	174,441	87,622	95,348	-	42,516	31,264	708,150	2,996	(2,481)
Corporate loans and advances:													
Term loans and bridging loans	11,379	3,104,784	2,288,072	2,471,250	1,501,672	798,460	226,851	-	79,024	491,775	10,969,267	452,355	(213,438)
Revolving credits	2,005	2,104,979	1,328,505	2,907,269	1,083,896	228,254	185,670	-	96,684	107,767	8,045,031	108,262	(17,736)
Overdrafts	2,812	236,912	202,705	853,957	395,954	298,865	109,560	-	17,045	76,969	2,194,779	20,298	(3,931)
Trade (include Factoring)	5,358	2,223,485	1,354,224	1,637,888	522,470	148,509	49,890	-	1,762	11,229	5,954,815	2,162	(467)
Total gross loans and advances	27,272	20,713,949	10,959,258	13,294,931	6,643,840	2,505,648	1,534,821	-	6,220,320	1,198,052	63,098,089	593,062	(240,793)
Receivables: Investment not quoted in active markets	-	1,029,976	112,181	30,000	-	-	-	-	-	-	1,172,157	-	-
Statutory deposit with Bank Negara Malaysia	-	1,760,114	-	-	-	-	-	-	-	-	1,760,114	-	-
Other financial assets*	109,562	986,315	38,657	9,023	11,284	330	1,189	210,326	-	27,715	1,394,411	27,715	(22,027)

* The amounts presented above are gross of impairment allowances.

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(d) Aging Analysis of Past Due But Not Impaired Financial Assets

Group	Up to 1 month	>1 month to 3 months	Total
	RM'000	RM'000	RM'000
2018			
Gross loans and advances			
Hire purchase	2,664,847	539,642	3,204,489
Mortgage	2,195,855	688,115	2,883,970
Credit card	194,866	62,470	257,336
Others	53,170	22,017	75,187
Corporate loans and advances:			
Term loans and bridging loans	60,980	13,135	74,115
Revolving credits	70,573	-	70,573
Overdrafts	4,637	-	4,637
Trade (include Factoring)	7,409	4,407	11,816
Total gross loans and advances	5,252,337	1,329,786	6,582,123
2017			
Gross loans and advances			
Hire purchase	2,696,951	500,140	3,197,091
Mortgage	1,915,985	649,794	2,565,779
Credit card	159,097	62,067	221,164
Others	27,950	14,566	42,516
Corporate loans and advances:			
Term loans and bridging loans	54,782	24,242	79,024
Revolving credits	96,684	-	96,684
Overdrafts	7,931	9,114	17,045
Trade (include Factoring)	1,762	-	1,762
Total gross loans and advances	4,961,142	1,259,923	6,221,065

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(d) Aging Analysis of Past Due But Not Impaired Financial Assets (Cont'd.)

Bank	**Up to 1 month**	**>1 month to 3 months**	**Total**
	RM'000	**RM'000**	**RM'000**
2018			
Gross loans and advances			
Hire purchase	2,664,847	539,642	3,204,489
Mortgage	2,194,803	687,646	2,882,449
Credit card	194,866	62,470	257,336
Others	53,170	22,017	75,187
Corporate loans and advances:			
Term loans and bridging loans	60,980	13,135	74,115
Revolving credits	70,573	-	70,573
Overdrafts	4,637	-	4,637
Trade (include Factoring)	7,409	4,407	11,816
Total gross loans and advances	5,251,285	1,329,317	6,580,602
2017			
Gross loans and advances			
Hire purchase	2,696,951	500,140	3,197,091
Mortgage	1,915,627	649,407	2,565,034
Credit card	159,097	62,067	221,164
Others	27,950	14,566	42,516
Corporate loans and advances:			
Term loans and bridging loans	54,782	24,242	79,024
Revolving credits	96,684	-	96,684
Overdrafts	7,931	9,114	17,045
Trade (include Factoring)	1,762	-	1,762
Total gross loans and advances	4,960,784	1,259,536	6,220,320

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(e) Estimated value of collateral for financial assets

The following table summarises the financial effects of collateral received from loans and advances:

	Gross exposure to credit risk		Financial effect of collateral		Unsecured portion of credit exposure	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Group						
Gross loans and advances						
Hire purchase	12,539,757	12,463,985	11,759,907	9,865,361	779,850	2,598,624
Mortgage	25,073,521	21,522,080	24,726,995	21,382,139	346,526	139,941
Credit card	1,646,578	1,408,584	21,675	24,988	1,624,903	1,383,596
Others	1,571,842	708,150	553,863	264,466	1,017,979	443,684
Corporate loans and advances:						
Term loans and bridging loans	11,236,604	10,969,267	6,516,982	6,614,660	4,719,622	4,354,607
Revolving credits	7,553,052	7,959,374	2,831,958	3,155,866	4,721,094	4,803,508
Overdrafts	2,223,977	2,194,779	1,269,088	1,282,487	954,889	912,292
Trade (include Factoring)	6,158,071	5,954,815	1,582,274	1,119,516	4,575,797	4,835,299
Total	68,003,402	63,181,034	49,262,742	43,709,483	18,740,660	19,471,551
Bank						
Gross loans and advances						
Hire purchase	12,539,757	12,463,985	11,759,907	9,865,361	779,850	2,598,624
Mortgage	24,914,862	21,353,478	24,571,206	21,214,534	343,656	138,944
Credit card	1,646,578	1,408,584	21,675	24,988	1,624,903	1,383,596
Others	1,571,842	708,150	553,863	264,466	1,017,979	443,684
Corporate loans and advances:						
Term loans and bridging loans	11,236,604	10,969,267	6,516,982	6,614,660	4,719,622	4,354,607
Revolving credits	7,641,664	8,045,031	2,831,958	3,155,866	4,809,706	4,889,165
Overdrafts	2,223,977	2,194,779	1,269,088	1,282,487	954,889	912,292
Trade (include Factoring)	6,158,071	5,954,815	1,582,274	1,119,516	4,575,797	4,835,299
Total	67,933,355	63,098,089	49,106,953	43,541,878	18,826,402	19,556,211

50. RISK MANAGEMENT (CONT'D.)

50.2 CREDIT RISK MANAGEMENT (CONT'D.)

(f) Collateral Repossessed

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Properties:				
Residential, net of impairment	150	150	-	-
Non-residential, net of impairment	4,190	27,502	4,190	27,502
	4,340	27,652	4,190	27,502

The above assets are accounted for as foreclosed properties under other assets (Note 20). There were no new assets obtained for the financial year 2018 and 2017.

50.3 LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding management may lead to liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management process is depicted in the table below:

[illegible]	• Identify liquidity risk within existing and new business activities • Review market-related information such as market trend and economic data • Keep abreast with regulatory requirements
[illegible]	• Liquidity Coverage Ratio ("LCR") • Depositor Concentration Ratios • Other Detailed Controls
[illegible]	• LCR Limits • Depositor Concentration Ratios • Other Detailed Limits/Triggers
Monitoring/ Review	• Monitor limits • Periodical review and reporting

The liquidity risk management of the Bank is aligned to LCR issued by BNM. The primary objective of the Bank's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

The Board provides the liquidity risk management oversight including setting and reviewing the liquidity risk appetite and approves the Bank's liquidity management while the GALCO and/or GMRC is management committee established by the Board to oversee the overall liquidity management of the Bank. Investment Banking and Market Risk ("IBMR") jointly with Global Treasury and Markets ("GTM") and Capital Balance Sheet Management ("CBSM") develop the liquidity scenario assumptions that are to be approved by the Board.

The Group has put in place a Contingency Funding Plan which is established by CBSM to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

The Bank has in place various liquidity measurements that support the broader strategic objectives of the Bank and amongst others include the BNM LCR, Depositor Concentration Ratio and other Liquidity Ratios. IBMR is responsible for developing and monitoring the controls and limits while GTM is responsible for the consolidated liquidity management execution and to ensure the controls and limits are within the thresholds.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Bank's liquidity at risk. The Bank further stresses the importance of the stable funding sources to finance lending to customers. They are monitored using the loans to available funds ratio, which compares loans and advances to customers as a percentage of the Bank's total available funds.

To measure the quality of the Bank's funding sources, the composition of core funds indicators is monitored on a regular basis. The core funds is defined as deposits from retail and small business customers, operational deposits, non-financial institutions deposits more than 1 year and debt instrument/long term borrowings more than 1 year.

In preparation to the impending implementation of BNM's Basel III Net Stable Funding Ratio ("NSFR"), the Group is already monitoring the NSFR and continues to pursue strategies to ensure the availability of cost effective liquidity.

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's assets and liabilities.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

2018	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	3,781,362	-	-	-	-	-	-	3,781,362
Deposits, placements and investment accounts with banks and other financial institutions	-	303,630	151,962	-	-	-	-	455,592
Investment account	-	-	-	541,512	2,415,253	111,707	-	3,068,472
Derivative financial assets	201,174	141,017	115,530	566,405	435,815	49,404	-	1,509,345
Financial assets held-for-trading	1,572,607	3,918,752	836,667	294,545	548,826	869,091	449,660	8,490,148
Financial investments available-for-sale	16,594	68,295	140,581	331,579	2,164,157	3,316,862	427,926	6,465,994
Financial investments held-to-maturity	2,500	4,807	21,181	26,587	1,262,960	1,233,356	-	2,551,391
Loans and advances	4,391,559	6,157,147	5,862,728	6,990,952	28,750,902	40,100,503	-	92,253,791
Receivables: Investment not quoted in active market	14,599	6,365	6,486	105,000	1,096,958	105,121	-	1,334,529
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	2,012,837	-	2,012,837
Deferred tax assets	-	-	-	-	-	-	42,835	42,835
Other assets	675,083	119,130	15,157	156,439	151,584	370	28,623	1,146,386
Property and equipment	-	-	-	-	-	-	129,524	129,524
Intangible assets	-	-	-	-	-	-	400,376	400,376
Total Undiscounted Assets	10,655,478	10,719,143	7,150,292	9,013,019	36,826,455	47,799,251	1,478,944	123,642,582
Liabilities								
Deposits from customers	31,129,661	9,829,744	11,853,850	16,404,852	2,042,226	-	-	71,260,333
Deposits and placements of banks and other financial institutions	1,796,427	837,806	155,367	144,738	50,542	-	-	2,984,880
Recourse obligation on loans sold to Cagamas Berhad	65,510	712,985	-	1,893,742	1,342,086	-	-	4,014,323
Derivative financial liabilities	179,438	338,129	168,309	543,749	382,445	44,366	-	1,656,436
Term funding	39,103	409,863	43,225	637,084	1,767,515	-	-	2,896,790
Debt capital	632,626	10,400	69,254	993,411	2,401,949	-	-	4,107,640
Other liabilities	977,354	457,672	29,723	82,231	53,804	6,914	24,913	1,632,611
Total Undiscounted Liabilities	34,820,119	12,596,599	12,319,728	20,699,807	8,040,567	51,280	24,913	88,553,013
Net Undiscounted (Liabilities)/Assets	(24,164,641)	(1,877,456)	(5,169,436)	(11,686,788)	28,785,888	47,747,971	1,454,031	35,089,569

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

The table below shows the contractual expiry by maturity of the Group's commitments and contingent liabilities. It should be noted that this is not how the Group manages its liquidity risk for commitments and contingencies.

2018	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Commitments								
Irrevocable commitments to extend credit	235,980	725,130	907,358	661,078	338,502	13,948,441	-	16,816,489
Unutilised credit card lines	3,918,163	-	-	-	-	-	-	3,918,163
Forward asset purchase	138,023	-	-	-	-	-	-	138,023
Contingent Liabilities								
Direct credit substitutes	11,642	133,990	263,095	799,065	596,743	27,626	-	1,832,161
Certain transaction-related contingent items	327,349	353,582	614,652	708,205	2,530,330	499,434	-	5,033,552
Short-term self liquidating trade-related contingencies	205,510	275,519	22,843	121,411	13,132	-	-	638,415
Obligations under underwriting agreements	50,000	-	-	-	-	-	-	50,000
Total commitments and contingent liabilities	4,886,667	1,488,221	1,807,948	2,289,759	3,478,707	14,475,501	-	28,426,803

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

The table below summarises the maturity profile of the Group's assets and liabilities.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

2017 Group	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	5,993,055	-	-	-	-	-	-	5,993,055
Securities purchased under resale agreements	10,390	-	-	-	-	-	-	10,390
Deposits, placements and investment accounts with banks and other financial institutions	-	303,511	151,810	-	-	-	-	455,321
Investment account	5,772	9,550	15,081	29,653	1,730,561	-	-	1,790,617
Derivative financial assets	181,008	196,319	107,377	151,987	488,570	87,282	-	1,212,543
Financial assets held-for-trading	683,266	681,694	1,606,684	425,024	1,688,132	1,131,976	288,119	6,504,895
Financial investments available-for-sale	77,087	185,273	89,584	218,169	2,502,212	4,360,376	236,807	7,669,508
Financial investments held-to-maturity	-	4,864	23,887	326,465	546,254	2,002,547	-	2,904,017
Loans and advances	3,768,449	6,092,254	6,098,444	6,953,666	27,827,170	33,156,884		83,896,867
Receivables: Investment not quoted in active market	14,599	7,060	6,554	33,548	1,240,535	96,328	25,000	1,423,624
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	1,760,114	-	1,760,114
Deferred tax assets	-	-	-	-	-	-	995	995
Other assets	866,141	156,307	59,523	322,875	317,033	370	27,734	1,749,983
Property and equipment	-	-	-	-	-	-	161,459	161,459
Intangible assets	-	-	-	-	-	-	406,506	406,506
Asset held for sale	-	-	-	2,091	-	-	-	2,091
Total Undiscounted Assets	11,599,767	7,636,832	8,158,944	8,463,478	36,340,467	42,595,877	1,146,620	115,941,985
Liabilities								
Deposits from customers	33,126,290	11,527,974	8,831,620	13,131,666	2,116,979	-	-	68,734,529
Deposits and placements of banks and other financial institutions	686,844	180,664	27,636	72,344	24,038	-	-	991,526
Securities sold under resale agreements	8,721	-	-	-	-	-	-	8,721
Recourse obligation on loans sold to Cagamas Berhad	55,748	2,111	32,096	1,181,650	1,566,714	-	-	2,838,319
Derivative financial liabilities	62,285	123,863	105,977	158,554	385,505	172,822	-	1,009,006
Term funding	286,888	231,356	63,611	866,155	3,091,057	-	-	4,539,067
Debt capital	34,453	10,372	55,483	810,286	2,735,589	-	-	3,646,183
Deferred tax liabilities	-	-	-	-	-	-	97,832	97,832
Other liabilities	1,250,085	232,784	38,579	29,838	95,749	12,273	14,249	1,673,557
Total Undiscounted Liabilities	35,511,314	12,309,124	9,155,002	16,250,493	10,015,631	185,095	112,081	83,538,740
Net Undiscounted (Liabilities)/Assets	(23,911,547)	(4,672,292)	(996,058)	(7,787,015)	26,324,836	42,410,782	1,034,539	32,403,245

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

The table below shows the contractual expiry by maturity of the Group's commitments and contingent liabilities. It should be noted that this is not how the Group manages its liquidity risk for commitments and contingencies.

2017	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Commitments								
Irrevocable commitments to extend credit	559,065	1,431,958	573,796	656,727	393,182	13,011,848	-	16,626,576
Unutilised credit card lines	2,847,424	-	-	-	-	-	-	2,847,424
Forward asset purchase	670,621	-	-	-	-	-	-	670,621
Contingent Liabilities								
Direct credit substitutes	57,989	146,060	198,076	624,423	760,851	30,000	-	1,817,399
Certain transaction-related contingent items	185,545	176,005	758,855	903,019	2,671,671	406,676	-	5,101,771
Short-term self liquidating trade-related contingencies	296,261	119,048	88,997	175,934	104,871	-	-	785,111
Obligations under underwriting agreements	-	-	-	85,000	-	-	-	85,000
Total commitments and contingent liabilities	4,616,905	1,873,071	1,619,724	2,445,103	3,930,575	13,448,524	-	27,933,902

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

The table below summarises the maturity profile of the Bank's assets and liabilities.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

2018	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	3,776,451	-	-	-	-	-	-	3,776,451
Deposits, placements and investment accounts with banks and other financial institutions	-	303,630	151,962	-	-	-	-	455,592
Investment account	-	-	-	541,512	2,415,253	111,707	-	3,068,472
Derivative financial assets	201,174	141,017	115,530	566,405	435,815	49,404	-	1,509,345
Financial assets held-for-trading	1,572,607	3,918,752	836,667	294,545	548,826	869,091	449,660	8,490,148
Financial investments available-for-sale	16,594	68,295	140,581	331,579	2,164,157	3,351,555	427,848	6,500,609
Financial investments held-to-maturity	2,500	4,807	21,181	26,587	1,262,960	1,233,356	-	2,551,391
Loans and advances	4,478,406	6,153,639	5,857,549	6,980,783	28,677,452	39,990,558	-	92,138,387
Receivables: Investment not quoted in active market	14,599	6,365	6,486	105,000	1,096,958	105,121	-	1,334,529
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	2,012,837	-	2,012,837
Investment in subsidiaries	-	-	-	-	-	-	31,535	31,535
Investment in associates	-	-	-	-	-	-	22	22
Deferred tax assets	-	-	-	-	-	-	42,813	42,813
Other assets	676,970	119,130	15,157	147,674	151,584	370	28,390	1,139,275
Property and equipment	-	-	-	-	-	-	108,754	108,754
Intangible assets	-	-	-	-	-	-	400,376	400,376
Total Undiscounted Assets	10,739,301	10,715,635	7,145,113	8,994,085	36,753,005	47,723,999	1,489,398	123,560,536
Liabilities								
Deposits from customers	31,133,001	9,829,662	11,853,751	16,404,818	2,042,209	-	-	71,263,441
Deposits and placements of banks and other financial institutions	1,808,511	837,799	155,366	144,737	50,541	-	-	2,996,954
Recourse obligation on loans sold to Cagamas Berhad	65,510	712,985	-	1,893,742	1,342,086	-	-	4,014,323
Derivative financial liabilities	179,438	338,129	168,309	543,749	382,445	44,366	-	1,656,436
Term funding	39,103	409,863	43,225	637,084	1,767,515	-	-	2,896,790
Debt capital	632,626	10,400	69,254	993,411	2,401,949	-	-	4,107,640
Other liabilities	976,865	457,717	29,723	82,220	53,804	6,914	24,913	1,632,156
Total Undiscounted Liabilities	34,835,054	12,596,555	12,319,628	20,699,761	8,040,549	51,280	24,913	88,567,740
Net Undiscounted (Liabilities)/Assets	(24,095,753)	(1,880,920)	(5,174,515)	(11,705,676)	28,712,456	47,672,719	1,464,485	34,992,796

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

The table below shows the contractual expiry by maturity of the Bank's commitments and contingent liabilities. It should be noted that this is not how the Bank manages its liquidity risk for commitments and contingencies.

2018	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank								
Commitments								
Irrevocable commitments to extend credit	235,980	725,130	907,358	722,917	338,502	13,948,441	-	16,878,328
Unutilised credit card lines	3,918,163	-	-	-	-	-	-	3,918,163
Forward asset purchase	138,023	-	-	-	-	-	-	138,023
Others	-	-	-	-	-	50	-	50
Contingent Liabilities								
Direct credit substitutes	11,642	133,990	263,095	799,065	596,743	27,626	-	1,832,161
Certain transaction-related contingent items	327,349	353,582	614,652	708,205	2,530,330	499,434	-	5,033,552
Short-term self liquidating trade-related contingencies	205,510	275,519	22,843	121,411	13,132	-	-	638,415
Obligations under underwriting agreements	50,000			-	-		-	50,000
Total commitments and contingent liabilities	4,886,667	1,488,221	1,807,948	2,351,598	3,478,707	14,475,551	-	28,488,692

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

The table below summarises the maturity profile of the Bank's assets and liabilities.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

2017	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	5,762,696	-	-	-	-	-	-	5,762,696
Securities purchased under resale agreements	10,390	-	-	-	-	-	-	10,390
Deposits, placements and investment accounts with banks and other financial institutions	-	303,511	151,810	-	-	-	-	455,321
Investment account	5,772	9,550	15,081	29,653	1,730,561	-	-	1,790,617
Derivative financial assets	181,008	196,319	107,377	151,987	488,570	87,282	-	1,212,543
Financial assets held-for-trading	683,266	681,694	1,606,684	425,024	1,688,132	1,131,976	288,119	6,504,895
Financial investments available-for-sale	77,087	185,273	89,584	218,169	2,502,212	4,411,235	236,719	7,720,279
Financial investments held-to-maturity	-	4,864	23,887	326,465	546,254	2,002,547	-	2,904,017
Loans and advances	3,852,204	6,088,475	6,092,857	6,942,776	27,749,585	33,040,869	-	83,766,766
Receivables: Investment not quoted in active market	14,599	7,060	6,554	33,548	1,240,535	96,328	25,000	1,423,624
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	1,760,114	-	1,760,114
Investment in subsidiaries and other investment	-	-	-	-	-	-	74,277	74,277
Investment in associates	-	-	-	-	-	-	22	22
Other assets	860,494	156,307	59,523	311,047	317,033	370	27,501	1,732,275
Property and equipment	-	-	-	-	-	-	139,987	139,987
Intangible assets	-	-	-	-	-	-	406,504	406,504
Asset held for sale	-	-	-	2,091	-	-	-	2,091
Total Undiscounted Assets	11,447,516	7,633,053	8,153,357	8,440,760	36,262,882	42,530,721	1,198,129	115,666,418
Liabilities								
Deposits from customers	33,202,491	11,527,969	8,831,616	13,131,760	2,116,979	-	-	68,810,815
Deposits and placements of banks and other financial institutions	789,123	180,664	27,636	72,344	24,038	-	-	1,093,805
Securities sold under resale agreements	8,721	-	-	-	-	-	-	8,721
Recourse obligation on loans sold to Cagamas Berhad	55,748	2,111	32,096	1,181,650	1,566,714	-	-	2,838,319
Derivative financial liabilities	62,285	123,863	105,977	158,554	385,505	172,822	-	1,009,006
Term funding	286,888	231,356	63,611	866,155	3,091,057	-	-	4,539,067
Debt capital	34,453	10,372	55,483	810,286	2,735,589	-	-	3,646,183
Deferred tax liabilities	-	-	-	-	-	-	97,828	97,828
Other liabilities	1,251,083	231,960	38,579	29,719	95,749	12,273	14,249	1,673,612
Total Undiscounted Liabilities	35,690,792	12,308,295	9,154,998	16,250,468	10,015,631	185,095	112,077	83,717,356
Net Undiscounted (Liabilities)/Assets	(24,243,276)	(4,675,242)	(1,001,641)	(7,809,708)	26,247,251	42,345,626	1,086,052	31,949,062

50. RISK MANAGEMENT (CONT'D.)

50.3 LIQUIDITY RISK MANAGEMENT (CONT'D.)

(a) Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

The table below shows the contractual expiry by maturity of the Bank's commitments and contingent liabilities. It should be noted that this is not how the Bank manages its liquidity risk for commitments and contingencies.

2017	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>1 year to 5 years	Over 5 years	No maturity specified	Total
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Commitments								
Irrevocable commitments to extend credit	559,065	1,431,958	573,796	721,464	393,182	13,011,848	-	16,691,313
Unutilised credit card lines	2,847,424	-	-	-	-	-	-	2,847,424
Forward asset purchase	670,621	-	-	-	-	-	-	670,621
Contingent Liabilities								
Direct credit substitutes	57,989	146,060	198,076	624,423	760,851	30,000	-	1,817,399
Certain transaction-related contingent items	185,545	176,005	758,855	903,019	2,693,786	406,676	-	5,123,886
Short-term self liquidating trade-related contingencies	296,261	119,048	88,997	175,934	104,871	-	-	785,111
Obligations under underwriting agreements	-			85,000	-	-	-	85,000
Total commitments and contingent liabilities	4,616,905	1,873,071	1,619,724	2,509,840	3,952,690	13,448,524	-	28,020,754

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest/profit rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two types of market risk: Traded Market Risk ("TMR") and Non-Traded Market Risk ("NTMR"). Assessment, control and monitoring of these risks are the responsibilities of IBMR.

Traded Market Risk

The TMR management process is depicted in the table below.

[illegible]	[illegible]
[illegible]	• Value-at-Risk ("VaR") • Loss Limit • Historical Stress Loss ("HSL") • Present Value of One Basis Point ("PV01") • Sensitivity to Change • Other Detailed Controls
[illegible]	[illegible]
Monitoring/ Review	• Monitor limits • Periodical review and reporting

TMR arises from transactions in which the Group acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the Board and GMRC committee approved limit structures and risk appetite. This is done via robust traded market risk measurement, limit setting, limit monitoring, and collaboration and agreement with Business Units.

VaR, Loss Limits, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which applies recent historic market conditions to estimate potential losses in market value, at a certain confidence level and over a specified holding period. Loss limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Group is able to absorb extreme, unanticipated market movements.

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Traded Market Risk (Cont'd.)

Apart from VaR, Loss Limits and HSL, additional sensitivity controls (e.g., Greek Limits/PV01) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

IBMR monitors and reports risk exposures against limits on a daily basis. Portfolio market risk positions are also reported to GMRC, RMC and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits. Business Units are required to provide an action plan to address any non-adherence to limits. The action plan must be approved by Senior Management.

The Group adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

IBMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

Non-Traded Market Risk

Interest Rate Risk/Rate of Return Risk in Banking Book ("IRR/RORBB")

The IRR/RORBB risk management process is depicted in the table below:

[illegible]	[illegible]
[illegible]	• PV01 • VaR • Earnings-at-Risk ("EaR")
[illegible]	[illegible]
Monitoring/ Review	• Monitor limits • Periodical review and reporting

IRR/RORBB arises from changes in market interest/profit rates that impact core net interest/profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest/profit margins and implied volatilities on interest/profit rate options. The provision of retail and wholesale banking products and services (primarily lending and deposit taking activities) creates interest/profit rate-sensitive positions in the Bank's statement of financial position.

The principal objectives of balance sheet risk management are to manage interest/profit income sensitivity while maintaining acceptable levels of IRR/RORBB and funding risk, and to manage the economic value of Bank's capital.

The Board's oversight of IRR/RORBB is supported by the GALCO and/or GMRC. GALCO and/or GMRC is responsible for the alignment of Bank-wide risk appetite and funding needs, taking into consideration the Bank's business strategies. GALCO and/or GMRC consistently oversees the Bank's gapping positions, asset growth and liability mix against the interest/profit rate outlook. It also reviews strategies to ensure a comfortable level of IRR/RORBB is maintained. The Bank has successfully engaged long-term borrowings and written interest/profit rate swaps to manage IRR/RORBB, and maintained an acceptable gapping profile as a result. In accordance with the Bank's policy, positions are monitored on a daily basis and hedging strategies are employed to ensure risk exposures are maintained within Management-established limits.

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Non-Traded Market Risk (Cont'd.)

Interest Rate Risk/Rate of Return Risk in Banking Book ("IRR/RORBB") (Cont'd.)

The Bank measures the risk of losses arising from potential adverse movements in market interest/profit rates and volatilities using VaR. VaR is a quantitative measure of IRR/RORBB which applies recent historic market conditions to estimate the potential loss in economic value, at a certain confidence level and over a specified holding period.

The Bank complements VaR by stress testing IRR/RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest/profit rates and spreads, changes in loan and deposit product balances due to behavioural characteristics under different interest/profit rate environments. Material assumptions include the repricing characteristics and the stickiness of indeterminate or non-maturity deposits and loans/financings.

The rate scenarios may include rapid ramping of interest/profit rates, gradual ramping of interest/profit rates, and narrowing or widening of spreads. Usually each analysis incorporate what management deems the most appropriate assumptions about customer behaviour in an interest/profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Group's exposure to a specified event.

The Bank's strategy seeks to optimise exposure to IRR/RORBB within Management-approved limits. This is achieved through the ability to reposition the interest/profit rate exposure of the statement of financial position using dynamic product and funding strategies, supported by interest/profit rate hedging activities using interest/profit rate swaps and other derivatives. These approaches are governed by the Bank's policies in the areas of product and liquidity management as well as the banking book policy statements, hedging policies and Non Traded Interest/Profit Rate Risk Framework.

IRR/RORBB exposures are monitored by IBMR and positions reported to the GALCO and/or GMRC, RMC and Board.

Market Risk Sensitivity

(i) Interest Rate Risk/Rate of Return Risk

Interest rate risk/rate of return risk ("IRR/ROR") is the risk that the value of a financial instrument will fluctuate due to changes in market interest/profit rate and is managed through gap and sensitivity analysis. Interest/profit rate movements also affect the Group's income and expense from assets and liabilities as well as capital fund. The Group has adopted IRR/ROR hedging measures to cushion the interest/profit rate volatility.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in interest/profit rate with all other variables remaining constant.

Traded Market Risk:

	2018		2017	
	Interest rate + 100 bps (RM'000)	**Interest rate - 100 bps (RM'000)**	**Interest rate + 100 bps (RM'000)**	**Interest rate - 100 bps (RM'000)**
Group and Bank				
Impact on profit before taxation	(18,977)	22,120	(30,296)	35,078

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Market Risk Sensitivity (Cont'd.)

(i) Interest Rate Risk/Rate of Return Risk (Cont'd.)

Non-Traded Market Risk:

	2018		2017	
	Interest rate + 100 bps (RM'000)	Interest rate - 100 bps (RM'000)	Interest rate + 100 bps (RM'000)	Interest rate - 100 bps (RM'000)
Group				
Impact on profit before taxation	434,622	(434,622)	391,728	(391,728)
Impact on equity	(181,850)	198,257	(237,936)	260,728
Bank				
Impact on profit before taxation	435,444	(435,444)	392,519	(392,519)
Impact on equity	(186,701)	203,624	(242,769)	266,088

(ii) Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates to exposure on the Group's financial instruments denominated in currencies other than the functional currency of the transacting entity. Position limits are imposed to prevent the Group from exposure to excessive foreign exchange risk.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in foreign exchange rates with all other variables remaining constant.

Impact on profit before taxation:

	2018		2017	
Currency	Foreign exchange rate + 10 % (RM'000)	Foreign exchange rate - 10 % (RM'000)	Foreign exchange rate + 10 % (RM'000)	Foreign exchange rate - 10 % (RM'000)
Group				
USD	(63,263)	63,263	(24,699)	24,699
SGD	13,251	(13,251)	14,089	(14,089)
EUR	144	(144)	2,459	(2,459)
AUD	243	(243)	1,423	(1,423)
GBP	(774)	774	1,654	(1,654)
JPY	(1,344)	1,344	(1,920)	1,920
Others	846	(846)	759	(759)
Bank				
USD	(63,263)	63,263	(24,699)	24,699
SGD	13,251	(13,251)	14,089	(14,089)
EUR	144	(144)	2,459	(2,459)
AUD	243	(243)	1,423	(1,423)
GBP	(774)	774	1,654	(1,654)
JPY	(1,344)	1,344	(1,920)	1,920
Others	846	(846)	759	(759)

50. RISK MANAGEMENT (CONT'D.)

50.4 MARKET RISK MANAGEMENT (CONT'D.)

Market Risk Sensitivity (Cont'd.)

(ii) Foreign Exchange Risk (Cont'd.)

Impact on equity:

	2018		2017	
Currency	**Foreign exchange rate + 10 % (RM'000)**	**Foreign exchange rate - 10 % (RM'000)**	**Foreign exchange rate + 10 % (RM'000)**	**Foreign exchange rate - 10 % (RM'000)**
Group				
USD	52,125	(52,125)	60,063	(60,063)
EUR	19	(19)	18	(18)
Bank				
USD	52,114	(52,114)	60,052	(60,052)
EUR	19	(19)	18	(18)

(iii) Price Risk

Price risk arises from the adverse movements in the price of equities. Equity price risk is controlled via position size, loss limits and VaR limits.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in prices with all other variables remaining constant.

	2018		2017	
	Prices + 10 % (RM'000)	**Prices - 10 % (RM'000)**	**Prices + 10 % (RM'000)**	**Prices - 10 % (RM'000)**
Group				
Impact on profit before taxation	10,336	(10,336)	28,540	(28,541)
Impact on equity	11,023	(11,023)	14,925	(14,925)
Bank				
Impact on profit before taxation	10,336	(10,336)	28,540	(28,541)
Impact on equity	11,020	(11,020)	14,920	(14,920)

50. RISK MANAGEMENT (CONT'D.)

50.5 OPERATIONAL RISK MANAGEMENT

[illegible]	• Identify and analyse risks in key processes/activities within Business and Functional Line (including new products)
Assessment/ Measurement	• Incident Management and Data Collection • Risk and Control Self Assessment • Key Risk Indicators • Key Control Testing • Scenario Analysis
[illegible]	• Policies addressing control and governance requirements to mitigate specific operational risk • Advisory on the establishment of internal controls • Contingency planning • Insurance programme
Monitoring/ Review	• Monitoring and reporting of loss incidents by Event Type, Portfolio and Line of Business and entity, reporting of operational risk board and management triggers, risk profile status, key risk indicator breaches and key control testing exceptions • Periodical review of risk profile within Line of Business

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk. It excludes strategic, systemic and reputational risk.

Operational Risk Appetite ("ORA") is set as part of overall Group Risk Appetite Framework ("GRAF"), which sets the acceptable tolerance levels of operational risk that the Group is willing to accept, taking into consideration of the relevant financal and non financial risk or return attributes in order to support the achievement of Group's strategic plan and business objectives. The ORA statements and measurements are classified based on operational risk loss event types, which are grouped into five (5) categories as below and monitored via Incident Management and Data Collection, Key Risk Indicator and Key Control Testing.

- Fraud (internal and external);
- Employment Practices and Worksplace Safety;
- Client, Products and Business Practices;
- Business Disruption, System Failures and Damage to Physical Assets; and
- Execution, Delivery and Process Management.

The strategy for managing operational risk in the Group is anchored on the three lines of defence concept which are as follows:

- the first line of defence ("FLOD") is responsible for the management of operational risk in order that accountability and ownership is as close as possible to the activity that creates the risk and ensuring that effective action is taken to manage them. Enhanced First Line of Defence provides a business specific focus on the implementation of operational risk management activities and supports more effective day-to-day monitoring of operational risks.

- in the second line, Group Operational Risk is responsible for exercising governance over operational risk through the management of the operational risk framework, policy development and communication, quality assurance of internal controls, operational risk measurement and communication, validation of FLOD effectiveness and capital allocation, ORM training and reporting of operational risk issues to GMRC, RMC and Board.

- Group Internal Audit acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

50. RISK MANAGEMENT (CONT'D.)

50.5 OPERATIONAL RISK MANAGEMENT (CONT'D.)

Group Operational Risk maintains close working relationships with all Line of Business, continually assisting in the identification of operational risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational risk issues within the Group. The Operational Risk Management ("ORM")/process contains the following ORM tools:

- the Incident Management and Data Collection ("IMDC") module provides a common platform for reporting operational risk incidents that fall within one of the seven Event Types as stated in Basel II. IMDC also serves as a centralised database of operational risk incidents to model the potential exposure to operational risks in future and estimate the amount of economic capital charge.
- the Risk and Control Self Assessment ("RCSA") is a process of continual identification, assessment of risks and controls effectiveness. By using structured questionnaires to assess and measure key risk and its corresponding controls effectiveness, RCSA provides risk profiling across the Group.
- the Key Risk Indicators ("KRI") module provides early warning of increasing risk and/or control failures by monitoring the changes of the underlying risk measurements.
- the Key Control Testing ("KCT") is the test steps or assessment performed periodically to assure that the key controls are in place and they are operating as intended or effective in managing the operational risks.
- The RCSA, KRIs and KCTs are then validated by the Operational Risk Assurance team, which is an independent unit within Group Operational Risk.
- Scenario analysis is a forward looking tool assessment to assess the severity impact on Bank's profitability and capital adequacy should the plausible and worse case scenarios materialise.

The IT Risk Governance team within Group Operational Risk facilitates in identifying IT (including cyber) risks internally and externally, and in developing effective controls to mitigate these risks.

The GMRC, RMC and Board are the main reporting and escalation committees for operational risk matters including outsourcing risk, information technology risk (including cyber) risk, shariah risk, legal risk and business continuity management.

(i) **Business Continuity Management ("BCM")**

The Business Continuity Management ("BCM") process is depicted in the table below:

	• Identify events that potentially threaten the business operations and areas of criticality
Assessment/ Measurement	• Business Impact Analysis • Threat Assessment
Control/ Mitigation	• Policies governing the BCM implementation • BCM methodologies controlling the process flow • Implementing the Business Continuity Plan
Monitoring/ Review	• BCM Plan testing and exercise • Review of BCM Plan • Plan maintenance

50. RISK MANAGEMENT (CONT'D.)

50.5 OPERATIONAL RISK MANAGEMENT (CONT'D.)

(i) Business Continuity Management ("BCM") (Cont'd.)

The BCM function forms an integral part of Operational Risk Management. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and establishment of critical functions recovery against downtimes. BCM builds the resilience and recovery capability to safeguard the interest of Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team and specialist units to ensure the Group has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency and conduct periodical testing to enhance the BCM capability throughout all critical departments and branches across the region. Training is an on-going agenda to heighten the BCM awareness and inculcate a business resilience culture.

50.6 CYBER RISK MANAGEMENT

Cyber threat is an emerging risk as the migration to the electronic platform intensifies, in part driven by the green agenda. As digitization has presented us with opportunities to innovate our banking solutions, and with greater volumes of data stored digitally now than before, the resilience of the Group's IT infrastructure and cyber security capabilities are of paramount importance, especially with regards to safeguarding customers' information. Thus, we are mindful of the need to have adequate safeguards against cyber-security threats. To this end, in FY18, the Group has acknowledged the importance of cyber security and resiliency and therefore, has broadened its operational risk management capabilities to encompass cyber risk management.

50.7 LEGAL RISK

In all the jurisdictions that the Group conducts its business, it is subject to legal risks arising from potential breaches of applicable laws, unenforceability of contracts, lawsuits, or adverse judgment, failure to respond to changes in regulatory framework and failure to protect assets (including intellectual properties) owned by the Banks which may lead to incurrence of losses, disruption or otherwise impact on the Group's financials or reputation.

Legal risk is overseen by GMRC, upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risks is appropriately managed.

50.8 REGULATORY COMPLIANCE RISK

The AMMB Group has in place a compliance framework to promote the safety and soundness of the AMMB Group by minimising financial, reputational and operational risks arising from regulatory non-compliance.

The AMMB Group believes in and embraces a stronger compliance culture to reflect a corporate culture of high ethical standards and integrity where the Board of Directors (Board) and Senior Management lead by example.

The Group continues to exercise and enhance its due diligence governance process and remains vigilant towards emerging risk as well as sensitive towards heightened regulatory surveillance and enforcement.

51. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

In addition, fair value information for non-financial assets and liabilities such as investment in subsidiaries and other investments and deferred taxation are excluded, as they do not fall within the scope of MFRS 7 Financial Instruments: Disclosures, which requires the fair value information to be disclosed.

The estimated fair values of the Group's and the Bank's financial instruments are as follows:

a) Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values).

	Group		Bank	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
2018				
Financial Assets				
Financial investments held-to-maturity	1,802,605	1,743,986	1,802,605	1,743,986
Loans and advances*	12,165,872	12,439,052	12,007,353	12,289,870
Receivables: Investments not quoted in active markets	1,149,600	1,176,019	1,149,600	1,176,019
	15,118,077	15,359,057	14,959,558	15,209,875
Financial Liabilities				
Recourse obligation of loans sold to Cagamas Berhad	3,753,216	3,803,662	3,753,216	3,803,662
Term funding	2,748,820	2,781,055	2,748,820	2,781,055
Debt capital	3,579,871	3,633,340	3,579,871	3,633,340
	10,081,907	10,218,057	10,081,907	10,218,057
2017				
Financial Assets				
Financial investments held-to-maturity	2,077,505	2,023,202	2,077,505	2,023,202
Loans and advances*	11,975,053	12,382,067	11,806,635	12,196,684
Receivables: Investments not quoted in active markets	1,172,157	1,198,355	1,172,157	1,198,355
	15,224,715	15,603,624	15,056,297	15,418,241
Financial Liabilities				
Recourse obligation of loans sold to Cagamas Berhad	2,663,105	2,710,822	2,663,105	2,710,822
Term funding	4,148,486	4,182,460	4,148,486	4,182,460
Debt capital	3,194,706	3,291,938	3,194,706	3,291,938
	10,006,297	10,185,220	10,006,297	10,185,220

Note:

* Excluding loans and advances of RM55,155,878,000 and RM55,244,386,000 for Group and the Bank respectively (2017: RM50,356,393,000 and RM50,441,985,000 for the Group and the Bank respectively) where the carrying amounts are reasonable approximation of their fair values.

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

(b) The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities.

	Group				Bank			
	Valuation techniques				Valuation techniques			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2018								
Financial assets measured at fair value								
Derivative financial assets	3	1,134,050	-	1,134,053	3	1,134,050	-	1,134,053
Financial assets held-for-trading								
- Money market securities	-	5,928,678	-	5,928,678	-	5,928,678	-	5,928,678
- Equities	449,660	-	-	449,660	449,660	-	-	449,660
- Quoted sukuk	37,962	-	-	37,962	37,962	-	-	37,962
- Unquoted corporate bond and sukuk	-	1,625,641	-	1,625,641	-	1,625,641	-	1,625,641
Financial investments available-for-sale								
- Money market securities	-	558,562	-	558,562	-	558,562	-	558,562
- Equities	110,231	-	46,677	156,908	110,198	-	46,677	156,875
- Unquoted corporate bond and sukuk	-	3,808,503	-	3,808,503	-	3,808,503	34,499	3,843,002
Financial assets for which fair values are disclosed								
Financial investments held-to-maturity	-	1,742,965	1,021	1,743,986	-	1,742,965	1,021	1,743,986
Loans and advances	-	12,439,052	-	12,439,052	-	12,289,870	-	12,289,870
Receivables: Investments not quoted in active markets	-	1,094,824	81,195	1,176,019	-	1,094,824	81,195	1,176,019
	597,856	28,332,275	128,893	29,059,024	597,823	28,183,093	163,392	28,944,308
Financial liabilities measured at fair value								
Derivative financial liabilities	6,145	1,275,543	-	1,281,688	6,145	1,275,543	-	1,281,688
Financial liabilities for which fair values are disclosed								
Recourse obligation of loans sold to Cagamas Berhad	-	3,803,662	-	3,803,662	-	3,803,662	-	3,803,662
Term funding	-	2,781,055	-	2,781,055	-	2,781,055	-	2,781,055
Debt capital	-	3,633,340	-	3,633,340	-	3,633,340	-	3,633,340
	6,145	11,493,600	-	11,499,745	6,145	11,493,600	-	11,499,745

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

(b) The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities (Cont'd.).

	Group				Bank			
	Valuation techniques				Valuation techniques			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2017								
Financial 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 sukuk	38,207	-	-	38,207	38,207	-	-	38,207
- Unquoted corporate bond and sukuk	-	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 corporate bond and sukuk	-	4,197,901	-	4,197,901	-	4,197,901	50,842	4,248,743
Financial assets for which fair values are disclosed								
Financial investments held-to-maturity	-	2,022,206	996	2,023,202	-	2,022,206	996	2,023,202
Loans and advances	-	12,382,067	-	12,382,067	-	12,196,684	-	12,196,684
Receivables: Investments not quoted in active markets	-	1,121,744	76,611	1,198,355	-	1,121,744	76,611	1,198,355
	475,663	27,656,134	77,607	28,209,404	475,619	27,470,751	128,449	28,074,819
Financial liabilities measured at fair value								
Derivative financial liabilities	3,479	955,415	-	958,894	3,479	955,415	-	958,894
Financial liabilities for which fair values are disclosed								
Recourse obligation of loans sold to Cagamas Berhad	-	2,710,822	-	2,710,822	-	2,710,822	-	2,710,822
Term funding	-	4,182,460	-	4,182,460	-	4,182,460	-	4,182,460
Debt capital	-	3,291,938	-	3,291,938	-	3,291,938	-	3,291,938
	3,479	11,140,635	-	11,144,114	3,479	11,140,635	-	11,144,114

There is no transfer between level 1 and level 2 during the current and previous financial year for the Group and the Bank.

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

Determination of fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

(a) Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than six months), demand deposits and savings accounts without a specific maturity, the carrying amounts approximate to their fair value. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since the instrument was initially recognised.

(b) Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were initially recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads to the extent such observable inputs are available, or based on indicative rate of return of the instrument with similar credit risk, if relevant observable inputs are not available.

(c) Financial investments available-for-sale

Financial investments available-for-sale valued using valuation techniques or pricing models primarily consist of unquoted equities and debt securities.

(d) Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with remaining maturities of less than six months are estimated to approximate their carrying values. For securities purchased under resale agreements with maturities of more than six months, the fair values are estimated based on discounted cash flows using the prevailing KLIBOR rates and interest rate swap rates.

(e) Recourse obligation on loans sold to Cagamas Berhad

The fair values for recourse obligation on loans sold to Cagamas Berhad are determined based on discounted cash flows of future installments payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

(f) Contingent liabilities and undrawn credit facilities

The fair value of contingent liabilities and undrawn credit facilities are not readily ascertainable. These financial instruments are presently not sold or traded. They generate fees that are in line with market prices for similar arrangements. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs and potential loss that may arise should these commitments crystallise. The Group and the Bank assess that their respective fair values are unlikely to be significant given that the overall level of fees involved is not significant.

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

Determination of 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 a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investment 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 or 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 0.3% and 0.6% of the Group's and the Bank's (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.

51. 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Financial investment available-for-sale:				
Balance at beginning of the financial year	-	-	50,842	69,123
Addition during the financial year	46,677	-	46,677	-
Total losses recognised in:				
- other comprehensive income	-	-	(177)	(267)
Settlements	-	-	(16,166)	(18,014)
Balance at end of the financial year	46,677	-	81,176	50,842

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 the reporting period:

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Financial investment available-for-sale:				
Total losses included in:				
- other comprehensive income	-	-	(177)	(267)

There are no transfers between Level 2 and Level 3 during the current 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.

52. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements (excluding financial assets not subject to offset and that are only subject to collateral arrangements (e.g loans and advances) and similar agreements are as follows:

	Gross amount of recognised financial assets/liabilities RM'000	Gross amounts offset in the statements of financial position RM'000	Amounts presented in the statements of financial position RM'000	Amount not offset in the statements of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received/pledged RM'000	
Group and Bank						
2018						
Derivative financial assets (Note 10)	1,134,053	-	1,134,053	(591,146)	(270,412)	272,495
	1,134,053	-	1,134,053	(591,146)	(270,412)	272,495
					(Note 29)	
Derivative financial liabilities (Note 10)	1,281,688	-	1,281,688	(591,146)	(247,839)	442,703
	1,281,688	-	1,281,688	(591,146)	(247,839)	442,703
					(Note 20)	
2017						
Derivative financial assets (Note 10)	1,172,132	-	1,172,132	(446,234)	(196,769)	529,129
	1,172,132	-	1,172,132	(446,234)	(196,769)	529,129
					(Note 29)	
Derivative financial liabilities (Note 10)	958,894	-	958,894	(446,234)	(487,751)	24,909
	958,894	-	958,894	(446,234)	(487,751)	24,909
					(Note 20)	

53. 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:

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 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 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) 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.

During the current financial year, a new division called Business Banking ("BB") was established to enhance the Group's focus on the small and medium sized enterprises ("SME") segment in line with the Group's strategy. BB comprises two focus areas, namely Enterprise Banking and Commercial Banking. In view of BB's contribution to the Group in terms of revenue, profit and total assets for the current financial year, it is not disclosed as a reportable segment as it is below the quantitative thresholds. However, it is included in Wholesale Banking division for purposes of Business segment analysis.

(c) Group Funding and Others

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

Measurement of segment performance
The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Operating Revenue
Operating revenue of the Group comprises all types of revenue derived from the business segments but after elimination of all related companies' transactions.

Major customers
No revenue from one single customer amounted to greater than 10% of the Group's revenue for the current and previous financial year.

Note:
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.

53. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group 2018	Retail banking RM'000	Wholesale Banking: Corporate and commercial banking RM'000	Wholesale Banking: Global Markets RM'000	Wholesale Banking: Capital Markets and Private Banking RM'000	Group funding and others RM'000	Total RM'000
External revenue	2,315,430	1,596,216	635,031	67,340	292,233	4,906,250
Revenue from other segments	(333,216)	(708,547)	635,932	(16,557)	422,388	-
Total operating revenue	1,982,214	887,669	1,270,963	50,783	714,621	4,906,250
Net interest income	814,142	574,039	54,761	21,593	178,555	1,643,090
Other operating income	268,571	205,969	183,379	15,680	(23,576)	650,023
Income	1,082,713	780,008	238,140	37,273	154,979	2,293,113
Other operating expenses	(714,837)	(258,939)	(73,900)	(10,501)	(369,862)	(1,428,039)
of which:						
Depreciation of Property and Equipment	(27,951)	(1,061)	(502)	(33)	(20,495)	(50,042)
Amortisation of Intangible Assets	(12,082)	(1,877)	(3,914)	-	(67,371)	(85,244)
Profit/(Loss) before impairment losses	367,876	521,069	164,240	26,772	(214,883)	865,074
Writeback/(Allowance) for impairment losses on loans and advances	9,558	(32,071)	-	1,952	83,192	62,631
Writeback/(Provision) for commitments and contingencies	(3,947)	2,938	-	(180)	10	(1,179)
Allowance for impairment losses on other assets	(8,671)	(641)	-	-	(26,672)	(35,984)
Other recoveries	11	-	56	-	1,909	1,976
Profit/(loss) before taxation	364,827	491,295	164,296	28,544	(156,444)	892,518
Taxation	(87,558)	(112,632)	(37,991)	(4,623)	59,527	(183,277)
Profit/(loss) for the financial year	277,269	378,663	126,305	23,921	(96,917)	709,241
Other information						
Total segment assets	41,544,742	26,321,968	14,266,301	1,729,814	11,270,784	95,133,609
Total segment liabilities	35,631,201	7,049,162	31,568,021	790,307	11,184,971	86,223,662
Cost to income ratio	66.0%	33.2%	31.0%	28.2%	238.7%	62.3%
Gross loans and advances	40,831,697	25,883,160	-	1,288,545	-	68,003,402
Net loans and advances	40,515,114	25,612,643	-	1,283,406	(89,413)	67,321,750
Impaired loans and advances	510,519	543,281	-	-	-	1,053,800
Deposits	35,083,801	6,724,732	27,638,979	783,245	2,444,282	72,675,039
Additions to:						
Property and equipment	11,280	2,960	7	26	6,762	21,035
Intangible assets	22,308	7,443	174	-	52,300	82,225

53. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group 2017 (Restated)	Retail banking RM'000	Wholesale Banking: Corporate and commercial banking RM'000	Wholesale Banking: Global Markets RM'000	Wholesale Banking: Capital Markets and Private Banking RM'000	Group funding and others RM'000	Total RM'000
External revenue	2,103,230	1,594,070	489,048	105,455	318,688	4,610,491
Revenue from other segments	(224,422)	(690,660)	623,086	(8,288)	300,284	-
Total operating revenue	1,878,808	903,410	1,112,134	97,167	618,972	4,610,491
Net interest income	812,717	524,442	55,921	17,699	111,616	1,522,395
Other operating income	202,182	274,884	149,387	62,665	22,809	711,927
Income	1,014,899	799,326	205,308	80,364	134,425	2,234,322
Other operating expenses	(651,190)	(183,893)	(75,162)	(12,477)	(244,007)	(1,166,729)
of which:						
Depreciation of Property and Equipment	(22,897)	(937)	(754)	(47)	(16,324)	(40,959)
Amortisation of Intangible Assets	(11,913)	(2,188)	(5,749)	(1)	(62,261)	(82,112)
Profit/(Loss) before impairment losses	363,709	615,433	130,146	67,887	(109,582)	1,067,593
(Allowance)/Writeback for impairment losses on loans and advances	69,323	(59,548)	-	7,996	130,574	148,345
(Provision)/Writeback of provision for commitments and contingencies	3,129	5,250	-	(2,063)	(7,473)	(1,157)
(Allowance)/Writeback for impairment losses on other assets	(900)	(553)	-	-	513	(940)
Other recoveries	4	12,068	-	-	981	13,053
Profit before taxation	435,265	572,650	130,146	73,820	15,013	1,226,894
Taxation	(104,359)	(129,972)	(29,071)	(16,581)	6,607	(273,376)
Profit for the financial year	330,906	442,678	101,075	57,239	21,620	953,518
Other information						
Total segment assets	36,721,653	26,475,090	11,195,596	1,374,251	14,789,524	90,556,114
Total segment liabilities	27,973,902	7,419,297	34,833,115	769,530	10,772,849	81,768,693
Cost to income ratio	64.2%	23.0%	36.6%	15.5%	181.5%	52.2%
Gross loans and advances	36,037,838	25,905,759	-	1,172,476	64,961	63,181,034
Net loans and advances	35,691,129	25,581,232	-	1,166,732	(107,647)	62,331,446
Impaired loans and advances	510,722	687,740	-	-	-	1,198,462
Deposits	27,459,587	6,952,985	33,073,481	762,591	130,978	68,379,622
Additions to:						
Property and equipment	38,816	660	-	101	22,081	61,658
Intangible assets	35,595	9,230	-	60	70,979	115,864

Note:

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

2 The comparatives have been restated to comform with current business realignment and restatement as per Note 54.

54. RESTATEMENT OF COMPARATIVE INFORMATION

Certain comparative figures were restated arising from 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 4.2.

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

(i) Reconciliation of statements of financial position

	As previously reported RM'000	Reclassification RM'000	As restated 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

54. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)

The effects arising from the restatement of comparative information is as follows (Cont'd.):

(ii) Reconciliation of statement of profit or loss

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Interest expense for financial year ended 31 March 2017			
Group			
Deposits from customers	1,854,523	(6,202)	1,848,321
Deposits and placements of banks and other financial institutions	45,248	(1,466)	43,782
Term funding	186,676	7,668	194,344
Bank			
Deposits from customers	1,855,858	(6,202)	1,849,656
Deposits and placements of banks and other financial institutions	47,645	(1,466)	46,179
Term funding	186,676	7,668	194,344

(iii) Reconciliation of statement of cash flows

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
31 March 2017			
Group			
Amortisation of issuance costs and premium for term funding	8,699	431	9,130
Unrealised foreign exchange loss on term funding and debt capital	207,883	517	208,400
Deposits from customers	5,342,155	19,726	5,361,881
Deposits and placements of banks and other financial institutions	19,320	80,000	99,320
Term funding	(1,799,607)	(100,674)	(1,900,281)
Bank			
Amortisation of issuance costs and premium for term funding	8,699	431	9,130
Unrealised foreign exchange loss on term funding and debt capital	207,883	517	208,400
Deposits from customers	5,319,411	19,726	5,339,137
Deposits and placements of banks and other financial institutions	41,849	80,000	121,849
Term funding	(1,799,607)	(100,674)	(1,900,281)