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

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

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group		Bank	
		31 December 2017	31 March 2017	31 December 2017	31 March 2017
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		655,154	584,391	558,638	471,568
Financial assets held-for-trading	8	900	955	900	955
Financial investments available-for-sale	9	11,720	11,720	11,720	11,720
Financial investments held-to-maturity	10	135,770	104,643	135,770	104,643
Loans and advances	11	292,305	291,825	292,305	291,825
Statutory deposit with Bank Negara Malaysia		4,899	5,330	4,899	5,330
Deferred tax assets		4,921	8,868	2,960	6,863
Investment in subsidiaries		-	-	68,927	68,927
Other assets	12	358,176	514,363	335,915	485,083
Property and equipment		20,020	21,446	18,984	20,338
Intangible assets		39,370	40,612	2,110	2,513
TOTAL ASSETS		1,523,235	1,584,153	1,433,128	1,469,765
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	13	600,000	550,000	600,000	550,000
Derivative financial liabilities		12	12	12	12
Other liabilities	14	335,797	448,124	322,964	428,010
TOTAL LIABILITIES		935,809	998,136	922,976	978,022
Share capital		200,000	200,000	200,000	200,000
Reserves		387,426	386,017	310,152	291,743
Equity attributable to equity holder of the Bank		587,426	586,017	510,152	491,743
TOTAL LIABILITIES AND EQUITY		1,523,235	1,584,153	1,433,128	1,469,765
COMMITMENTS AND CONTINGENCIES	22	186,763	207,844	186,763	207,844
NET ASSETS PER ORDINARY SHARE (RM)		2.94	2.93	2.55	2.46

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2017.

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

Group	Note	Individual Quarter 31 December 2017	Individual Quarter 31 December 2016	Cumulative Quarter 31 December 2017	Cumulative Quarter 31 December 2016
		RM'000	RM'000	RM'000	RM'000
Operating revenue		75,614	74,748	229,238	221,436
Interest income	15	8,700	8,325	26,587	25,017
Interest expense	16	(5,476)	(5,129)	(16,296)	(14,182)
Net interest income		3,224	3,196	10,291	10,835
Net income from Islamic banking	25	9,609	6,841	29,922	16,820
Other operating income	17	79,019	76,713	237,346	235,985
Direct costs	18	(21,868)	(17,190)	(65,453)	(56,639)
Net income		69,984	69,560	212,106	207,001
Other operating expenses	19	(48,837)	(52,846)	(152,077)	(147,391)
Operating Profit		21,147	16,714	60,029	59,610
Net (impairment)/writeback of impairment on:					
Loans and advances	20	(24)	(934)	(186)	(501)
Doubtful receivables		(55)	(70)	459	(1,158)
Writeback of /(allowance for) provision for commitments and contingencies		213	(3)	92	(6,257)
Profit before taxation		21,281	15,707	60,394	51,694
Taxation		(6,980)	(4,502)	(15,799)	(17,869)
Profit for the financial period		14,301	11,205	44,595	33,825
Basic earnings per share (sen)		7.15	5.60	22.30	16.91

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2017.

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

Group	Individual Quarter		Cumulative Quarter	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	14,301	11,205	44,595	33,825
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss				
Currency translation on foreign operations	(401)	223	(528)	683
Other comprehensive (loss)/ income for the financial period	(401)	223	(528)	683
Total comprehensive income for the period attributable to equity holder of the Bank	13,900	11,428	44,067	34,508

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2017.

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

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

		Individual Quarter		Cumulative Quarter	
Bank	**Note**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Operating revenue		59,946	64,025	185,382	151,075
Interest income	15	8,238	7,689	24,977	23,219
Interest expense	16	(5,387)	(5,041)	(16,022)	(14,057)
Net interest income		2,851	2,648	8,955	9,162
Net income from Islamic banking	25	9,609	6,841	29,922	16,820
Other operating income	17	52,115	55,394	160,392	130,658
Direct costs	18	(10,170)	(5,958)	(30,745)	(19,875)
Net income		54,405	58,925	168,524	136,765
Other operating expenses	19	(33,214)	(32,823)	(98,687)	(91,785)
Operating Profit		21,191	26,102	69,837	44,980
Net (impairment)/writeback of impairment on:					
Loans and advances	20	(24)	(934)	(186)	(501)
Doubtful receivables		(55)	(70)	(349)	37
Writeback of /(allowance for) provision for commitments and contingencies		213	(3)	92	(6,257)
Profit before taxation		21,325	25,095	69,394	38,259
Taxation		(3,894)	(1,398)	(8,447)	(8,523)
Profit for the financial period representing total comprehensive income		17,431	23,697	60,947	29,736
Basic earnings per share (sen)		8.72	11.85	30.47	14.87

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2017.

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

	<-----Attributable to equity holder of the Bank							---->
		Non-distributable					Distributable	
Group	**Share capital RM'000**	**Capital reserve RM'000**	**Statutory reserve RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Exchange fluctuation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2016	200,000	2,815	200,000	2,800	149,637	2,165	103,699	661,116
Profit for the financial period	-	-	-	-	-	-	33,825	33,825
Other comprehensive income	-	-	-	-	-	683	-	683
Total comprehensive income for the period	-	-	-	-	-	683	33,825	34,508
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(122)	(122)
Effect arising from the pooling of interests	-	-	-	-	(67,522)	-	(13,328)	(80,850)
Dividends paid	-	-	-	-	-	-	(36,000)	(36,000)
Transactions with owner and other equity movements	-	-	-	-	(67,522)	-	(49,450)	(116,972)
At 31 December 2016	200,000	2,815	200,000	2,800	82,115	2,848	88,074	578,652
At 1 April 2017	200,000	2,815	200,000	2,800	82,115	3,035	95,252	586,017
Profit for the financial period	-	-	-	-	-	-	44,595	44,595
Other comprehensive loss	-	-	-	-	-	(528)	-	(528)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(528)	44,595	44,067
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(558)	(558)
Transfer to regulatory reserve	-	-	-	118	-	-	(118)	-
Transfer to retained earnings	-	-	(200,000)	-	-	-	200,000	-
Dividends paid	-	-	-	-	-	-	(42,100)	(42,100)
Transactions with owner and other equity movements	-	-	(200,000)	118	-	-	157,224	(42,658)
At 31 December 2017	200,000	2,815	-	2,918	82,115	2,507	297,071	587,426

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2017.

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

	<----------------Attributable to equity holder of the Bank-------------->					
		Non-distributable			Distributable	
Bank	**Share capital RM'000**	**Statutory reserve RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2016	200,000	200,000	2,800	22,621	99,023	524,444
Profit for the financial period	-	-	-	-	29,736	29,736
Total comprehensive income for the period	-	-	-	-	29,736	29,736
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(122)	(122)
Effect arising from the pooling of interests	-	-	-	(22,621)	(546)	(23,167)
Dividends paid	-	-	-	-	(36,000)	(36,000)
Transactions with owner and other equity movements	-	-	-	(22,621)	(36,668)	(59,289)
At 31 December 2016	200,000	200,000	2,800	-	92,091	494,891
At 1 April 2017	200,000	200,000	2,800	-	88,943	491,743
Profit for the financial period	-	-	-	-	60,947	60,947
Total comprehensive income for the period	-	-	-	-	60,947	60,947
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(438)	(438)
Transfer to regulatory reserve	-	-	118	-	(118)	-
Transfer to retained earnings	-	(200,000)	-	-	200,000	-
Dividends paid	-	-	-	-	(42,100)	(42,100)
Transactions with owner and other equity movements	-	(200,000)	118	-	157,344	(42,538)
At 31 December 2017	200,000	-	2,918	-	307,234	510,152

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2017.

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

		Group		Bank	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		RM'000	RM'000	RM'000	RM'000
Profit before taxation		60,394	51,694	69,394	38,259
Adjustments for non-operating and non cash items		(1,439)	13,242	(52,897)	(17,076)
Operating profit before working capital changes		58,955	64,936	16,497	21,183
Decrease in operating assets		129,609	270,424	123,556	246,293
Decrease in operating liabilities		(63,322)	(159,912)	(55,393)	(157,214)
Cash generated from operations		125,242	175,448	84,660	110,262
Tax refunded/(paid), net		18,243	(12,980)	22,885	(3,496)
Net cash generated from operating activities		143,485	162,468	107,545	106,766
Net cash (used in)/generated from investing activities		(30,298)	(77,508)	21,625	(52,127)
Dividend paid by the Bank		(42,100)	(36,000)	(42,100)	(36,000)
Dividend paid by the fund management entities	Note 1	-	(31,000)	-	-
Net cash used in financing activities		(42,100)	(67,000)	(42,100)	(36,000)
Net increase in cash and cash equivalents		71,087	17,960	87,070	18,639
Cash and cash equivalents at beginning of the financial year		584,391	560,305	471,568	458,535
Effect of exchange rate changes		(324)	387	-	-
Cash and cash equivalents at end of the financial period		655,154	578,652	558,638	477,174

Note 1 This represents payment of dividend by the fund management entities (AmFund Management and AmIslamic Funds Management), to its previous shareholder, AmInvestment Group Berhad. The fund management entities were acquired on 21 July 2016 by the Bank.

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2017.

EXPLANATORY NOTES :

1. BASIS OF PREPARATION

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

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

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

1.1 Significant Accounting Policies

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

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

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

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

Disclosure Initiative (Amendments to MFRS 107)

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

1. BASIS OF PREPARATION (CONT'D.)

1.1 Significant Accounting Policies (Cont'd.)

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 Bank in respect of the recognition of deferred tax assets comply with these requirements.

Annual Improvements to MFRSs 2014-2016 Cycle

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

(i) MFRS 12 Disclosure of Interests in Other Entities

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

1.2 Standards issued but not yet effective

Description	**Effective for annual periods beginning on or after**
- Annual Improvements to MFRSs 2014-2016 Cycle - amendments to MFRS 1 and MFRS 128	1 January 2018
- MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
- MFRS 9 *Financial Instruments*	1 January 2018
- Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)	1 January 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
- Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
- MFRS 16 *Leases*	1 January 2019
- IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
- 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
- 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

1. BASIS OF PREPARATION (CONT'D.)

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

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

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

Annual Improvements to MFRSs 2014-2016 Cycle

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting 3 MFRSs, in which 2 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 assessment on the financial implication for adopting MFRS 15 is currently ongoing. Based on the assessment to date, the profile of revenue recognition is expected to change as a result of the new guidance in connection with the allocation of revenue to the distinct elements in the contract, as well as the specific requirements on the recognition of variable or uncertain revenues. In addition, certain sales commissions will have to be capitalised due to the new requirement to capitalise costs associated with obtaining a contract. Nevertheless, the financial impact to the Group and Company is not expected to be material.

1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 9 *Financial Instruments*

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

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

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

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

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

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

- the majority of loans and advances that are classified as loans and receivables under MFRS139 are expected to be measured at amortised cost under MFRS 9;
- investments in money market instruments and corporate bonds held for liquidity management purposes, some of which are currently classified as held to maturity under MFRS 139, are expected to be measured at FVOCI under MFRS 9;
- the majority of investments in equity instruments not held for trading which are classified as available for sale under MFRS 139 will be measured at FVTPL by default under MFRS 9;
- financial assets held for trading are expected to continue to be measured at FVTPL.

1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 9 *Financial Instruments (Cont'd.)*

The impairment requirements are expected to result in a higher allowance for impairment losses. The Group and the Bank are currently finalising detailed assessments to determine and quantify the extent of the impact.

Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

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

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

IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

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

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

(b) Standards effective for financial year ending 31 March 2020

MFRS 16 *Leases*

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

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

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

1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 16 *Leases (Cont'd.)*

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

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

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

IC Interpretation 23 Uncertainty over Income Tax Treatments

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

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

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 9 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.

1. BASIS OF PREPARATION (CONT'D.)

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

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

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 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.

(iii) MFRS 112 *Income Taxes*
The amendments 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 clarified 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.

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

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

The amendments clarify that:

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

- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

1.3 Significant change in regulatory requirement

BNM Policy Document on capital funds

On 3 May 2017, BNM issued a revised policy document, Capital Funds. 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 period, the Group and the Bank had reclassified balances in Statutory Reserve to Retained earnings.

1. BASIS OF PREPARATION (CONT'D.)

1.4 Significant Accounting Judgements, Estimates and Assumptions

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

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

2. AUDIT QUALIFICATION

There was no audit qualification in the audited annual financial statements for the year ended 31 March 2017.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

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

5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect for the financial quarter ended 31 December 2017.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

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

7. DIVIDENDS

During the financial period, the final single-tier cash dividend of 10.15 sen per ordinary share on 200,000,000 ordinary shares amounting to RM20,300,000 in respect of financial year ended 31 March 2017 was paid on 14 August 2017.

In respect of the current financial period, the Board of Directors had declared an interim single-tier cash dividend of 10.9 sen per ordinary share on 200,000,000 ordinary shares amounting to RM21,800,000 which was paid on 15 December 2017.

8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	31 December 2017 RM'000	31 March 2017 RM'000
At Fair Value		
Quoted Securities in Malaysia:		
Unit trusts	900	955

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group and Bank	
	31 December 2017 RM'000	31 March 2017 RM'000
At Cost		
Unquoted Securities:		
In Malaysia:		
Shares	11,714	11,714
Outside Malaysia:		
Shares	6	6
	11,720	11,720

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group and Bank	
	31 December 2017 RM'000	31 March 2017 RM'000
At Amortised Cost:		
Money Market Instruments:		
Malaysian Government securities	60,670	-
Islamic Treasury Bills	-	29,543
	60,670	29,543
Unquoted Securities in Malaysia:		
Corporate Bonds	75,100	75,100
	135,770	104,643

11. LOANS AND ADVANCES

	Group and Bank	
	31 December 2017 RM'000	**31 March 2017 RM'000**
At Amortised Cost		
Share margin financing	257,492	239,865
Revolving credits	36,066	52,694
Staff loans	1,801	2,134
Gross loans and advances	295,359	294,693
Less:		
Allowance for impairment on loans and advances		
Individual allowance	(2,091)	(2,163)
Collective allowance	(963)	(705)
	(3,054)	(2,868)
Net loans and advances	292,305	291,825

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

	Group and Bank	
	31 December 2017 RM'000	**31 March 2017 RM'000**
Domestic business enterprises:		
Small medium enterprises	3,457	3,455
Others	55,018	51,764
Individuals	236,884	239,474
	295,359	294,693

(b) All loans and advances reside in Malaysia.

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

	Group and Bank	
	31 December 2017 RM'000	**31 March 2017 RM'000**
Fixed rate		
Staff housing loans	1,624	1,785
Staff hire purchase receivables	177	349
Other fixed rate loans	257,492	239,865
	259,293	241,999
Variable rate:		
Cost-plus	36,066	52,694
	295,359	294,693

11. LOANS AND ADVANCES (CONT'D.)

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

	Group and Bank	
	31 December 2017 RM'000	**31 March 2017 RM'000**
Agriculture	862	861
Real estate	3,808	3,806
Business activities	53,806	50,552
Household, of which:		
Purchase of residential properties	1,624	1,785
Purchase of transport vehicles	178	349
Purchase of securities	235,081	237,340
	295,359	294,693

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

	Group and Bank	
	31 December 2017 RM'000	**31 March 2017 RM'000**
Maturing within one year	293,638	292,606
Over one year to three years	100	248
Over three years to five years	87	154
Over five years	1,534	1,685
	295,359	294,693

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

	Group and Bank	
	31 December 2017 RM'000	**31 March 2017 RM'000**
Balance at beginning of the financial year	2,163	2,251
Recoveries	(72)	(88)
Balance at end of the financial period/year	2,091	2,163
Gross impaired loans and advances as % of gross loans and advances	0.71%	0.73%
Loan loss coverage (including Regulatory Reserve)	285.6%	262.0%

11. LOANS AND ADVANCES (CONT'D.)

(g) All impaired loans and advances reside in Malaysia.

(h) All impaired loans and advances are in the business activities sector.

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

	Group and Bank	
	31 December 2017 RM'000	31 March 2017 RM'000
Individual allowance		
Balance at beginning of the financial year	2,163	2,251
Allowance written back during the financial period/year	(72)	(88)
Balance at end of the financial period/year	2,091	2,163
Collective allowance		
Balance at beginning of the financial year	705	1,272
Charge/(written back) during the financial period/y	258	(567)
Balance at end of the financial period/year	963	705
Collective allowance (including regulatory reserve) as % of gross loans and advances less individual allowance	1.32%	1.20%

12. OTHER ASSETS

	Group		Bank	
	31 December 2017 RM'000	**31 March 2017 RM'000**	**31 December 2017 RM'000**	**31 March 2017 RM'000**
Trade receivables	277,793	392,311	277,696	391,575
Other receivables, deposits and prepayments	17,626	24,718	10,043	12,876
Fee receivable	31,741	32,398	11,860	11,755
Interest receivable	2,312	721	2,306	719
Tax recoverable	21,495	51,550	18,906	46,359
Margin deposits	14,842	21,330	14,842	21,330
Amount due from:				
Holding company	83	76	83	-
Subsidiaries	-	-	2,960	3,226
Other related companies	563	1,032	561	1,032
	366,455	524,136	339,257	488,872
Less:				
Accumulated impairment loss	(8,279)	(9,773)	(3,342)	(3,789)
	358,176	514,363	335,915	485,083

13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

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

14. OTHER LIABILITIES

	Group		Bank	
	31 December 2017 RM'000	**31 March 2017 RM'000**	**31 December 2017 RM'000**	**31 March 2017 RM'000**
Trade payables	263,862	376,535	263,862	376,535
Other payables and accruals	56,833	53,979	46,263	39,670
Interest payable	4,372	3,773	4,372	3,773
Provision for commitments and contingencies	481	573	481	573
Amount due to:				
Holding company	-	22	-	22
Other related companies	10,249	13,242	7,986	7,437
	335,797	448,124	322,964	428,010

15. INTEREST INCOME

Group	Individual Quarter 31 December 2017 RM'000	Individual Quarter 31 December 2016 RM'000	Cumulative Quarter 31 December 2017 RM'000	Cumulative Quarter 31 December 2016 RM'000
Cash and short-term funds	2,174	2,372	7,347	6,902
Financial investments held-to-maturity	1,409	788	3,122	2,356
Loans and advances	5,026	5,036	15,076	15,214
Others	91	129	1,042	545
	8,700	8,325	26,587	25,017

Bank	Individual Quarter 31 December 2017 RM'000	Individual Quarter 31 December 2016 RM'000	Cumulative Quarter 31 December 2017 RM'000	Cumulative Quarter 31 December 2016 RM'000
Cash and short-term funds	1,711	1,735	5,737	5,104
Financial investments held-to-maturity	1,409	788	3,122	2,356
Loans and advances	5,026	5,036	15,076	15,214
Others	92	130	1,042	545
	8,238	7,689	24,977	23,219

16. INTEREST EXPENSE

Group	Individual Quarter 31 December 2017 RM'000	Individual Quarter 31 December 2016 RM'000	Cumulative Quarter 31 December 2017 RM'000	Cumulative Quarter 31 December 2016 RM'000
Deposits and placements of banks and other financial institutions	5,304	4,926	15,746	13,728
Others	172	203	550	454
	5,476	5,129	16,296	14,182

Bank	Individual Quarter 31 December 2017 RM'000	Individual Quarter 31 December 2016 RM'000	Cumulative Quarter 31 December 2017 RM'000	Cumulative Quarter 31 December 2016 RM'000
Deposits and placements of banks and other financial institutions	5,304	4,926	15,746	13,728
Others	83	115	276	329
	5,387	5,041	16,022	14,057

17. OTHER OPERATING INCOME

Group	Individual Quarter 31 December 2017 RM'000	Individual Quarter 31 December 2016 (Restated) RM'000	Cumulative Quarter 31 December 2017 RM'000	Cumulative Quarter 31 December 2016 (Restated) RM'000
Fee and commission income:				
Brokerage fees and commission	18,254	13,790	56,306	45,713
Corporate advisory	2,966	3,485	7,624	7,630
Fees on loans and securities	7,694	2,649	11,642	10,121
Guarantee fees	-	21	13	78
Portfolio management fees	3,865	8,951	21,198	25,473
Underwriting commission	-	267	151	3,334
Unit trust management fees	32,693	30,226	83,201	83,546
Unit trust service charges	5,930	7,431	21,258	25,002
Wealth management fees	5,920	6,167	21,573	24,602
Other fee and commission income	802	235	2,966	601
	78,124	73,222	225,932	226,100
Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	-	-	3	-
Financial investments available-for-sale	294	295	1,447	1,388
Net foreign exchange (loss)/gain	(1,091)	1,678	(2,132)	3,302
Net gain/(loss) from sale of financial assets held-for-trading	18	(1)	31	(10)
Net gain from sale of financial investments available-for-sale	-	-	-	295
Net gain/(loss) on revaluation of derivatives	-	1	(12)	(27)
Net gain/(loss) on revaluation of financial assets held-for-trading	(10)	1	(16)	(4)
Gain on disposal of an associate	-	-	-	560
	(789)	1,974	(679)	5,504
Other income:				
Net gain/(loss) on disposal of property and equipment	(89)	2	(87)	(70)
Non-trading foreign exchange gain/(loss)	(7)	(308)	4	(321)
Rental income	575	573	1,726	1,745
Others	1,205	1,250	10,450	3,027
	1,684	1,517	12,093	4,381
	79,019	76,713	237,346	235,985

17. OTHER OPERATING INCOME (CONTD.)

Bank	**Individual Quarter**		**Cumulative Quarter**	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fee and commission income:				
Brokerage fees and commission	18,254	13,791	56,306	45,713
Corporate advisory	2,966	3,485	7,624	7,630
Fees on loans and securities	7,694	2,649	11,642	10,121
Guarantee fees	-	21	13	78
Portfolio management fees	181	135	599	380
Underwriting commission	-	267	151	3,334
Wealth management fees	7,987	6,167	27,898	24,602
Other fee and commission income	838	2,133	2,074	6,147
	37,920	28,648	106,307	98,005
Investment and trading income:				
Gross dividend income from:				
Unquoted subsidiaries	14,103	24,500	51,553	24,500
Financial assets held-for-trading	-	-	3	-
Financial investments available-for-sale	294	295	1,447	1,388
Net foreign exchange (loss)/gain	(718)	1,250	(1,359)	2,428
Net gain/(loss) from sale of financial assets held-for-trading	18	(1)	31	(10)
Net gain from sale of financial investments available-for-sale	-	-	-	295
Net gain/(loss) on revaluation of derivatives	-	1	(12)	(27)
Net gain/(loss) on revaluation of financial assets held-for-trading	(10)	1	(16)	(4)
Gain on disposal of an associate	-	-	-	2,179
	13,687	26,046	51,647	30,749
Other income:				
Net gain/(loss) on disposal of property and equipment	(89)	1	(88)	(71)
Non-trading foreign exchange loss	(1)	1	(2)	1
Rental income	575	573	1,726	1,745
Others	23	125	802	229
	508	700	2,438	1,904
	52,115	55,394	160,392	130,658

18. DIRECT COSTS

	Individual Quarter		**Cumulative Quarter**	
	31 December 2017	**31 December 2016 (Restated)**	**31 December 2017**	**31 December 2016 (Restated)**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dealers' incentive	988	178	2,489	1,805
Brokerage commission	4,606	2,973	15,256	9,484
Unit trust commission	11,698	11,237	34,708	36,769
Others	4,576	2,802	13,000	8,581
	21,868	17,190	65,453	56,639
Bank				
Dealers' incentive	988	178	2,489	1,805
Brokerage commission	4,606	2,978	15,256	9,489
Others	4,576	2,802	13,000	8,581
	10,170	5,958	30,745	19,875

19. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
Group	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Personnel costs				
- Contributions to EPF/Private Retirement Scheme	3,472	4,118	11,453	11,681
- Salaries, allowances and bonuses	21,668	24,755	68,891	72,099
- Shares and options granted under AMMB ESS - charge/(writeback)	157	2,272	(2,921)	(3,133)
- Social security costs	124	141	390	405
- Others	1,910	2,502	7,733	7,681
	27,331	33,788	85,546	88,733
Establishment costs				
- Amortisation of intangible assets	546	566	1,639	1,679
- Cleaning, maintenance and security	229	400	957	1,153
- Computerisation costs	2,357	3,374	8,288	9,151
- Depreciation of property and equipment	676	777	2,078	2,334
- Rental of premises	2,445	2,541	7,505	7,552
- Others	562	805	1,336	2,703
	6,815	8,463	21,803	24,572
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	135	94	488	671
- Sales commission	117	365	620	648
- Travelling and entertainment	370	549	1,277	1,565
- Communication expenses	976	1,197	1,814	3,041
- Others	144	758	384	1,729
	1,742	2,963	4,583	7,654
Administration and general expenses				
- Professional fees	3,951	5,259	12,247	13,581
- Travelling	96	154	395	633
- Others	4,515	6,510	19,294	15,643
	8,562	11,923	31,936	29,857
Service transfer pricing - expense/(income), net	4,387	(4,291)	8,209	(3,425)
	48,837	52,846	152,077	147,391

19. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter 31 December 2017 RM'000	Individual Quarter 31 December 2016 RM'000	Cumulative Quarter 31 December 2017 RM'000	Cumulative Quarter 31 December 2016 RM'000
Personnel costs				
- Contributions to EPF/Private Retirement Scheme	2,658	2,989	8,293	8,338
- Salaries, allowances and bonuses	16,620	17,955	50,710	51,508
- Shares and options granted under AMMB ESS - charge/(writeback)	256	1,895	(2,002)	(1,827)
- Social security costs	85	97	268	278
- Others	905	1,442	3,393	4,953
	20,524	24,378	60,662	63,250
Establishment costs				
- Amortisation of intangible assets	216	237	649	701
- Cleaning, maintenance and security	206	391	894	1,111
- Computerisation costs	2,280	2,924	8,067	8,567
- Depreciation of property and equipment	574	681	1,784	2,062
- Rental of premises	1,966	1,988	5,942	5,984
- Others	470	698	1,031	2,328
	5,712	6,919	18,367	20,753
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	161	(224)	467	(64)
- Sales commission	90	282	511	549
- Travelling and entertainment	330	394	1,037	1,142
- Communication expenses	523	608	850	1,802
- Others	102	625	187	1,391
	1,206	1,685	3,052	4,820
Administration and general expenses				
- Professional fees	478	1,507	1,471	3,472
- Travelling	67	110	281	346
- Others	1,845	3,728	10,013	6,345
	2,390	5,345	11,765	10,163
Service transfer pricing - (income)/expense, net	3,382	(5,504)	4,841	(7,201)
	33,214	32,823	98,687	91,785

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

Group and Bank	Individual Quarter 31 December 2017 RM'000	Individual Quarter 31 December 2016 RM'000	Cumulative Quarter 31 December 2017 RM'000	Cumulative Quarter 31 December 2016 RM'000
Impairment on loans and advances:				
Individual allowance	24	24	72	64
Collective allowance	(48)	(958)	(258)	(565)
	(24)	(934)	(186)	(501)

21. BUSINESS SEGMENT ANALYSIS

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

The Group comprises the following main business segments:

(a) Wholesale banking

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

(i) Equity Markets - provides clients an investment avenue to participate in the equity markets through its multiple distribution channels, including remisiers, Bank Branch Broking, salaried dealers, and the internet trading platform, offering clients the flexibility to trade equities, futures and equity derivatives both online and offline.

(ii) Fund Management – comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.

(iii) Private Banking – manages the private wealth of high net worth individuals, family groups and companies by offering comprehensive wealth management solutions and integrated access to expertise and resources of AmBank Group.

(iv) Corporate Finance – provides an extensive range of corporate finance and advisory services which include mergers and acquisitions, divestitures, take-overs, initial public offerings, restructuring, privatisations, issuance of equity and equity-linked instruments as well as valuation support.

(v) Capital Markets – provides debt financing solutions to clients through a wide array of products which include conventional corporate bonds and Islamic sukuk, loan syndication, capital and project advisory as well as structured finance and securitization deals.

(vi) Others – include other non-core Wholesale Banking activities within the Group which includes Markets and Corporate and Commercial Banking.

(b) Group Funding and Others

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

Note:

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

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

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

21. BUSINESS SEGMENT ANALYSIS (CONT'D.)

31 December 2017 Group	Wholesale Banking Equity Markets RM'000	Wholesale Banking Fund Management RM'000	Wholesale Banking Private Banking RM'000	Wholesale Banking Corporate Finance RM'000	Wholesale Banking Capital Markets RM'000	Wholesale Banking Others RM'000	Group Funding and Others RM'000	Total RM'000
External revenue	57,022	88,422	24,559	8,084	33,297	(32)	17,886	229,238
Revenue from other segments	359	-	(1,145)	(6)	(135)	(5)	932	-
Revenue	57,381	88,422	23,414	8,078	33,162	(37)	18,818	229,238
Net interest income/(expense)	15,698	842	361	(7)	(134)	(4)	(586)	16,170
Other operating income, net of direct costs	41,405	87,305	23,053	8,085	33,296	(33)	2,825	195,936
Net income/(loss)	57,103	88,147	23,414	8,078	33,162	(37)	2,239	212,106
Other operating expenses	(40,922)	(53,086)	(12,994)	(12,465)	(12,529)	(4,254)	(15,827)	(152,077)
of which:								
Depreciation of property and equipment	(601)	(295)	(173)	(46)	(30)	(191)	(742)	(2,078)
Amortisation of intangible assets	(475)	(990)	(85)	(3)	(7)	(18)	(61)	(1,639)
Operating profit/(loss)	16,181	35,061	10,420	(4,387)	20,633	(4,291)	(13,588)	60,029
(Allowance for)/Writeback of impairment on loans and advances	(246)	-	57	-	-	1	2	(186)
(Allowance for)/Writeback of doubtful receivables, net	404	(24)	1	91	-	(2)	(11)	459
Writeback of provision for commitments and contingencies	75	-	14	-	-	3	-	92
Profit/(loss) before taxation	16,414	35,037	10,492	(4,296)	20,633	(4,289)	(13,597)	60,394
Taxation	(2,369)	(7,112)	(2,518)	1,031	(4,952)	1,029	(908)	(15,799)
Profit/(loss) for the period	14,045	27,925	7,974	(3,265)	15,681	(3,260)	(14,505)	44,595
Other information:								
Total segment assets	624,348	131,592	39,211	2,454	6,650	1,694	717,286	1,523,235
Total segment liabilities	285,489	16,371	4,867	1,663	4,877	1,062	621,480	935,809
Cost to income ratio	71.7%	60.2%	55.5%	>100%	37.8%	>-100%	>100%	71.7%
Gross loans and advances	257,492	-	36,066	-	-	-	1,801	295,359
Net loans and advances	254,603	-	35,995	-	-	-	1,707	292,305
Impaired loans and advances	2,091	-	-	-	-	-	-	2,091
Total deposits and placements	-	-	-	-	-	-	600,000	600,000
Additions to:								
Property and equipment	223	220	10	92	-	185	114	844
Intangible assets	18	150	36	-	-	161	32	397

21. BUSINESS SEGMENT ANALYSIS (CONT'D.)

31 December 2016 (Restated) Group	**Wholesale Banking: Equity Markets RM'000**	**Fund Management RM'000**	**Private Banking RM'000**	**Corporate Finance RM'000**	**Capital Markets RM'000**	**Others RM'000**	**Group Funding and Others RM'000**	**Total RM'000**
External revenue	47,960	95,938	24,850	15,682	17,797	30	19,179	221,436
Revenue from other segments	283	-	(1,493)	(12)	(40)	(19)	1,281	-
Revenue	48,243	95,938	23,357	15,670	17,757	11	20,460	221,436
Net interest income/(expense)	15,104	1,362	527	(12)	(41)	(18)	(42)	16,880
Other operating income/(expense), net of direct costs	32,809	94,448	22,830	15,682	17,798	29	5,965	189,561
Gain on disposal of an associate	-	-	-	-	-	-	560	560
Net income	47,913	95,810	23,357	15,670	17,757	11	6,483	207,001
Other operating expenses	(43,921)	(54,981)	(13,899)	(13,448)	(6,313)	(3,034)	(11,795)	(147,391)
of which:								
Depreciation of property and equipment	(660)	(273)	(180)	(44)	(26)	(352)	(799)	(2,334)
Amortisation of intangible assets	(561)	(980)	(22)	(6)	-	(64)	(46)	(1,679)
Operating profit/(loss)	3,992	40,829	9,458	2,222	11,444	(3,023)	(5,312)	59,610
(Allowance for)/Writeback of impairment on loans and advances	(446)	-	29	-	-	10	(94)	(501)
(Allowance for)/Writeback of doubtful receivables, net	(1,169)	-	-	12	-	(1)	-	(1,158)
(Allowance for)/Writeback of provision for commitments and contingencies	(214)	-	(47)	-	-	11	(6,007)	(6,257)
Profit/(loss) before taxation	2,163	40,829	9,440	2,234	11,444	(3,003)	(11,413)	51,694
Taxation	(957)	(9,208)	(2,266)	(536)	(2,747)	721	(2,876)	(17,869)
Profit/(loss) for the period	1,206	31,621	7,174	1,698	8,697	(2,282)	(14,289)	33,825
Other information:								
Total segment assets	827,418	138,894	57,274	2,897	6,722	1,625	507,422	1,542,252
Total segment liabilities	526,600	20,837	4,395	1,191	2,364	1,787	406,426	963,600
Cost to income ratio	91.7%	57.4%	59.5%	85.8%	35.6%	>100%	>100%	71.2%
Gross loans and advances	242,111	-	55,578	-	-	-	2,227	299,916
Net loans and advances	238,380	-	55,442	-	-	5	2,065	295,892
Impaired loans and advances	2,187	-	-	-	-	-	-	2,187
Total deposits and placements	-	-	-	-	-	-	550,000	550,000
Additions to:								
Property and equipment	578	312	45	12	-	653	35	1,635
Intangible assets	300	195	-	-	-	136	-	631

22. COMMITMENTS AND CONTINGENCIES

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

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

	Group and Bank	
	31 December 2017 RM'000	**31 March 2017 RM'000**
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	182,864	203,135
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
	182,883	203,154
Contingent Liabilities		
Direct credit substitutes	-	3,391
	-	3,391
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	3,880	262
Equity related contracts:		
- One year or less	-	1,037
	3,880	1,299
	186,763	207,844

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

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

Determination of fair value and fair value hierarchy

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

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

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

	< ---------------------- Group and Bank------------------------- >			
31 December 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Asset measured at fair value				
Financial assets held-for-trading				
- Quoted unit trust	900	-	-	900
Liability measured at fair value				
Derivative financial liabilities	12	-	-	12

	< ---------------------- Group and Bank------------------------- >			
31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Asset measured at fair value				
Financial assets held-for-trading				
- Quoted unit trust	955	-	-	955
Liability measured at fair value				
Derivative financial liabilities	12	-	-	12

24. CAPITAL ADEQUACY

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

As at 31 December 2017	**Group**	**Bank**
Common Equity Tier 1 ("CET 1") Capital Ratio	43.665%	41.944%
Tier 1 Capital Ratio	43.665%	41.944%
Total Capital Ratio	44.001%	41.944%

As at 31 March 2017	**Group**	**Bank**
Before deducting proposed dividends:		
CET 1 Capital Ratio	38.339%	32.916%
Tier 1 Capital Ratio	38.339%	32.916%
Total Capital Ratio	38.591%	32.916%
After deducting proposed dividends:		
CET 1 Capital Ratio	36.880%	31.373%
Tier 1 Capital Ratio	36.880%	31.373%
Total Capital Ratio	37.132%	31.373%

Notes:

(i) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued by the Prudential Financial Policy Department on 13 October 2015, which is based on the Basel III capital accord. The Group and the Bank have adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets).

(ii) Pursuant to BNM's guideline on Capital Adequacy Framework (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratios to be maintained under the guideline are at 4.5% for CET1 capital, 6% for Tier 1 capital and 8% for total capital ratio. Banking Institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

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

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

	CCB
Calendar year 2016	0.625%
Calendar year 2017	1.25%
Calendar year 2018	1.875%
Calendar year 2019 onwards	2.50%

24. CAPITAL ADEQUACY (CONT'D.)

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

	Group		Bank	
	31 December 2017	31 March 2017	31 December 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
CET 1 Capital				
Share capital	200,000	200,000	200,000	200,000
Retained earnings	261,864	95,252	307,234	88,943
Exchange fluctuation reserve	2,507	3,035	-	-
Statutory reserve	-	200,000	-	200,000
Regulatory reserve	2,918	2,800	2,918	2,800
Capital reserve	2,815	2,815	-	-
Merger reserve	82,115	82,115	-	-
Less : Regulatory adjustments applied on CET 1 capital:				
Goodwill	(36,442)	(36,442)	-	-
Other intangible assets	(2,928)	(4,170)	(2,110)	(2,513)
Deferred tax assets	(5,112)	(9,158)	(3,152)	(7,153)
Regulatory reserve	(2,918)	(2,800)	(2,918)	(2,800)
Investments in capital instruments of unconsolidated financial entities	-	-	(39,847)	(39,847)
Deduction in excess of Tier 2 *	-	-	(6,085)	(6,458)
CET 1 capital/Tier 1 Capital	**504,819**	**533,447**	**456,040**	**432,972**
Tier 2 capital				
Collective impairment provisions and regulatory reserve	3,877	3,505	3,877	3,505
Less : Regulatory adjustments applied on Tier 2 capital	-	-	(3,877)	(3,505)
Tier 2 capital	3,877	3,505	-	-
Total Capital	**508,696**	**536,952**	**456,040**	**432,972**

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

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

	Group		Bank	
	31 December 2017	31 March 2017	31 December 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Credit risk	587,817	824,747	786,783	1,015,958
Market risk	48,070	35,133	27,353	20,158
Operational risk	520,226	531,513	273,130	279,251
	1,156,113	1,391,393	1,087,266	1,315,367

25. OPERATIONS OF ISLAMIC BANKING

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	Group and Bank	
		31 December 2017 RM'000	31 March 2017 RM'000
ASSETS			
Cash and short-term funds		335,272	301,587
Other receivables, deposits and prepayments		18,828	6,136
Deferred tax assets		325	333
Property and equipment		7	12
TOTAL ASSETS		354,432	308,068
LIABILITIES AND ISLAMIC BANKING FUNDS			
Other liabilities	25a	128,575	103,706
TOTAL LIABILITIES		128,575	103,706
ISLAMIC BANKING FUNDS			
Capital funds		30,000	30,000
Reserves		195,857	174,362
Islamic Banking Funds		225,857	204,362
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		354,432	308,068

Note :

There are no outstanding commitments and contingencies of the Group and the Bank as at 31 December 2017 and 31 March 2017.

25. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

Group and Bank	Individual Quarter 31 December 2017 RM'000	Individual Quarter 31 December 2016 RM'000	Cumulative Quarter 31 December 2017 RM'000	Cumulative Quarter 31 December 2016 RM'000
Income derived from investment of depositors' funds and others	765	703	2,270	2,130
Income attributable to depositors	(154)	(59)	(836)	(253)
Profit attributable to the Group and the Bank	611	644	1,434	1,877
Income derived from investment of Islamic banking funds	8,959	6,217	28,649	15,030
Direct costs	39	(20)	(161)	(87)
Total net income	9,609	6,841	29,922	16,820
Other operating expenses	(304)	(785)	(1,648)	(2,393)
Operating profit	9,305	6,056	28,274	14,427
Writeback of allowance for losses on financing	-	7	-	11
Profit before taxation	9,305	6,063	28,274	14,438
Taxation	(2,226)	(1,035)	(6,779)	(3,046)
Profit for the financial period	7,079	5,028	21,495	11,392

25. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

	Non-distributable	Distributable	
	Capital Funds RM'000	Retained Earnings RM'000	Total RM'000
Group and Bank			
At 1 April 2016	30,000	161,143	191,143
Profit for the financial period	-	11,392	11,392
At 31 December 2016	30,000	172,535	202,535
At 1 April 2017	30,000	174,362	204,362
Profit for the financial period	-	21,495	21,495
At 31 December 2017	30,000	195,857	225,857

25a. OTHER LIABILITIES

	Group and Bank	
	31 December 2017 RM'000	31 March 2017 RM'000
Trade payables	13,532	107
Other payables and accruals	1,076	1,125
Amount due to head office	98,990	98,366
Provision for taxation	14,977	4,108
	128,575	103,706

25. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

25b. CAPITAL ADEQUACY

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

	31 December 2017	31 March 2017
CET 1 capital ratio	161.351%	189.278%
Tier 1 capital ratio	161.351%	189.278%
Total capital ratio	161.351%	189.278%

Notes:

(a) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework for Islamic Banks (Capital Components) issued by the Prudential Financial Policy Department on 13 October 2015, which is based on the Basel III capital accord. The Bank has 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 for Islamic Banks (Basel II - Risk Weighted Assets).

(b) Pursuant to the above BNM's guidelines, the minimum capital adequacy ratio to be maintained under the guidelines are 4.5% for CET 1 Capital, 6.0% for Tier 1 Capital and 8% for Total Capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

(i) a Capital Conservation Buffer ("CCB") of 2.5%; and
(ii) 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	2.50%

ii) The components of CET 1 capital, Tier 1 capital and total capital of the operations of Islamic banking of the Group and the Bank are as follows:

	31 December 2017 RM'000	31 March 2017 RM'000
<u>**CET 1 Capital**</u>		
Capital Funds	30,000	30,000
Retained earnings	195,857	174,362
Less : Regulatory adjustments applied on CET1 Capital		
Deferred tax assets	(325)	(333)
CET 1 capital/ Tier 1 capital/ Total capital	225,532	204,029

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

	31 December 2017 RM'000	31 March 2017 RM'000
Credit risk	85,866	66,446
Operational risk	53,911	41,347
Total risk weighted assets	139,777	107,793

26. PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2017

The Group's profit before taxation for the nine months period ended 31 December 2017 of RM60.4 million was higher by RM 8.7 million or 16.8% as compared to the corresponding nine months period ended 31 December 2016. The higher Group's profit before taxation was mainly due to higher income from Islamic Banking Business and lower provision for commitments and contingencies. This was partly offset by higher service transfer pricing expenses and administration and general expenses.

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

27. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2018

Malaysia's Gross Domestic Product ("GDP") is projected to grow strongly in 2017 by 5.9% (2016: 4.2%) supported by private consumption benefitting from healthy wages and income support measures, infrastructure spending, strong exports on the back of improving global demand, firm commodity prices and private investment. The economy is poised to continue expanding favorably in 2018 by 5.5% aided by private expenditure, infrastructure spending, more business-friendly regulatory environment and exports.

Meanwhile, inflation is expected to average around 4% in 2017 (2016: 2.1%) and is anticipated to rise by 2.5% in 2018 on the back of firmer Malaysian Ringgit against the US Dollar, stable oil and commodity prices, fading cost-push pressures and base effect.

In the meantime, the banking system is poised to register decent growth in 2017 coming from the retail segment namely the mortgage loans from affordable homes and business loans in particular infrastructure and exports that is benefitting from improving global growth and firmer commodity prices. We anticipate loans to grow between 5% and 6% in 2017 on the back of 5.9% GDP growth. For 2018, we project loans to grow circa 5% based on our view that GDP will continue to expand by 5.5% in 2018.

Furthermore, banks have sufficient liquid assets with an industry liquidity coverage ratio of 134% as at end December 2017, well above the regulatory requirement of 100.0%. Funding profiles of banks have been well diversified with the industry's loan-to-fund ratio and loan-to-fund and equity ratio standing at 84.0% and 73.7% respectively as at December 2017.

We foresee the banks' NIM to improve modestly in 2018 as a result of the banks' repricing their loans to compensate for higher provisioning under MFRS 9 and milder pressure on banks' funding cost from deposit competition. The latter is due to the delay in implementation of net stable funding ratio requirement to no earlier than 1 January 2019 but to a lesser extent in terms of intensity.

Following Bank Negara's 25bps rate hike in January, we believe the central bank will adopt the 'wait-and-see' attitude to determine the need to further reprice the policy rate which is at 3.25%. A key point highlighted in the Bank Negara's MPC is that the economy is on a firm growth path and the need to normalise the current monetary accommodation. We believe the normalisation rate is around 3.50%.

For FY2018, the Group will maintain its laser-sharp focus on AmBank Group's Top 4 Strategy. We will be accelerating penetration into our targeted segments and expanding in areas where we are already strong. We will focus on growth of quality assets, maximising fees and, optimising and improving our risk-adjusted returns.

Wholesale Banking's strategic priorities for FY2018 are:

- Corporate Finance will continue to leverage on our full-fledged advisory services to enhance value for all stakeholders and utilise our underwriting abilities to provide total solutions
- Capital Markets Group will maintain its role as a key player in the bond, sukuk and loan/Islamic financing markets as well as exploring new opportunities
- Funds Management will continue to develop innovative Shariah compliant products and services and to grow retail business

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

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

With our FY2018 strategic priorities in place, the Group remains focused on running the bank better and changing the bank in our effort to deliver on AmBank Group's Top 4 aspirations and to progressively deliver optimal returns for our shareholder.

28. VALUATION OF PROPERTY AND EQUIPMENT

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

29. SIGNIFICANT EVENT

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

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

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

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

On 22 August 2017, the Parties have mutually agreed to end the negotiations and not to proceed with the Proposed Merger. The Exclusivity Period pursuant to the exclusivity agreement between the Parties dated 1 June 2017 was lapsed with immediate effect.

30. SUBSEQUENT EVENT

Subsequent to 31 December 2017, AMMB Holdings Berhad ("AMMB Group") has offered its eligible employees in the Banking Group, a Mutual Separation Scheme ("MSS"). The MSS exercise is fully voluntary and is aimed to right size the AMMB Group whilst providing employees the opportunity to pursue personal goals as an option.

31. RESTATEMENT OF COMPARATIVE INFORMATION

During the last quarter of financial year ended 31 March 2017, the Group changed its presentation of income and direct expenses relating to the unit trust activities of its subsidiaries. The income and direct expenses relating to unit trust activities which were previously presented net under Other Operating Income have now been regrossed as income under Other operating income and direct expenses under Direct costs.

The following comparative figures have been restated to better reflect the nature of the items:

(i) Reconciliation of statement of profit or loss

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Group			
For cumulative quarter ended 31 December 2016			
Other operating income	199,216	36,769	235,985
Direct costs	(19,870)	(36,769)	(56,639)
For individual quarter ended 31 December 2016			
Other operating income	65,476	11,237	76,713
Direct costs	(5,953)	(11,237)	(17,190)