

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30.06.17	Group 31.03.17 (Restated)	01.04.16 (Restated)	Company 30.06.17	31.03.17
		RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds		7,461,337	8,337,200	11,988,321	2,126	2,051
Securities purchased under resale agreements		-	10,369	-	-	-
Deposits and placements with banks and other financial institutions		998,100	1,129,987	1,333,630	21,686	24,006
Derivative financial assets	A31	979,277	1,166,422	1,884,001	-	-
Financial assets held-for-trading	A8	10,297,744	9,533,088	4,920,618	-	-
Financial investments available-for-sale	A9	8,953,765	9,068,862	11,680,520	197,052	130,984
Financial investments held-to-maturity	A10	3,501,661	3,460,368	4,167,494	750,000	750,000
Loans, advances and financing	A11	91,647,286	89,865,085	86,513,254	-	-
Receivables: Investments not quoted in active markets		1,990,311	1,986,877	565,322	-	-
Statutory deposits with Bank Negara Malaysia	A12	2,514,882	2,575,444	2,590,145	-	-
Deferred tax assets		47,153	21,651	66,044	-	-
Investment in subsidiaries and other investments		-	-	-	9,506,300	9,506,300
Investment in associates and joint ventures		695,595	700,162	674,463	-	-
Other assets	A13	2,972,671	2,802,771	3,179,108	14,646	75,893
Reinsurance assets and other insurance receivables	A14	382,839	403,113	513,555	-	-
Property and equipment		228,882	234,619	292,787	1,243	900
Intangible assets		3,440,004	3,444,004	3,369,998	-	-
Assets held for sale	A29	12,078	27,593	24,740	-	-
TOTAL ASSETS		136,123,585	134,767,615	133,764,000	10,493,053	10,490,134
LIABILITIES AND EQUITY						
Deposits from customers	A15	92,918,080	93,935,058	90,257,394	-	-
Investment accounts of customers		24,480	24,374	18,411	-	-
Deposits and placements of banks and other financial institutions	A16	3,952,911	1,529,421	1,213,769	-	-
Securities sold under resale agreements		-	9,464	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,487,511	3,280,818	3,935,775	-	-
Derivative financial liabilities	A31	1,018,079	958,686	2,022,807	-	-
Term funding		6,927,696	7,392,479	9,238,796	1,176,000	1,176,000
Debt capital		4,174,189	4,174,086	4,094,077	749,514	749,491
Redeemable cumulative convertible preference share		213,321	210,965	204,760	-	-
Deferred tax liabilities		157,225	204,321	83,050	-	-
Other liabilities	A17	3,234,392	3,228,215	3,809,943	73,242	39,138
Insurance contract liabilities and other insurance payables	A18	2,625,236	2,666,844	2,761,460	-	-
Liabilities directly associated with assets held for sale		-	-	4,370	-	-
Total Liabilities		118,733,120	117,614,731	117,644,612	1,998,756	1,964,629
Share capital		5,551,557	5,551,557	3,014,185	5,550,250	5,550,250
Reserves		10,777,190	10,475,511	12,154,293	2,944,047	2,975,255
Equity attributable to equity holders of the Company		16,328,747	16,027,068	15,168,478	8,494,297	8,525,505
Non-controlling interests		1,061,718	1,125,816	950,910	-	-
Total Equity		17,390,465	17,152,884	16,119,388	8,494,297	8,525,505
TOTAL LIABILITIES AND EQUITY		136,123,585	134,767,615	133,764,000	10,493,053	10,490,134
COMMITMENTS AND CONTINGENCIES	A30	130,620,897	134,563,308	125,037,110	-	-
NET ASSETS PER SHARE (RM)		5.42	5.32	5.03	2.82	2.83

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Operating revenue	A25	2,080,747	2,062,933	2,080,747	2,062,933
Interest income	A19	1,038,367	1,005,971	1,038,367	1,005,971
Interest expense	A20	(622,124)	(613,639)	(622,124)	(613,639)
Net interest income		416,243	392,332	416,243	392,332
Net income from Islamic banking		225,263	197,162	225,263	197,162
Income from insurance business		354,132	353,898	354,132	353,898
Insurance claims and commissions		(230,920)	(211,711)	(230,920)	(211,711)
Net income from insurance business	A21	123,212	142,187	123,212	142,187
Other operating income	A22	220,281	214,909	220,281	214,909
Share in results of associates and joint ventures		(2,848)	4,629	(2,848)	4,629
Net income		982,151	951,219	982,151	951,219
Other operating expenses	A23	(553,068)	(535,547)	(553,068)	(535,547)
Operating profit before impairment losses		429,083	415,672	429,083	415,672
Writeback for impairment on loans, advances and financing	A24	10,738	36,243	10,738	36,243
Net impairment (loss)/writeback on:					
Financial investments		(243)	(1,119)	(243)	(1,119)
Doubtful sundry receivables		1,370	119	1,370	119
Foreclosed properties		(13)	(142)	(13)	(142)
Insurance receivables		(450)	(326)	(450)	(326)
Provision for commitments and contingencies - writeback		8,338	19,209	8,338	19,209
Other recoveries, net		282	9,724	282	9,724
Profit before taxation and zakat		449,105	479,380	449,105	479,380
Taxation and zakat	B5	(84,561)	(119,935)	(84,561)	(119,935)
Profit for the period		364,544	359,445	364,544	359,445
Attributable to:					
Equity holders of the Company		328,273	323,000	328,273	323,000
Non-controlling interests		36,271	36,445	36,271	36,445
Profit for the period		364,544	359,445	364,544	359,445
EARNINGS PER SHARE (SEN)	B11				
Basic		10.92	10.74	10.92	10.74
Fully diluted		10.91	10.74	10.91	10.74

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

Group	Individual Quarter		Cumulative Quarter	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Profit for the period	364,544	359,445	364,544	359,445
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss				
Translation of foreign operations	(17,984)	17,170	(17,984)	17,170
Cash flow hedge	(1,687)	(2,323)	(1,687)	(2,323)
Financial investments available-for-sale	7,404	(6,342)	7,404	(6,342)
Income tax relating to the components of other comprehensive income/(loss)				
- Cash flow hedging	405	373	405	373
- Financial investments available-for-sale	(1,924)	(6,151)	(1,924)	(6,151)
Share of reserve movements in equity accounted joint ventures	2,190	1,885	2,190	1,885
	(11,596)	4,612	(11,596)	4,612
Other comprehensive income/(loss) for the period, net of tax	(11,596)	4,612	(11,596)	4,612
Total comprehensive income for the period	352,948	364,057	352,948	364,057
Total comprehensive income for the period attributable to:				
Equity holders of the Company	316,376	329,027	316,376	329,027
Non-controlling interests	36,572	35,030	36,572	35,030
	352,948	364,057	352,948	364,057

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

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

Company	Note	Individual Quarter		Cumulative Quarter	
		30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Operating revenue		11,001	915	11,001	915
Interest income	A19	9,922	42	9,922	42
Interest expense	A20	(23,239)	(13,985)	(23,239)	(13,985)
Net interest expense		(13,317)	(13,943)	(13,317)	(13,943)
Other operating income	A22	1,079	873	1,079	873
Net operating loss		(12,238)	(13,070)	(12,238)	(13,070)
Other operating expenses	A23	(6,114)	(4,162)	(6,114)	(4,162)
Loss before taxation		(18,352)	(17,232)	(18,352)	(17,232)
Loss for the period representing total comprehensive loss for the financial period		(18,352)	(17,232)	(18,352)	(17,232)

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

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

Group	Attributable to Equity Holders of the Company												Non-controlling interests	Total equity
	Non-Distributable								Distributable					
	Ordinary share capital	Share premium	Statutory reserve	Regulatory reserve	AFS reserve/(deficit)	Cash flow hedging reserve	Foreign currency translation reserve	Executives' share scheme reserve	Shares held in trust for ESS	Retained Earnings		Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Non-participating funds	RM'000	RM'000	RM'000	RM'000	
At 01.04.16	3,014,185	2,537,372	1,938,849	2,800	8,635	3,636	84,299	49,738	(55,843)	45,715	7,539,092	15,168,478	950,910	16,119,388
Profit for the period	-	-	-	-	-	-	-	-	-	-	323,000	323,000	36,445	359,445
Other comprehensive income/(loss), net	-	-	-	-	(9,193)	(1,950)	17,170	-	-	-	-	6,027	(1,415)	4,612
Total comprehensive income/(loss) for the period	-	-	-	-	(9,193)	(1,950)	17,170	-	-	-	323,000	329,027	35,030	364,057
Share-based payment under ESS, net	-	-	-	-	-	-	-	(494)	-	-	-	(494)	-	(494)
ESS shares vested to employees	-	-	-	-	-	-	-	(7,116)	7,683	-	-	567	-	567
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	(552)	(552)	(12)	(564)
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	(274)	274	-	-	-
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,384)	(1,384)
Arising from disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,858)	(1,858)
Transactions with owners and other equity movements	-	-	-	-	-	-	-	(7,610)	7,683	(274)	(278)	(479)	(3,254)	(3,733)
At 30.06.16	3,014,185	2,537,372	1,938,849	2,800	(558)	1,686	101,469	42,128	(48,160)	45,441	7,861,814	15,497,026	982,686	16,479,712

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

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

Group	Attributable to Equity Holders of the Company											Non-controlling interests	Total equity
	Non-Distributable							Distributable					
	Ordinary share capital	Statutory reserve	Regulatory reserve	AFS reserve/(deficit)	Cash flow hedging reserve	Foreign currency translation reserve	Executives' share scheme reserve	Shares held in trust for ESS	Retained Earnings		Total		
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	RM'000
At 01.04.17	5,551,557	1,938,849	225,050	(47,520)	3,010	153,368	30,998	(47,273)	45,715	8,173,314	16,027,068	1,125,816	17,152,884
Profit for the period	-	-	-	-	-	-	-	-	-	328,273	328,273	36,271	364,544
Other comprehensive income/(loss), net	-	-	-	7,369	(1,282)	(17,984)	-	-	-	-	(11,897)	301	(11,596)
Total comprehensive income/(loss) for the period	-	-	-	7,369	(1,282)	(17,984)	-	-	-	328,273	316,376	36,572	352,948
Purchase of shares pursuant to ESS [^]	-	-	-	-	-	-	-	(370)	-	-	(370)	-	(370)
Share-based payment under ESS, net	-	-	-	-	-	-	(14,382)	-	-	-	(14,382)	-	(14,382)
ESS shares vested to employees	-	-	-	-	-	-	(3,798)	5,862	-	-	2,064	-	2,064
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	(2,009)	(2,009)	(55)	(2,064)
Transfer to regulatory reserve	-	-	50,084	-	-	-	-	-	-	(50,084)	-	-	-
Transfer to retained earnings	-	(1,938,849)	-	-	-	-	-	-	-	1,938,849	-	-	-
Arising from withdrawal of investment by the Group	-	-	-	-	-	-	-	-	-	-	-	(100,615)	(100,615)
Transactions with owners and other equity movements	-	(1,938,849)	50,084	-	-	-	(18,180)	5,492	-	1,886,756	(14,697)	(100,670)	(115,367)
At 30.06.17	5,551,557	-	275,134	(40,151)	1,728	135,384	12,818	(41,781)	45,715	10,388,343	16,328,747	1,061,718	17,390,465

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AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

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

Company	Attributable to Equity Holders of the Company					
	Non-Distributable			Distributable		
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.16	3,014,185	2,536,065	49,738	(55,843)	2,872,161	8,416,306
Loss for the period	-	-	-	-	(17,232)	(17,232)
Total comprehensive loss for the period	-	-	-	-	(17,232)	(17,232)
Share-based payment under ESS, net	-	-	(494)	-	-	(494)
ESS shares vested to employees	-	-	(7,116)	7,683	130	697
Transactions with owners and other equity movements	-	-	(7,610)	7,683	130	203
At 30.06.16	3,014,185	2,536,065	42,128	(48,160)	2,855,059	8,399,277

Company	Attributable to Equity Holders of the Company					
	Non-Distributable			Distributable		
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.17	5,550,250	-	30,998	(47,273)	2,991,530	8,525,505
Loss for the period	-	-	-	-	(18,352)	(18,352)
Total comprehensive loss for the period	-	-	-	-	(18,352)	(18,352)
Purchase of shares pursuant to ESS ^{^^}	-	-	-	(370)	-	(370)
Share-based payment under ESS, net	-	-	(14,382)	-	-	(14,382)
ESS shares vested to employees	-	-	(3,798)	5,862	(168)	1,896
Transactions with owners and other equity movements	-	-	(18,180)	5,492	(168)	(12,856)
At 30.06.17	5,550,250	-	12,818	(41,781)	2,973,010	8,494,297

^{^^} Represents the purchase of 71,550 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM5.17 per share.

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AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

	Group		Company	
	30.06.17	30.06.16 (Restated)	30.06.17	30.06.16
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation and zakat	449,105	479,380	(18,352)	(17,232)
Add/(Less) adjustments for:				
Accretion of discount less amortisation of premium for securities	(33,383)	(34,549)	-	-
Allowance for losses on loans, advances and financing	108,974	124,221	-	-
Dividend income from investments	(12,184)	(12,633)	(1,073)	(864)
Net (gain)/loss on revaluation of derivatives	244,851	(170,224)	-	-
Net gain on revaluation of financial assets held-for-trading	(9,014)	(3,262)	-	-
Net gain on sale of financial investments available-for-sale	(8,765)	(6,819)	-	-
Net gain on sale of financial assets held-for-trading	(23,207)	(17,520)	-	-
Other non-operating and non-cash items	(34,510)	103,478	105	43
Operating profit/(loss) before working capital changes	681,867	462,072	(19,320)	(18,053)
<i>Decrease/(Increase) in operating assets:</i>				
Securities purchased under resale agreements	10,369	-	-	-
Deposits and placements with banks and other financial institutions	26,167	(260,868)	-	-
Financial assets held-for-trading	(716,918)	(989,994)	-	-
Loans, advances and financing	(1,891,175)	581,887	-	-
Statutory deposits with Bank Negara Malaysia	60,562	(137,642)	-	-
Other assets	(329,337)	134,746	49,270	894
Reinsurance assets and other insurance receivables	19,825	79,451	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	(1,016,978)	(3,673,148)	-	-
Investment accounts of customers	106	227	-	-
Deposits and placements of banks and other financial institutions	2,423,490	798,101	-	-
Securities sold under resale agreements	(9,464)	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	207,170	(8,097)	-	-
Term funding	(406,824)	(434,481)	-	-
Other liabilities	4,923	(451,839)	35,528	1,120
Insurance contract liabilities and other insurance payables	(41,608)	(126,795)	-	-
Cash generated from/(used in) operations	(977,825)	(4,026,380)	65,478	(16,039)
Taxation and zakat paid, net	(9,464)	(67,526)	(1,933)	(122)
Net cash generated from/(used in) operating activities	(987,289)	(4,093,906)	63,545	(16,161)
<i>Cash flows from investing activities</i>				
Purchase of shares for ESS	(370)	-	(370)	-
Dividends received from other investments	11,024	12,633	5	-
Dividend received from associate	3,908	5,633	-	-
Net cash outflow from disposal of subsidiaries	-	(3,883)	-	-
Proceeds from disposal of property and equipment	2,481	434	-	-
Disposal/(Purchase) of financial investments - net	108,146	1,330,164	(65,000)	8
Purchase of property and equipment and intangible assets	(35,215)	(44,488)	(424)	(10)
Purchase of receivables: investments not quoted in active markets	-	(80,000)	-	-
Net proceeds from disposal of asset held for sale (properties)	16,456	-	-	-
Net cash generated from/(used in) investing activities	106,430	1,220,493	(65,789)	(2)

AMMB HOLDINGS BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017 (CONT'D.)

	Group		Company	
	30.06.17	30.06.16 (Restated)	30.06.17	30.06.16
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
Investment in subsidiary withdrawn - non-controlling interest portion	(100,615)	-	-	-
Redemption of shares in subsidiary by non-controlling interests	-	(1,384)	-	-
Net cash used in financing activities	<u>(100,615)</u>	<u>(1,384)</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(981,474)	(2,874,797)	(2,244)	(16,163)
Cash and cash equivalents at beginning of the financial year	9,376,920	12,625,221	26,056	26,387
Effect of exchange rate changes	(109)	189	-	-
Cash and cash equivalents at end of the financial period	<u>8,395,337</u>	<u>9,750,613</u>	<u>23,812</u>	<u>10,224</u>

For the purpose of statements of cash flows, cash and cash equivalents consist of cash and short-term funds net of bank overdrafts. Cash and cash equivalents included in the statements of cash flows comprise the following financial position amounts:

	Group		Company	
	30.06.17	30.06.16	30.06.17	30.06.16
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	7,461,337	9,750,613	2,126	7,843
Deposits and placements with banks and other financial institutions	998,100	960,968	21,686	2,381
Less: Deposits with original maturity of more than three months	(64,100)	(960,968)	-	-
Cash and cash equivalents	<u>8,395,337</u>	<u>9,750,613</u>	<u>23,812</u>	<u>10,224</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

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(223035-V) (Incorporated in Malaysia)
and its subsidiaries

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia. 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 Company for the financial year ended 31 March 2017 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

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

A1.1 Significant Accounting Policies

The significant accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the most recent audited annual financial statements for the financial year ended 31 March 2017 except for the adoption of the following amendments to published standards which became effective for the first time for the Group and the 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 amendments to published standards did not have any material impact on the financial statements of the Group and the Company. The Group and the Company 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 Company are described below:

Disclosure Initiative (Amendments to MFRS 107)

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

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.

A1. BASIS OF PREPARATION (CONT'D.)

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

Annual Improvements to MFRSs 2014-2016 Cycle

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

(i) MFRS 12 Disclosure of Interests in Other Entities

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

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	01 January 2018
- MFRS 15 Revenue from Contracts with Customers	01 January 2018
- MFRS 9 Financial Instruments	01 January 2018
- Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)	01 January 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	01 January 2018
- Transfers of Investment Property (Amendments to MFRS 140)	01 January 2018
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
- MFRS 16 Leases	01 January 2019
- IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	01 January 2019
- MFRS 17 Insurance Contracts	01 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 Company but not yet effective are described below. The Group and the Company 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.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 15 Revenue from Contracts with Customers

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

The core principle of MFRS 15 is that an entity should recognise revenue which depicts 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 Company are in the process of assessing the financial implication for adopting MFRS 15.

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 report to the Programme Steering Committee ("PSC") chaired by the Group Chief Financial Officer. The Programme has clear individual work streams for classification and measurement, impairment, hedge accounting and disclosure. The Group has also engaged its external auditor to independently verify and validate the accounting policies and solution tools to be developed under the Programme and to report on whether they comply with the requirements of MFRS 9.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 9 Financial Instruments (Cont'd.)

The initial assessment and analysis stage was completed during the financial year ended 31 March 2017. As the initial assessment was based on currently available information, the outcome is subject to changes arising from further analysis or additional information being made available in the future.

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

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

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

Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)

The amendments address the concerns about the different effective dates of MFRS 9 and the forthcoming new MFRS on insurance contracts by providing 2 different solutions for insurers which are optional; a temporary exemption from MFRS 9 for entities that meet specific requirements, and the "overlay approach".

The temporary exemption allows insurers to continue to apply MFRS 139 instead of adopting MFRS 9 for annual periods beginning before 1 January 2021 if their activities are "predominantly connected with insurance"; the eligibility is assessed based on the significance of the carrying amounts of liabilities arising from contracts within the scope of MFRS 4 and liabilities connected with insurance as at the annual reporting date that immediately precedes 1 April 2016.

The "overlay approach" allows insurers that applies MFRS 9 to reclassify, in respect of certain eligible financial assets, the difference between the amount that is reported in profit or loss under MFRS 9 and the amount that would have been reported in profit or loss under MFRS 139 to other comprehensive income. Financial assets are eligible for designation, on an instrument-by-instrument basis, for the "overlay approach" if they are measured at fair value through profit or loss under MFRS 9 but not so measured under MFRS 139, and not held in respect of an activity that is unconnected with contracts within the scope of MFRS 4.

Both approaches are effective for annual periods beginning on or after 1 January 2018 and are expected to cease to be applicable when the new MFRS on insurance contracts becomes effective. The Group is not eligible to apply the temporary exemption from MFRS 9 as its activities are not "predominantly connected with insurance". Nevertheless, the amendments provide the Group an exemption from applying uniform accounting policies when applying the equity method under MFRS 128 to account for its investments in associates or joint ventures that apply the temporary exemption from MFRS 9.

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.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

Transfers of Investment Property (Amendments to MFRS 140)

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

The amendments are effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The amendments shall be applied prospectively and any impact from the reclassification of properties at the date of initial application would be treated as an adjustment to opening retained earnings. Notwithstanding 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 '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 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 Company 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.

A1. BASIS OF PREPARATION (CONT'D.)

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

(c) Standards effective for financial year ending 31 March 2022

MFRS 17 Insurance Contracts

MFRS 17 'Insurance Contracts' supersedes MFRS 4 'Insurance Contracts'.

MFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

Changes in cash flows related to future services should be recognised against the CSM. The CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognised in profit or loss. Interest is accreted on the CSM at rates locked in at initial recognition of a contract. To reflect the service provided, the CSM is released to profit or loss in each period on the basis of passage of time. Entities have an accounting policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income.

MFRS 17 is effective for annual periods beginning on or after 1 January 2021, with early application permitted provided MFRS 9 and MFRS 15 are also applied. A full retrospective application is required; an entity is permitted to choose between a modified retrospective approach and the fair value approach if full retrospective application is impracticable. The Group is in the process of assessing the financial implication for adopting MFRS 17.

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

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

The amendments clarify that:

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

A1.2 Significant changes in Regulatory Requirements

(a) BNM Policy Document on capital funds

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

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

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 had previously classified structured products issued to customers and other financial institutions which are principal protected if held to maturity as Deposits from customers and Deposits and placements of banks and other financial institutions respectively. Accordingly, during the current financial quarter, the Group had reclassified all structured products that do not fulfil the definition of the deposits under Section 2 of the FSA and IFSA to Term Funding. The comparatives were also restated as per Note A35 and Note A36(f) for the Group's Operations of Islamic banking.

A1. BASIS OF PREPARATION (CONT'D.)

A1.3 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on the 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 and Company accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2017.

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

There were no unusual items during the current financial quarter.

A5. CHANGES IN ESTIMATES

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

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

Repayment of debt securities by its wholly-owned subsidiary

During the financial quarter, AmBank (M) Berhad ("AmBank") repaid Senior Notes with nominal value of RM225.0 million issued under its Senior Notes programme of up to RM7.0 billion on maturity date of 28 April 2017.

The Company has not issued any new shares and debentures during the financial quarter.

Other than as disclosed above, there were no share buy-backs, share cancellations, shares held as treasury shares nor resale of treasury shares by the Group and the Company during the financial quarter.

A7. DIVIDENDS PAID

No dividend has been paid during the current financial quarter.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	2,033,150	1,148,116
Malaysian Islamic Treasury Bills	143,980	166,198
Malaysian Government Securities	1,925,675	1,997,251
Malaysian Government Investment Issues	1,671,454	1,332,710
Cagamas bonds	111,560	111,712
Bank Negara Monetary Notes	-	333,562
	<u>5,885,819</u>	<u>5,089,549</u>
Quoted Securities:		
In Malaysia:		
Shares	147,497	115,600
Unit trusts	59,546	58,879
Corporate bonds and sukuk	38,328	38,207
Outside Malaysia:		
Shares	115,387	114,596
	<u>360,758</u>	<u>327,282</u>
Unquoted Securities:		
In Malaysia:		
Unit trusts	154,283	-
Corporate bonds and sukuk	3,896,884	4,106,259
Outside Malaysia:		
Corporate bonds	-	9,998
	<u>4,051,167</u>	<u>4,116,257</u>
Total	<u>10,297,744</u>	<u>9,533,088</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	30.06.17 RM'000	31.03.17 RM'000	30.06.17 RM'000	31.03.17 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Government Securities	393,510	629,737	-	-
Malaysian Government Investment Issues	1,117,582	1,007,680	-	-
Islamic negotiable instruments of deposit	1,178,499	1,096,546	-	-
Foreign Government investment certificates	8,696	8,887	-	-
	<u>2,698,287</u>	<u>2,742,850</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	160,528	48,625	-	-
Unit trusts	1,069,581	1,061,444	197,052	130,984
Outside Malaysia:				
Shares	51	52	-	-
	<u>1,230,160</u>	<u>1,110,121</u>	<u>197,052</u>	<u>130,984</u>
Unquoted Securities:				
In Malaysia:				
Unit trusts	118,642	1,430	-	-
Corporate bonds and sukuk	4,611,412	4,919,596	-	-
Outside Malaysia:				
Corporate bonds and sukuk	195,575	195,183	-	-
	<u>4,925,629</u>	<u>5,116,209</u>	<u>-</u>	<u>-</u>
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	99,489	99,489	-	-
Outside Malaysia:				
Shares	200	193	-	-
	<u>99,689</u>	<u>99,682</u>	<u>-</u>	<u>-</u>
Total	<u>8,953,765</u>	<u>9,068,862</u>	<u>197,052</u>	<u>130,984</u>

Previously, the Group had reclassified securities amounting to RM69.8 million out of the available-for-sale category to the loans and receivables category as the Group has the intention to hold the securities until maturity.

As at 30 June 2017, the fair value gain that would have been recognised in other comprehensive income for the current financial period if the securities had not been reclassified amounted to RM1.26 million (31 March 2017: RM4.87 million).

The Company's wholly-owned subsidiaries, AmBank and AmBank Islamic Berhad are appointed as Principal Dealer ("PD") and Islamic Principal Dealer ("iPD") respectively for specified securities issued by the Government, BNM and BNM Sukuk Berhad for the period 1 January 2017 to 31 December 2018.

As PD and iPD, both subsidiaries are required to undertake certain obligations and are also accorded incentives. One of the incentives accorded is the eligibility to maintain specified amounts of the Statutory Reserve Requirements ("SRR") balances in the form of MGS and/or MGII instead of cash. As at 30 June 2017, the Group maintained a total carrying amount of RM262.53 million in the form of MGS and MGII for SRR purposes. (31 March 2017: RM259.54 million)

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Company	
	30.06.17 RM'000	31.03.17 RM'000	30.06.17 RM'000	31.03.17 RM'000
At Amortised Cost				
Money Market Instruments:				
Foreign Treasury Bills	29,864	-	-	-
Malaysian Islamic Treasury Bills	29,784	29,543	-	-
Unquoted Securities:				
In Malaysia:				
Corporate Bonds and sukuk	3,444,563	3,433,375	750,000	750,000
	3,504,211	3,462,918	750,000	750,000
Less: Accumulated impairment losses	(2,550)	(2,550)	-	-
Total	3,501,661	3,460,368	750,000	750,000

A11. LOANS, ADVANCES AND FINANCING

	Group	
	30.06.17 RM'000	31.03.17 RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans	22,328,332	22,373,363
Revolving credit	14,334,549	13,417,729
Housing loans/financing	22,952,081	21,914,049
Hire-purchase receivables	20,274,902	20,491,424
Credit card receivables	1,703,416	1,687,210
Overdraft	3,625,037	3,558,928
Claims on customers under acceptance credits	4,203,118	4,348,985
Trust receipts	1,692,240	1,572,217
Bills receivables	1,283,982	1,289,283
Staff loans	113,110	111,780
Others	252,132	220,964
Gross loans, advances and financing	92,762,899	90,985,932
Allowance for impairment on loans, advances and financing:		
Individual allowance	(262,210)	(258,997)
Collective allowance	(853,403)	(861,850)
	(1,115,613)	(1,120,847)
Net loans, advances and financing	91,647,286	89,865,085

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
Domestic banking institutions	2,974	5,861
Domestic non-bank financial institutions	3,045,756	3,071,482
Domestic business enterprises:		
Small and medium enterprises	14,666,163	14,010,071
Others	24,502,867	24,217,753
Government and statutory bodies	303,846	300,998
Individuals	48,895,680	48,009,010
Other domestic entities	37,580	107,700
Foreign individuals and entities	1,308,033	1,263,057
	<u>92,762,899</u>	<u>90,985,932</u>

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

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
In Malaysia	92,320,501	90,497,135
Outside Malaysia	442,398	488,797
	<u>92,762,899</u>	<u>90,985,932</u>

(c) Gross loans, advances and financing analysed by interest rate/rate of return sensitivity are as follows:

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
Fixed rate:		
Housing loans/financing	517,868	528,320
Hire purchase receivables	18,889,795	19,090,781
Other loans/financing	8,146,689	8,165,230
	<u>27,554,352</u>	<u>27,784,331</u>
Variable rate:		
Base rate and lending/financing rate plus	34,739,882	33,429,152
Cost plus	25,292,405	24,789,622
Other variable rates	5,176,260	4,982,827
	<u>65,208,547</u>	<u>63,201,601</u>
	<u>92,762,899</u>	<u>90,985,932</u>

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.06.17 RM'000	31.03.17 RM'000
Agriculture	3,738,627	3,860,902
Mining and quarrying	2,170,399	2,058,096
Manufacturing	9,254,326	9,310,382
Electricity, gas and water	543,351	481,602
Construction	4,022,978	3,830,582
Wholesale and retail trade and hotels and restaurants	5,491,489	5,327,262
Transport, storage and communication	3,195,167	2,886,890
Finance and insurance	3,059,928	3,077,343
Real estate	8,251,988	8,388,647
Business activities	1,890,446	1,510,442
Education and health	1,359,266	1,377,583
Household of which:	49,648,966	48,758,065
Purchase of residential properties	22,621,172	21,604,268
Purchase of transport vehicles	19,309,316	19,567,316
Others	7,718,478	7,586,481
Others	135,968	118,136
	92,762,899	90,985,932

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

	Group	
	30.06.17 RM'000	31.03.17 RM'000
Maturing within one year	27,350,324	26,517,772
Over one year to three years	7,076,394	7,263,471
Over three years to five years	13,678,735	13,552,068
Over five years	44,657,446	43,652,621
	92,762,899	90,985,932

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

	Group	
	30.06.17 RM'000	31.03.17 RM'000
Gross		
Balance at beginning of the financial year	1,689,326	1,700,855
Impaired during the financial period/year	449,655	1,329,846
Reclassified as non-impaired	(98,194)	(132,066)
Recoveries	(188,501)	(463,313)
Amount written off	(106,608)	(759,774)
Foreign exchange differences	(2,379)	13,778
Balance at end of the financial period/year	1,743,299	1,689,326
Gross impaired loans, advances and financing as % of gross loans, advances and financing	1.88%	1.86%
Loan loss coverage (including regulatory reserve)	79.78%	79.67%

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
In Malaysia	1,669,402	1,607,833
Outside Malaysia	73,897	81,493
	<u>1,743,299</u>	<u>1,689,326</u>

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

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
Agriculture	492	842
Mining and quarrying	139,260	153,931
Manufacturing	174,925	94,910
Electricity, gas and water	7,919	7,963
Construction	15,635	16,349
Wholesale and retail trade and hotels and restaurants	60,402	46,449
Transport, storage and communication	9,732	9,869
Finance and insurance	20	1
Real estate	608,600	707,073
Business activities	22,396	10,051
Education and health	7,641	8,562
Household of which:	692,964	629,037
Purchase of residential properties	342,125	316,681
Purchase of transport vehicles	227,561	202,284
Others	123,278	110,072
Others	3,313	4,289
	<u>1,743,299</u>	<u>1,689,326</u>

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

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
Individual allowance		
Balance at beginning of the financial year	258,997	317,269
Allowance made during the financial period/year, net	10,259	252,051
Amount written off	(6,328)	(312,025)
Foreign exchange differences	(718)	1,702
Balance at end of the financial period/year	<u>262,210</u>	<u>258,997</u>
Collective allowance		
Balance at beginning of the financial year	861,850	1,061,750
Allowance made during the financial period/year, net	98,715	256,095
Amount written off	(106,349)	(458,251)
Foreign exchange differences	(813)	2,256
Balance at end of the financial period/year	<u>853,403</u>	<u>861,850</u>
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	<u>1.22%</u>	<u>1.20%</u>

A12. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest/profit bearing statutory deposits are 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 set percentages of total eligible liabilities.

A13. OTHER ASSETS

	Group		Company	
	30.06.17 RM'000	31.03.17 RM'000	30.06.17 RM'000	31.03.17 RM'000
Trade receivables	540,979	375,983	-	-
Other receivables, deposits and prepayments	1,042,311	820,663	2,701	73,910
Interest receivable	283,526	323,119	11,435	1,983
Fee receivable	35,190	33,513	-	-
Amount due from originators (Note 1)	261,686	279,524	-	-
Amount due from agents, brokers and reinsurers	48,749	27,954	-	-
Foreclosed properties	14,354	14,146	-	-
Tax recoverable (Note 2)	339,984	500,281	510	-
Collateral pledged for derivative transactions	464,780	487,751	-	-
	<u>3,031,559</u>	<u>2,862,934</u>	<u>14,646</u>	<u>75,893</u>
Accumulated impairment losses	(58,888)	(60,163)	-	-
	<u>2,972,671</u>	<u>2,802,771</u>	<u>14,646</u>	<u>75,893</u>

Notes:

- Amount due from originators represents housing loans and personal loans/financing acquired from originators for onward sale to Cagamas Berhad with recourse.
- In 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 AmBank. AmBank 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. Included in tax recoverable of the Group is tax paid of approximately RM203,500,700 in financial year ended 31 March 2015 as the Group is of the opinion that it has strong grounds to succeed in its appeals. AmBank was successful in its appeals for the majority of the tax matters under dispute and had received Notice of Reduced Assessment for year of assessment 2008 from the IRB. During the current financial period, settlement was reached with IRB and AmBank had received Notice of Reduced Assessment for year of assessment 2009.

A14. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		30.06.17 RM'000	31.03.17 RM'000
Reinsurance assets from general insurance business		315,411	333,533
Other insurance receivables	(i)	<u>67,428</u>	<u>69,580</u>
		<u>382,839</u>	<u>403,113</u>
(i) Other insurance receivables			
Due premiums including agents/brokers and co-insurers balances		79,192	82,108
Amount owing by reinsurance and cedants		21,482	20,268
Accumulated impairment losses		<u>(33,246)</u>	<u>(32,796)</u>
		<u>67,428</u>	<u>69,580</u>

A15. DEPOSITS FROM CUSTOMERS

	Group	
	30.06.17	31.03.17 (Restated)
	RM'000	RM'000
Demand deposits	14,759,258	14,288,130
Savings deposits	5,527,815	5,569,391
Term/Investment deposits	72,630,748	74,077,280
Negotiable instruments of deposits	259	257
	<u>92,918,080</u>	<u>93,935,058</u>

The deposits are sourced from the following types of customers:

Government and statutory bodies	7,592,509	8,154,193
Business enterprises	44,616,470	46,230,050
Individuals	35,386,174	34,462,807
Others	5,322,927	5,088,008
	<u>92,918,080</u>	<u>93,935,058</u>

A16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.06.17	31.03.17 (Restated)
	RM'000	RM'000
Licensed banks	2,228,525	697,883
Licensed investment banks	75,000	49,926
Bank Negara Malaysia	39,394	43,009
Other financial institutions	1,609,992	738,603
	<u>3,952,911</u>	<u>1,529,421</u>

A17. OTHER LIABILITIES

	Group		Company	
	30.06.17	31.03.17	30.06.17	31.03.17
	RM'000	RM'000	RM'000	RM'000
Trade payables	571,321	401,209	-	-
Other payables and accruals	1,573,655	1,648,221	23,801	27,942
Interest payable on deposits and borrowings	782,805	850,507	29,113	8,687
Lease deposits and advance rental	11,339	11,093	-	-
Provision for commitments and contingencies	71,375	81,043	-	-
Amount due to subsidiaries	-	-	20,328	1,087
Provision for taxation	26,940	39,373	-	1,422
Collateral received for derivative transactions	196,957	196,769	-	-
	<u>3,234,392</u>	<u>3,228,215</u>	<u>73,242</u>	<u>39,138</u>

A18. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	30.06.17 RM'000	31.03.17 RM'000
Insurance contract liabilities	(i)	2,539,440	2,582,427
Other insurance payables	(ii)	85,796	84,417
		<u>2,625,236</u>	<u>2,666,844</u>
 (i) Insurance contract liabilities			
		30.06.17	31.03.17
		Gross contract liabilities RM'000	Reinsurance assets RM'000
			Net contract liabilities RM'000
General insurance business		<u>2,539,440</u>	<u>(315,411)</u>
			<u>2,224,029</u>
		31.03.17	31.03.17
		Gross contract liabilities RM'000	Reinsurance assets RM'000
			Net contract liabilities RM'000
General insurance business		<u>2,582,427</u>	<u>(333,533)</u>
			<u>2,248,894</u>
 (ii) Other insurance payables			
		30.06.17	31.03.17
		RM'000	RM'000
Amount due to agents and intermediaries		26,630	29,898
Amount due to reinsurers and cedants		59,166	54,519
		<u>85,796</u>	<u>84,417</u>

A19. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Short-term funds and deposits and placements with banks and other financial institutions	17,422	27,585	17,422	27,585
Financial assets held-for-trading	90,034	54,798	90,034	54,798
Financial investments available-for-sale	59,536	75,499	59,536	75,499
Financial investments held-to-maturity	21,574	21,521	21,574	21,521
Loans and advances	821,396	808,416	821,396	808,416
Impaired loans and advances	6,804	2,141	6,804	2,141
Others	21,601	16,011	21,601	16,011
	<u>1,038,367</u>	<u>1,005,971</u>	<u>1,038,367</u>	<u>1,005,971</u>
 Company				
Short-term funds and deposits and placements with banks and other financial institutions	191	42	191	42
Financial investments held-to-maturity	9,731	-	9,731	-
	<u>9,922</u>	<u>42</u>	<u>9,922</u>	<u>42</u>

A20. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30.06.17	30.06.16 (Restated)	30.06.17	30.06.16 (Restated)
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits from customers	466,603	466,845	466,603	466,845
Deposit and placements of banks and other financial institutions	18,424	8,297	18,424	8,297
Senior notes	41,053	48,019	41,053	48,019
Credit linked Notes	1,876	3,482	1,876	3,482
Recourse obligation on loans sold to Cagamas Berhad	28,415	26,832	28,415	26,832
Term loans and revolving credit	3,423	9,331	3,423	9,331
Subordinated bonds and notes	14,980	5,196	14,980	5,196
Medium term notes	17,226	17,226	17,226	17,226
Tier 1 capital securities	21,195	21,195	21,195	21,195
Other structured products and others	8,929	7,216	8,929	7,216
	<u>622,124</u>	<u>613,639</u>	<u>622,124</u>	<u>613,639</u>
Company				
Senior notes	10,970	10,970	10,970	10,970
Term loans and revolving credit	2,515	3,015	2,515	3,015
Subordinated notes	9,754	-	9,754	-
	<u>23,239</u>	<u>13,985</u>	<u>23,239</u>	<u>13,985</u>

A21. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		354,132	353,898	354,132	353,898
		<u>354,132</u>	<u>353,898</u>	<u>354,132</u>	<u>353,898</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		31,628	35,730	31,628	35,730
General insurance claims		199,292	175,981	199,292	175,981
		<u>230,920</u>	<u>211,711</u>	<u>230,920</u>	<u>211,711</u>
Total income from insurance business, net		<u>123,212</u>	<u>142,187</u>	<u>123,212</u>	<u>142,187</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		364,582	383,982	364,582	383,982
- change in unearned premium provision		22,579	9,051	22,579	9,051
		<u>387,161</u>	<u>393,033</u>	<u>387,161</u>	<u>393,033</u>
Premium ceded					
- insurance contract		(32,144)	(33,044)	(32,144)	(33,044)
- change in unearned premium provision		(885)	(6,091)	(885)	(6,091)
		<u>(33,029)</u>	<u>(39,135)</u>	<u>(33,029)</u>	<u>(39,135)</u>
		<u>354,132</u>	<u>353,898</u>	<u>354,132</u>	<u>353,898</u>
(b) Insurance claims					
- gross benefits and claims paid		225,358	298,693	225,358	298,693
- claims ceded to reinsurers		(20,408)	(80,590)	(20,408)	(80,590)
- change in contract liabilities - insurance contract		(22,895)	(110,728)	(22,895)	(110,728)
- change in contract liabilities ceded to reinsurers					
- insurance contract		17,237	68,606	17,237	68,606
		<u>199,292</u>	<u>175,981</u>	<u>199,292</u>	<u>175,981</u>

¹ Net of bancassurance commission paid/payable to subsidiaries of the Group of RM3,618,000 (30 June 2016: RM2,532,000) eliminated upon consolidation.

A22. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Fee and commission income:				
Fees on loans and securities	47,281	50,034	47,281	50,034
Corporate advisory	2,980	2,650	2,980	2,650
Guarantee fees	16,284	14,868	16,284	14,868
Underwriting commission	151	3,067	151	3,067
Portfolio management fees	5,472	8,328	5,472	8,328
Unit trust management fees	24,519	21,944	24,519	21,944
Property trust management fees	1,822	1,820	1,822	1,820
Brokerage fees and commission	12,076	10,491	12,076	10,491
Bancassurance commission	1,797	3,376	1,797	3,376
Wealth management fees	6,892	7,819	6,892	7,819
Remittances	4,679	5,652	4,679	5,652
Fees, service and commission charges	9,684	7,545	9,684	7,545
Other fee and commission income	12,155	9,441	12,155	9,441
	<u>145,792</u>	<u>147,035</u>	<u>145,792</u>	<u>147,035</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	21,340	16,605	21,340	16,605
Net gain from sale of financial investments available-for-sale	8,757	5,724	8,757	5,724
Net gain on revaluation of financial assets held-for-trading	9,741	3,687	9,741	3,687
Net foreign exchange gain/(loss) ¹	5,237	(5,430)	5,237	(5,430)
Net (loss)/gain on derivatives	(5,582)	23,354	(5,582)	23,354
Gain on disposal of equity interests in subsidiaries	-	1,681	-	1,681
Dividend income from:				
Financial assets held-for-trading	1,771	974	1,771	974
Financial investments available-for-sale	10,413	11,659	10,413	11,659
Others	78	423	78	423
	<u>51,755</u>	<u>58,677</u>	<u>51,755</u>	<u>58,677</u>
Other income:				
Net non-trading foreign exchange (loss)/gain	235	(4,248)	235	(4,248)
Net gain/(loss) on disposal of property and equipment	2,319	(14)	2,319	(14)
Rental income	1,212	1,137	1,212	1,137
Profit/(Loss) from sale of goods and services	(490)	8,505	(490)	8,505
Gain on disposal of foreclosed properties	1	-	1	-
Others	19,457	3,817	19,457	3,817
	<u>22,734</u>	<u>9,197</u>	<u>22,734</u>	<u>9,197</u>
	<u>220,281</u>	<u>214,909</u>	<u>220,281</u>	<u>214,909</u>

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

A22. OTHER OPERATING INCOME (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Investment and trading income:				
Dividend income from:				
Financial investments available-for-sale	1,073	864	1,073	864
	<u>1,073</u>	<u>864</u>	<u>1,073</u>	<u>864</u>
Other income:				
Others	6	9	6	9
	<u>6</u>	<u>9</u>	<u>6</u>	<u>9</u>
	<u>1,079</u>	<u>873</u>	<u>1,079</u>	<u>873</u>

A23. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Personnel costs:				
Salaries, allowances and bonuses	226,386	228,840	226,386	228,840
Share/options granted under ESS				
- writeback	(14,154)	(460)	(14,154)	(460)
Contributions to EPF/Private Retirement Scheme	40,241	36,180	40,241	36,180
Social security cost	2,084	1,746	2,084	1,746
Other staff related expenses	41,223	29,456	41,223	29,456
	<u>295,780</u>	<u>295,762</u>	<u>295,780</u>	<u>295,762</u>
Establishment costs:				
Depreciation of property and equipment	14,623	14,389	14,623	14,389
Amortisation of intangible assets	27,696	24,565	27,696	24,565
Computerisation costs	43,075	48,268	43,075	48,268
Rental of premises	27,750	27,950	27,750	27,950
Cleaning, maintenance and security	7,662	7,367	7,662	7,367
Others	6,592	12,331	6,592	12,331
	<u>127,398</u>	<u>134,870</u>	<u>127,398</u>	<u>134,870</u>
Marketing and communication expenses:				
Sales commission	(184)	3,694	(184)	3,694
Advertising, promotional and other marketing				
activities	3,921	13,580	3,921	13,580
Telephone charges	5,296	4,527	5,296	4,527
Postage	3,114	3,095	3,114	3,095
Travelling and entertainment	3,847	3,854	3,847	3,854
Others	5,029	4,856	5,029	4,856
	<u>21,023</u>	<u>33,606</u>	<u>21,023</u>	<u>33,606</u>
Administration and general expenses:				
Professional services	38,638	24,126	38,638	24,126
Travelling	1,596	2,215	1,596	2,215
Insurance	1,049	863	1,049	863
Subscriptions and periodicals	3,337	4,788	3,337	4,788
Others	64,247	39,317	64,247	39,317
	<u>108,867</u>	<u>71,309</u>	<u>108,867</u>	<u>71,309</u>
	<u>553,068</u>	<u>535,547</u>	<u>553,068</u>	<u>535,547</u>

A23. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Personnel costs:				
Salaries, allowances and bonuses	3,970	3,068	3,970	3,068
Shares/options granted under ESS	(139)	-	(139)	-
Contributions to EPF/Private Retirement Scheme	597	416	597	416
Social security cost	1	-	1	-
Others	2,366	156	2,366	156
	<u>6,795</u>	<u>3,640</u>	<u>6,795</u>	<u>3,640</u>
Establishment costs:				
Depreciation of property and equipment	82	43	82	43
Cleaning, maintenance and security	2	-	2	-
Others	3	6	3	6
	<u>87</u>	<u>49</u>	<u>87</u>	<u>49</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	38	27	38	27
Telephone charges	9	25	9	25
Travelling and entertainment	63	46	63	46
	<u>110</u>	<u>98</u>	<u>110</u>	<u>98</u>
Administration and general expenses:				
Professional services	259	57	259	57
Travelling	145	20	145	20
Insurance	15	-	15	-
Subscriptions and periodicals	5	-	5	-
Others	608	879	608	879
	<u>1,032</u>	<u>956</u>	<u>1,032</u>	<u>956</u>
Service transfer pricing income, net	(1,910)	(581)	(1,910)	(581)
	<u>6,114</u>	<u>4,162</u>	<u>6,114</u>	<u>4,162</u>

A24. WRITEBACK FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Allowance for loans, advances and financing:				
Individual allowance, net	10,259	15,307	10,259	15,307
Collective allowance, net	98,715	108,914	98,715	108,914
Impaired loans, advances and financing:				
Recovered, net	(119,712)	(160,464)	(119,712)	(160,464)
	<u>(10,738)</u>	<u>(36,243)</u>	<u>(10,738)</u>	<u>(36,243)</u>

A25. 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 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, Investment Banking and Fund Management.
 - (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;
 - (iii) Investment Banking offers investment banking solutions and services, encompassing capital markets (primary) activities, broking, private banking services, corporate advisory and fund raising services (equity and debt capital); and
 - (iv) 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.
- (c) **Insurance**
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and takaful products namely wealth protection/savings, health and medical protection and family takaful solutions provided through our joint venture operations.
- (d) **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 comparatives have been restated to conform with current business realignment and restatement as per note A35.

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.06.17	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
External revenue	729,581	577,135	193,302	62,592	30,510	399,858	87,769	2,080,747
Revenue from other segments	(97,272)	(109,369)	61,594	(2,568)	-	-	147,615	-
Total operating revenue	632,309	467,766	254,896	60,024	30,510	399,858	235,384	2,080,747
Net interest income	283,666	185,386	35,001	9,932	329	35,997	62,965	613,276
Other income	67,245	48,946	47,037	46,304	30,089	130,068	2,034	371,723
Share in results of associates and joint ventures	998	-	-	-	-	(5,555)	1,709	(2,848)
Income	351,909	234,332	82,038	56,236	30,418	160,510	66,708	982,151
Other operating expenses	(239,270)	(79,028)	(17,300)	(35,199)	(19,722)	(86,997)	(75,552)	(553,068)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(6,320)	(284)	(152)	(311)	(95)	(3,265)	(4,196)	(14,623)
<i>Amortisation of intangible assets</i>	(5,414)	(453)	(1,075)	(209)	(328)	(4,732)	(15,485)	(27,696)
Profit/(Loss) before impairment losses	112,639	155,304	64,738	21,037	10,696	73,513	(8,844)	429,083
Impairment losses on loans, advances and financing-writeback/(charge)	(12,620)	(19,950)	-	851	-	-	42,457	10,738
Net impairment (loss)/writeback on other assets	2	(13)	-	770	-	(245)	150	664
Provision for commitments and contingencies-writeback/(charge)	(223)	8,847	-	(283)	-	-	(3)	8,338
Other recoveries	1	-	56	-	-	-	225	282
Profit before taxation and zakat	99,799	144,188	64,794	22,375	10,696	73,268	33,985	449,105
Taxation and zakat	(23,725)	(32,838)	(14,647)	(3,197)	(2,197)	(6,136)	(1,821)	(84,561)
Profit for the financial period	76,074	111,350	50,147	19,178	8,499	67,132	32,164	364,544
Other information								
Total segment assets	50,415,380	42,465,250	15,127,120	2,319,991	124,809	5,588,142	20,082,893	136,123,585
Total segment liabilities	41,746,878	32,609,139	25,616,427	1,458,142	23,690	3,430,662	13,848,182	118,733,120
Cost to income ratio	68.0%	33.7%	21.1%	62.6%	64.8%	54.2%	113.3%	56.3%
Gross loans, advances and financing	49,829,047	41,485,664	-	1,502,221	-	2,003	(56,036)	92,762,899
Net loans, advances and financing	49,315,294	41,086,455	-	1,494,126	-	1,933	(250,522)	91,647,286
Impaired loans, advances and financing	709,186	1,031,974	-	2,139	-	-	-	1,743,299
Total deposits	41,038,365	29,934,290	21,955,905	903,461	-	-	3,038,970	96,870,991
Additions to:								
Property and equipment	4,181	617	-	287	37	638	3,396	9,156
Intangible assets	2,740	1,524	-	66	108	8,929	12,692	26,059

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.06.16 (Restated)	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
External revenue	722,718	569,001	132,075	62,244	30,034	398,759	148,102	2,062,933
Revenue from other segments	(84,947)	(153,477)	157,177	(3,011)	-	-	84,258	-
Total operating revenue	637,771	415,524	289,252	59,233	30,034	398,759	232,360	2,062,933
Net interest income	279,379	182,944	19,888	10,372	612	33,513	38,916	565,624
Other income	63,145	43,754	34,947	43,690	29,423	144,616	19,710	379,285
Gain on disposal of subsidiaries	-	-	-	-	-	-	1,681	1,681
Share in results of associates and joint ventures	1,285	-	-	-	-	1,723	1,621	4,629
Income	343,809	226,698	54,835	54,062	30,035	179,852	61,928	951,219
Other operating expenses	(233,211)	(62,329)	(18,592)	(33,391)	(18,484)	(83,126)	(86,414)	(535,547)
of which:								
Depreciation of property and equipment	(6,026)	(362)	(238)	(357)	(86)	(3,363)	(3,957)	(14,389)
Amortisation of intangible assets	(4,412)	(728)	(1,604)	(215)	(322)	(2,133)	(15,151)	(24,565)
Profit/(Loss) before impairment losses and financing-writeback/(charge)	110,598	164,369	36,243	20,671	11,551	96,726	(24,486)	415,672
Net impairment (loss)/writeback on other assets	(11,080)	58,598	-	3,201	-	-	(14,476)	36,243
Provision for commitments and contingencies-writeback/(charge)	(4)	(142)	-	(1,318)	-	17	(21)	(1,468)
Other recoveries	(376)	15,284	-	(1,936)	-	-	6,237	19,209
Profit/(Loss) before taxation and zakat	-	9,464	-	-	-	-	260	9,724
Taxation and zakat	99,138	247,573	36,243	20,618	11,551	96,743	(32,486)	479,380
Profit/(Loss) for the financial period	(23,146)	(55,530)	(8,542)	(6,299)	(2,203)	(20,381)	(3,834)	(119,935)
	75,992	192,043	27,701	14,319	9,348	76,362	(36,320)	359,445
Other information								
Total segment assets	47,190,594	39,364,599	10,690,167	2,695,013	157,855	5,431,563	24,333,268	129,863,059
Total segment liabilities	39,918,925	27,657,086	26,838,796	1,596,536	25,721	3,436,653	13,909,630	113,383,347
Cost to income ratio	67.8%	27.5%	33.9%	61.8%	61.5%	46.2%	139.5%	56.3%
Gross loans, advances and financing	46,513,813	39,119,814	-	1,423,094	-	3,993	(57,270)	87,003,444
Net loans, advances and financing	46,048,605	38,842,600	-	1,414,347	-	3,756	(502,162)	85,807,146
Impaired loans, advances and financing	709,059	762,513	-	2,235	-	-	-	1,473,807
Total deposits	39,238,461	25,347,312	21,940,094	954,599	-	-	1,115,650	88,596,116
Additions to:								
Property and equipment	7,233	94	1	992	14	2,010	12,347	22,691
Intangible assets	5,608	246	33	138	42	4,209	11,521	21,797

A26. VALUATION OF PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

A27. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any items, 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 for the current financial year.

A28. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

On 3 April 2017, AmGeneral Insurance Berhad, a subsidiary of the Group invested in a collective investment scheme, AmCash Plus with 100% holding. As at 30 June 2017, the said subsidiary also withdrew its investment in AmCash Premium, another collective investment scheme.

Other than as disclosed above, there were no material changes in the composition of the Group and the Company for the current financial quarter.

A29. ASSETS HELD FOR SALE

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
<u>Assets held for sale</u>		
Proposed disposal of property and equipment	10,889	25,502
Proposed disposal of properties obtained from garnishee proceedings	1,189	2,091
	<u>12,078</u>	<u>27,593</u>

A30. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the banking subsidiaries of the Company make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

As at the reporting date, the commitments and contingencies are as follows:

	Group	
	30.06.17	31.03.17
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	17,108,318	16,910,052
over one year	4,202,931	3,925,299
Unutilised credit card lines	3,950,680	3,562,497
Forward asset purchases	413,954	680,643
	<u>25,675,883</u>	<u>25,078,491</u>
Contingent Liabilities		
Direct credit substitutes	2,202,116	2,045,786
Transaction related contingent items	5,720,736	5,903,536
Obligations under underwriting agreements	-	150,000
Short term self liquidating trade related contingencies	1,048,810	821,852
	<u>8,971,662</u>	<u>8,921,174</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	51,894,884	49,895,571
One year or less	13,903,384	9,810,942
Over one year to five years	28,919,317	30,635,849
Over five years	9,072,183	9,448,780
Foreign exchange related contracts:	43,167,368	49,993,797
One year or less	39,056,657	46,025,024
Over one year to five years	2,500,861	1,828,561
Over five years	1,609,850	2,140,212
Credit related contracts:	355,090	361,251
Over one year to five years	355,090	361,251
Equity and commodity related contracts:	556,010	313,024
One year or less	305,809	229,628
Over one year to five years	250,201	83,396
	<u>95,973,352</u>	<u>100,563,643</u>
	<u>130,620,897</u>	<u>134,563,308</u>

A30. COMMITMENTS AND CONTINGENCIES (CONT'D.)

As at the reporting date, updates on other commitments and contingencies of the Group and of the Company are as follows:

- (a) The Company has given an unsecured guarantee amounting to RM150,000,000 on behalf of AmInvestment Bank Berhad ("AmInvestment Bank") for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc. in respect of its futures trading activity with AmInvestment Bank.
- (b) Since the financial year ended 31 March 2017 until the reporting date, AmMetLife had received complaints from 64 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. The Company and MetLife are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

Under the terms for the sale by the Company to MetLife of shares in AmMetLife, the Group would fully indemnify MetLife or AmMetLife from any losses arising from incidences of mis-selling of certain specified insurance products occurring prior to the share sale.

- (c) **The Malaysia Competition Commission ("MyCC")'s Proposed Decision against PIAM and its 22 members (including AmGeneral Insurance Berhad, a subsidiary)**

On 25 April 2017, AmGeneral Insurance Berhad ("AmGeneral") had completed the submission of its written representations to MyCC. AmGeneral had also indicated its request for oral representations.

AmGeneral, in consultation with its legal advisers, will continue to take any and all appropriate actions to defend its position that it has not infringed Section 4(2)(a) of the CA 2010 and that no infringement penalties should be imposed. Should MyCC proceed with imposing financial penalty, AmGeneral will appeal to the Competition Appeals Tribunal and thereafter request for a judicial review should the outcome of the case turned adverse for AmGeneral.

A31. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	30.06.17			31.03.17		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Interest/Profit rate related contracts:	45,939,884	218,759	233,619	43,940,571	205,925	207,225
- One year or less	12,538,384	5,484	4,939	8,580,942	5,497	4,973
- Over one year to three years	9,615,063	39,633	42,025	10,675,092	30,875	32,464
- Over three years	23,786,437	173,642	186,655	24,684,537	169,553	169,788
Foreign exchange related contracts:	43,167,368	716,010	737,645	49,993,797	921,004	718,496
- One year or less	39,056,657	306,533	348,883	46,025,024	465,348	275,273
- Over one year to three years	513,139	4,785	40,183	253,960	4,909	28,653
- Over three years	3,597,572	404,692	348,579	3,714,813	450,747	414,570
Credit related contracts:	355,090	9,522	-	361,251	11,237	-
- Over three years	355,090	9,522	-	361,251	11,237	-
Equity and commodity related contracts:	556,010	4,588	7,757	313,024	2,421	3,055
- One year or less	305,809	2,250	5,419	229,628	2,417	3,051
- Over one year to three years	250,201	2,338	2,338	83,396	4	4
	90,018,352	948,879	979,021	94,608,643	1,140,587	928,776
Hedging derivatives						
Interest rate related contracts - Interest rate swaps:						
Cash flow hedge	5,605,000	30,398	28,144	5,605,000	25,835	21,946
- One year or less	1,365,000	494	779	1,230,000	713	1,100
- Over one year to three years	1,720,000	6,394	4,370	1,735,000	5,058	4,039
- Over three years	2,520,000	23,510	22,995	2,640,000	20,064	16,807
Fair value hedge	350,000	-	10,914	350,000	-	7,964
- Over three years	350,000	-	10,914	350,000	-	7,964
Total	95,973,352	979,277	1,018,079	100,563,643	1,166,422	958,686

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivative is one of the financial instruments engaged by the Group both for client solutions generating revenue for future as well as to manage the Group's own market risk exposure.

The principal foreign exchange rate contracts used are forward foreign exchange contracts, cross currency swaps and foreign exchange options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. A foreign exchange option is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified amount of one currency for another currency at a nominated strike rate during a certain period of time or on a specific date.

A31. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Purpose of engaging in financial derivatives (Cont'd.)

An Interest Rate Option ("IRO") is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified underlying interest rate related asset e.g. the KLIBOR index at a nominated strike rate during a certain period of time or on a specific date. Basic IRO includes interest rate cap and interest rate floor.

The principal interest rate contracts used are interest rate futures, interest rate swaps and forward rate agreements. Forward rate agreements are contracts for the payment of the difference between a specified interest rate and a reference rate on a notional deposit at a future settlement date. There is no exchange of principal. An interest rate futures contract is an exchange traded contract whose value is based on the difference between a specific interest rate and a reference rate on a notional deposit or fixed income security at a future settlement date. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

The principal equity contracts used are equity option, equity futures and equity swaps. An equity option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) an equity at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). An equity futures contract is an exchange traded contract to buy specific quantities of an equity at a specified price with delivery set at a specified time in the future. Equity Swaps are one of the most basic equity derivative products and are usually traded over-the-counter ("OTC") with financial institutions and corporates. It is a contractual agreement between parties to exchange two streams of payments, one based on a predetermined index or equity price, and the other based on a reference interest rate (ie KLIBOR or LIBOR). The underlying reference for Equity Swaps is usually to an index, a basket of stocks or a single underlying stock.

The Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest rate, equity and foreign exchange rate exposures. Derivative transactions generate income for the Group from the buy-sell spreads. The Group also takes conservative exposures, within acceptable limits, to carry an inventory of these instruments in order to provide market liquidity and to earn potential gains on fluctuations in the value of these instruments.

As part of the asset and liability exposure management, the Group uses derivatives to manage the Group's market risk exposure. As the value of these financial derivatives are principally driven by interest rate and foreign exchange rate factors, the Group uses them to reduce the overall interest rate and foreign exchange rate exposures of the Group. These are performed by entering into an exposure in derivatives that produces opposite value movements vis-à-vis exposures generated by other non-derivative activities of the Group. The Group manages these risks on a portfolio basis. Hence, exposures on derivatives are aggregated or netted against similar exposures arising from other financial instruments engaged by the Group.

Risk associated with financial derivatives

As derivatives are contracts that transfer risks, they expose the holder to the same type of market and credit risk as other financial instruments, and the Group manages these risks in a consistent manner under the overall risk management framework.

Market risk of derivatives used for trading purposes

Market risk arising from the above interest rate-related, foreign exchange-related and equity-related derivative contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

The contractual amounts of these contracts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical measure that estimates the potential changes in portfolio value that may occur, brought about by daily changes in market rates over a specified holding period at a specific confidence level under normal market condition.

A31. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

General disclosure for derivatives and counterparty credit risk

Market related credit risk is present in market instruments (derivatives and forward contracts), and comprises counterparty risk (default at the end of contract) and pre-settlement risk (default at any time during the life of contract). Market related credit risk requires a different method in calculating the pre-settlement risk because actual and potential market movements impact the Group's exposure. The markets covered by this treatment for transactions entered by the Group include interest rates, foreign exchange, credit default swaps and equities.

Exposure to the counterparty risk is governed by setting a credit limit to manage such exposure. This limit is governed under the Group Risk Appetite Framework approved by the Board.

Other than credit limit setting, the Group's primary tool to mitigate counterparty credit risk by having collateral arrangement with the counterparty. Standard market documentation governs the amount of collateral required and the re-margining frequency between counterparties. Some of the standard market documentation has link between the amount of collateral required and external ratings, as well as minimum transfer amounts. This means that if the Group's or a counterparty's external rating were downgraded, the Group or the counterparty would likely to be required to place additional collateral. The amount required to be placed would depend upon the underlying instruments and the state of the markets, so would be different at each re-margining interval.

Liquidity risk of derivatives

Two types of liquidity risk are associated with derivatives: market liquidity risk and funding risk.

Market liquidity risk arises when a position cannot be sold or closed out quickly or risk be eliminated by entering into an offsetting position. In general, an over-the counter ("OTC") market tends to offer less liquidity than an exchange market due to the customized nature of some OTC contracts. OTC contracts include foreign exchange contracts, cross currency swaps, interest rate swaps and foreign exchange options while interest rate futures, equity futures and equity options are examples of exchange traded derivatives. The liquidity risk of a position can be estimated by the notional amount of contracts held and the market value of the contract position. Both the OTC and exchange markets have liquid and illiquid contracts.

Funding risk is the risk of derivative activities placing an adverse funding and cash flow pressure on the Group, arising from the need to post collateral (i.e. like a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (note: if collateral isn't posted, the counterparty can close out their position and claim such mark-to-market loss from the Group. This would also result in the Group no longer being hedged).

Generally, the Group measures and monitors funding risk through the cash flow gap analysis according to specified time interval. The Group's access to deposits and funding markets is dependent on its credit rating. A downgrading in the credit rating could adversely affect its access to liquidity, as well as the competitive position, and could increase the cost of funding.

The primary objective of funding risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due under normal market condition and on contingency basis.

A31. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value upon inception in the statement of financial position, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Group enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading, fair value changes are recognised in the statement of profit or loss. For derivative transactions that meet the specific criteria for hedge accounting, the Group applies either fair value, cash flow or net investment hedge accounting.

At the time a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period. For actual effectiveness to be achieved, the changes in fair value or cash flows of the hedging instrument and the hedged item must offset each other in the range of 80% to 125%.

The Group discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

(i) Fair value hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. For qualifying fair value hedges, the changes in fair value of the hedging instrument and the hedged item relating to the hedged risk are recognised in the statement of profit or loss. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the statement of profit or loss over the expected life of the hedged item.

(ii) Cash flow hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For qualifying cash flow hedges, the effective portion of the change in fair value of the hedging instrument is taken to equity as a cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss. Amounts accumulated in equity are released to the statement of profit or loss in the periods when the hedged forecast transactions affect profit or loss. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

A32. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Group and the Company 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 Company 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 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, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's and the Company'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 Company. Therefore, unobservable inputs reflect the Group's and the Company'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 Company's own data.

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

Group

30.06.17	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	117,500	861,777	-	979,277
Financial assets held-for-trading				
- Money market securities	-	5,885,819	-	5,885,819
- Equities	322,430	154,283	-	476,713
- Quoted corporate bonds and sukuk	38,328	-	-	38,328
- Unquoted corporate bonds and sukuk	-	3,896,884	-	3,896,884
Financial investments available-for-sale				
- Money market securities	-	2,698,287	-	2,698,287
- Equities	1,230,160	118,642	-	1,348,802
- Unquoted corporate bonds and sukuk	-	4,806,987	-	4,806,987
	<u>1,708,418</u>	<u>18,422,679</u>	<u>-</u>	<u>20,131,097</u>
Derivative financial liabilities	<u>4,888</u>	<u>1,013,191</u>	<u>-</u>	<u>1,018,079</u>

A32. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

30.06.17	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
Financial investments available-for-sale				
- Equities	197,052	-	-	197,052
	<u>197,052</u>	<u>-</u>	<u>-</u>	<u>197,052</u>
31.03.17				
Group				
Derivative financial assets	124,030	1,042,392	-	1,166,422
Financial assets held-for-trading				
- Money market securities	-	5,089,549	-	5,089,549
- Equities	289,075	-	-	289,075
- Quoted corporate bonds and sukuk	38,207	-	-	38,207
- Unquoted corporate bonds and sukuk	-	4,116,257	-	4,116,257
Financial investments available-for-sale				
- Money market securities	-	2,742,850	-	2,742,850
- Equities	1,110,121	1,430	-	1,111,551
- Unquoted corporate bonds and sukuk	-	5,114,779	-	5,114,779
	<u>1,561,433</u>	<u>18,107,257</u>	<u>-</u>	<u>19,668,690</u>
Derivative financial liabilities	3,491	955,195	-	958,686
Company				
Financial investments available-for-sale				
- Equities	130,984	-	-	130,984
	<u>130,984</u>	<u>-</u>	<u>-</u>	<u>130,984</u>

A33. CAPITAL ADEQUACY

(a) The capital adequacy ratios of our regulated banking subsidiaries and a pro-forma Group view are as follows:

	30.06.17			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
CET1 Capital ratio	10.581%	10.478%	29.582%	11.398%
Tier 1 Capital ratio	11.818%	10.478%	29.582%	12.282%
Total Capital ratio	15.408%	15.031%	29.582%	16.116%

	31.03.17			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
Before deducting proposed dividends:				
CET1 Capital ratio	11.230%	10.498%	32.916%	11.917%
Tier 1 Capital ratio	12.478%	10.498%	32.916%	12.809%
Total Capital ratio	16.073%	15.069%	32.916%	16.658%
After deducting proposed dividends:				
CET1 Capital ratio	10.764%	10.498%	31.373%	11.563%
Tier 1 Capital ratio	12.012%	10.498%	31.373%	12.455%
Total Capital ratio	15.607%	15.069%	31.373%	16.304%

Notes:

- (1) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) and 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 Group 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 (Basel II - Risk Weighted Assets) and Capital Adequacy Frameworks for Islamic Banks (Basel II - Risk Weighted Assets).
- (2) Group* figures presented in this Report represent an **aggregation** of the capital positions and risk weighted assets ("RWA") of our three regulated banking institutions (consolidated for AmBank and AmInvestment Bank). The positions of each entity and group (where applicable) are published at www.ambankgroup.com.
- (3) Pursuant to the above BNM's guideline, the minimum capital adequacy ratios to be maintained are 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. The Group's banking subsidiaries 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 banking institution 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%

The Company being a financial holding company ("FHC") will be required to comply with the above BNM's guideline on minimum capital adequacy ratios at the consolidated level for FHC effective 1 January 2019.

A33. CAPITAL ADEQUACY (CONT'D.)

(b) The aggregated components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group are as follows:

	30.06.17			
	AmBank	AmBank	AmInvestment	
	Islamic	Bank	Bank	Group *
	RM'000	RM'000	RM'000	RM'000
<u>CET1 Capital</u>				
Ordinary share capital	1,763,208	1,187,107	200,000	3,150,315
Retained earnings	5,977,707	1,662,596	268,087	8,199,831
Available-for-sale deficit	(10,410)	(2,094)	-	(12,516)
Foreign exchange translation reserve	104,141	-	-	113,198
Regulatory reserve	213,786	58,430	2,918	275,134
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	186,264
Cash flow hedging reserve	1,728	-	-	1,728
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(400,998)	(703)	(2,376)	(405,516)
Deferred tax assets	(6,577)	-	(8,641)	(18,601)
Cash flow hedging reserve	(1,728)	-	-	(1,728)
Regulatory reserve	(213,786)	(58,430)	(2,918)	(275,134)
Investment in capital instruments of unconsolidated financial and insurance entities	(6,791)	-	(39,847)	-
Deduction in excess of Tier 2 capital**	-	-	(6,410)	-
CET1 Capital	7,420,280	2,846,906	410,813	11,179,348
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	867,550	-	-	867,550
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	-	-	-	2
Tier 1 Capital	8,287,830	2,846,906	410,813	12,046,900
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	900,000	850,000	-	1,750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	983,900	130,000	-	1,113,900
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	635,733	256,999	3,552	896,309
Less: Regulatory adjustments applied on Tier 2 Capital	(1,698)	-	(3,552)	-
Tier 2 Capital	2,517,935	1,236,999	-	3,760,210
Total Capital	10,805,765	4,083,905	410,813	15,807,110

A33. CAPITAL ADEQUACY (CONT'D.)

- (b) The aggregated components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group are as follows (Cont'd.):

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

	30.06.17			Group *
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
Credit RWA	63,727,328	27,121,110	1,094,488	91,027,443
Less: Credit RWA absorbed by Restricted Investment Account	-	(1,604,048)	-	(1,604,048)
Total Credit RWA	63,727,328	25,517,062	1,094,488	89,423,395
Market RWA	2,197,673	247,306	20,674	2,489,442
Operational RWA	4,137,198	1,405,017	273,554	6,103,534
Large exposure risk RWA for equity holdings	67,261	-	-	67,261
Total Risk Weighted Assets	70,129,460	27,169,385	1,388,716	98,083,632

** The portion of regulatory adjustments not deducted from Tier 2 (as AmInvestment 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 guidelines on Capital Adequacy Framework (Capital Components).

	31.03.17			Group *
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<u>CET1 Capital</u>				
Ordinary share capital	1,763,208	1,187,107	200,000	3,150,315
Retained earnings	5,371,939	1,179,283	88,943	6,931,726
Available-for-sale deficit	(12,233)	(5,149)	-	(17,381)
Foreign exchange translation reserve	119,797	-	-	130,278
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	163,820	58,430	2,800	225,050
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	186,264
Cash flow hedging reserve	3,010	-	-	3,010
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(406,504)	(448)	(2,513)	(411,124)
Deferred tax assets	-	-	(7,153)	(9,158)
Cash flow hedging reserve	(3,010)	-	-	(3,010)
Regulatory reserve	(163,820)	(58,430)	(2,800)	(225,050)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(6,808)	-	(39,847)	-
Deduction in excess of Tier 2 Capital**	-	-	(6,458)	-
CET1 Capital	7,810,368	2,844,138	432,972	11,591,607
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	867,550	-	-	867,550
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	-	-	-	2
Tier 1 Capital	8,677,918	2,844,138	432,972	12,459,159

A33. CAPITAL ADEQUACY (CONT'D.)

- (b) The aggregated components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group are as follows (Cont'd.):

	31.03.17			Group *
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	900,000	850,000	-	1,750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	983,900	130,000	-	1,113,900
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	618,212	258,458	3,504	880,197
Less: Regulatory adjustments applied on Tier 2 capital	(1,702)	-	(3,504)	-
Tier 2 Capital	2,500,410	1,238,458	-	3,744,098
Total Capital	11,178,328	4,082,596	432,972	16,203,257

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

Credit RWA	63,094,846	27,107,178	1,015,958	90,235,160
Less: Credit RWA absorbed by Restricted Investment Account	-	(1,604,369)	-	(1,604,369)
Total Credit RWA	63,094,846	25,502,809	1,015,958	88,630,791
Market RWA	2,231,439	178,976	20,158	2,445,971
Operational RWA	4,190,538	1,410,237	279,251	6,160,989
Large exposure risk RWA for equity holdings	30,573	-	-	30,573
Total Risk Weighted Assets	69,547,396	27,092,022	1,315,367	97,268,324

** The portion of regulatory adjustments not deducted from Tier 2 (as AmInvestment 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 guidelines on Capital Adequacy Framework (Capital Components).

A34. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	General insurance fund		Shareholders' fund and Others		Total	
	30.06.17 RM'000	31.03.17 RM'000	30.06.17 RM'000	31.03.17 RM'000	30.06.17* RM'000	31.03.17* RM'000
ASSETS						
Cash and short-term funds	121,184	163,661	223,476	374,089	344,660	537,749
Deposits and placements with banks and other financial institutions	14,100	13,435	74,000	488,553	88,100	501,987
Financial assets held-for-trading	2,496,208	2,412,260	3,117,773	2,988,171	3,272,056	2,988,171
Financial investments available-for-sale	-	-	1,378,373	1,391,318	289,132	50,867
Loans and advances	1,933	2,058	-	-	1,933	2,058
Deferred tax assets	15,866	14,025	-	74	15,866	14,099
Investment in subsidiary	-	-	2,108,733	2,108,733	-	-
Other assets	538,996	538,977	74,869	52,470	222,118	199,772
Reinsurance assets and other insurance receivables	382,839	403,113	-	-	382,839	403,113
Property and equipment	47,178	49,466	978	978	48,156	50,444
Intangible assets	66,248	61,423	73,927	74,933	919,102	915,283
Assets held for sale	8,504	22,256	2,385	3,246	10,889	25,502
TOTAL ASSETS	3,693,056	3,680,674	7,054,514	7,482,565	5,594,851	5,689,045
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	435,349	430,540	435,349	430,540
Deferred tax liabilities	-	-	78,724	79,029	79,239	80,011
Other liabilities	266,665	274,740	415,942	436,975	290,837	320,037
Insurance contract liabilities and other insurance payables	2,625,236	2,666,844	-	-	2,625,236	2,666,844
Total Liabilities	2,891,901	2,941,584	930,015	946,544	3,430,661	3,497,432
Share capital	-	-	5,893,355	6,318,429	1,399,148	1,399,148
Reserves	801,155	739,090	231,144	217,592	765,042	692,465
Equity attributable to equity holders of the Company	801,155	739,090	6,124,499	6,536,021	2,164,190	2,091,613
Non-controlling interests	-	-	-	-	-	100,000
Total Equity	801,155	739,090	6,124,499	6,536,021	2,164,190	2,191,613
TOTAL LIABILITIES AND EQUITY	3,693,056	3,680,674	7,054,514	7,482,565	5,594,851	5,689,045

* after elimination on consolidation

Note: Shareholders' funds and Others comprise the results of AmGeneral Holdings Berhad and collective investment schemes of its insurance subsidiary.

A34. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

(II) CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

Group	General insurance fund		Shareholders' fund and Others		Total	
	30.06.17	30.06.16	30.06.17	30.06.16	30.06.17*	30.06.16*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	552	1,677	40,254	36,501	40,807	38,178
Interest expense	-	-	(4,809)	(4,665)	(4,809)	(4,665)
Net interest income	552	1,677	35,445	31,836	35,998	33,513
Income from insurance business	354,132	353,898	-	-	354,132	353,898
Insurance claims and commissions**	(234,538)	(214,243)	-	-	(234,538)	(214,243)
Net income from insurance business	119,594	139,655	-	-	119,594	139,655
Other operating income	29,886	33,462	21,208	7,547	10,473	4,961
Net income	150,032	174,794	56,653	39,383	166,065	178,129
Other operating expenses	(83,927)	(80,310)	(3,070)	(2,815)	(86,997)	(83,126)
Operating profit	66,105	94,484	53,583	36,568	79,068	95,003
Net impairment writeback/(charge) on:						
Financial investments	-	-	(243)	-	(243)	-
Doubtful sundry receivables	448	17	-	-	448	17
Insurance receivables	(450)	-	-	-	(450)	-
Profit before taxation	66,103	94,501	53,340	36,568	78,823	95,020
Taxation	(3,929)	(20,323)	(2,207)	(59)	(6,136)	(20,381)
Profit for the financial period	62,174	74,178	51,133	36,509	72,687	74,639

* after elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM3,618,000 (30 June 2016:RM2,532,000)

A35. RESTATEMENT OF COMPARATIVES

Certain comparative figures were restated arising from clarification provided in the BNM circular on Classification and Regulatory Treatment for structured products under the Financial Services Act 2013 and Islamic Financial Services Act 2013 as disclosed in Note A1.2(b).

(i) Reconciliation of statement of financial position

Group	As previously reported RM'000	Reclassification RM'000	As restated RM'000
As at 1 April 2016			
Deposits from customers	90,358,576	(101,182)	90,257,394
Deposits and placements of banks and other financial institutions	1,743,769	(530,000)	1,213,769
Term funding	8,607,614	631,182	9,238,796
	<u> </u>	<u> </u>	<u> </u>
As at 31 March 2017			
Deposits from customers	94,071,513	(136,455)	93,935,058
Deposits and placements of banks and other financial institutions	1,609,421	(80,000)	1,529,421
Term funding	7,176,024	216,455	7,392,479
	<u> </u>	<u> </u>	<u> </u>

(ii) Reconciliation of statement of profit or loss

Individual and Cumulative Quarter ended 30 June 2016

Interest expense:			
Deposits from customers	468,683	(1,838)	466,845
Deposits and placements of banks and other financial institutions	9,763	(1,466)	8,297
Other structured products and others	3,912	3,304	7,216
	<u> </u>	<u> </u>	<u> </u>

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

Deposits from customers	(3,648,668)	(24,480)	(3,673,148)
Deposits and placements of banks and other financial institutions	763,101	35,000	798,101
Term funding	(423,961)	(10,520)	(434,481)
	<u> </u>	<u> </u>	<u> </u>

A36. OPERATIONS OF ISLAMIC BANKING

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	30.06.17	Group 31.03.17 (Restated)	01.04.16 (Restated)
	RM'000	RM'000	RM'000
ASSETS			
Cash and short-term funds	2,934,351	2,588,245	4,385,587
Deposits and placements with banks and other financial institutions	830,000	635,000	500,000
Derivative financial assets	41,170	42,381	57,272
Financial assets held-for-trading	790,054	681,465	174,550
Financial investments available-for-sale	2,517,468	2,435,724	3,177,516
Financial Investments held-to-maturity	1,281,982	1,278,221	1,263,639
Financing and advances	27,407,862	27,239,756	27,391,553
Receivables: Investments not quoted in active markets	817,635	814,720	468,141
Statutory deposit with Bank Negara Malaysia	999,000	810,000	842,000
Deferred tax assets	394	333	296
Other assets	250,354	317,800	348,234
Property and equipment	323	332	368
Intangible assets	703	448	14
TOTAL ASSETS	37,871,296	36,844,425	38,609,170
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	27,917,562	26,836,697	28,383,783
Investment accounts of customers	24,480	24,374	18,411
Deposits and placements of banks and other financial institutions	960,674	1,266,337	993,510
Investment account due to a licensed bank	1,600,000	1,600,000	1,000,000
Recourse obligation on financing sold to Cagamas Berhad	615,031	617,713	1,127,824
Derivative financial liabilities	49,711	47,870	67,685
Term funding	2,030,000	1,985,000	2,300,000
Subordinated Sukuk	979,719	979,679	1,399,528
Deferred tax liabilities	5,494	89	5,883
Other liabilities	530,128	379,288	470,485
TOTAL LIABILITIES	34,712,799	33,737,047	35,767,109
Share capital/Capital funds	1,217,107	1,217,107	492,922
Reserves	1,941,390	1,890,271	2,349,139
TOTAL ISLAMIC BANKING FUNDS	3,158,497	3,107,378	2,842,061
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	37,871,296	36,844,425	38,609,170
COMMITMENTS AND CONTINGENCIES	10,325,688	9,860,517	8,372,429

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Income derived from investment of depositors' funds	419,570	438,353	419,570	438,353
Income derived from investment of investment account funds	19,008	14,649	19,008	14,649
Impairment on financing and advances	(32,365)	(9,326)	(32,365)	(9,326)
Writeback of provision for commitments and contingencies	1,923	3,946	1,923	3,946
Total distributable income	408,136	447,622	408,136	447,622
Income attributable to the depositors and others	(214,634)	(251,427)	(214,634)	(251,427)
Income attributable to the investment account holders	(16,946)	(13,047)	(16,946)	(13,047)
Profit attributable to the Group	176,556	183,148	176,556	183,148
Income derived from Islamic Banking Funds	32,240	31,257	32,240	31,257
Total net income	208,796	214,405	208,796	214,405
Operating expenses	(111,815)	(106,425)	(111,815)	(106,425)
Finance cost	(36,181)	(36,692)	(36,181)	(36,692)
Profit before taxation and zakat	60,800	71,288	60,800	71,288
Taxation and zakat	(12,704)	(16,434)	(12,704)	(16,434)
Profit for the financial period	48,096	54,854	48,096	54,854

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017**

Group	Individual Quarter		Cumulative Quarter	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Profit for the financial period	48,096	54,854	48,096	54,854
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Net change in revaluation of financial investments available-for-sale	4,020	4,158	4,020	4,158
Income tax relating to the components of other comprehensive income	(965)	(998)	(965)	(998)
Other comprehensive income for the period, net of tax	3,055	3,160	3,055	3,160
Total comprehensive income for the period	51,151	58,014	51,151	58,014

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

Group	Non-Distributable				Distributable		Total Equity RM'000
	Share capital/ Capital funds RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available- for- sale deficit RM'000	Retained earnings RM'000	
At 1 April 2016	492,922	724,185	483,345	-	(1,587)	1,143,197	2,842,062
Profit for the financial period	-	-	-	-	-	54,854	54,854
Other comprehensive income, net	-	-	-	-	3,160	-	3,160
Total comprehensive income for the period	-	-	-	-	3,160	54,854	58,014
At 30 June 2016	492,922	724,185	483,345	-	1,573	1,198,051	2,900,076
At 1 April 2017	1,217,107	-	483,345	58,430	(5,149)	1,353,645	3,107,378
Profit for the financial period	-	-	-	-	-	48,096	48,096
Other comprehensive income, net	-	-	-	-	3,055	-	3,055
Total comprehensive income for the period	-	-	-	-	3,055	48,096	51,151
Transfer to retained earnings	-	-	(483,345)	-	-	483,345	-
Transfer of ESS shares recharged	-	-	-	-	-	(32)	(32)
- difference on purchase price of shares vested	-	-	(483,345)	-	-	483,313	(32)
At 30 June 2017	1,217,107	-	-	58,430	(2,094)	1,885,054	3,158,497

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances

Financing and advances by type and Shariah contracts are as follows:

Group	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai' (AITAB) RM'000	Bai' Al-Inah RM'000	Others RM'000	Total RM'000
30.06.17							
At amortised cost:							
Cash lines	-	56,520	-	-	1,076,985	-	1,133,505
Term financing	1,984,417	3,117,553	10,902	-	3,407,141	70,769	8,590,782
Revolving credit	72,152	2,692,986	-	-	2,555,745	-	5,320,883
Housing financing	2,962,819	676,118	52,242	-	-	-	3,691,179
Hire purchase receivables	4	-	-	7,275,878	-	-	7,275,882
Bills receivables	-	-	-	-	-	5,115	5,115
Credit card receivables	-	-	-	-	-	309,510	309,510
Trust receipts	-	100,663	-	-	-	-	100,663
Claims on customers under acceptance credits	-	1,106,233	-	-	-	163,591	1,269,824
Gross financing and advances*	<u>5,019,392</u>	<u>7,750,073</u>	<u>63,144</u>	<u>7,275,878</u>	<u>7,039,871</u>	<u>548,985</u>	<u>27,697,343</u>
Allowance for impairment on financing and advances							
- Individual allowance							(15,635)
- Collective allowance							(273,846)
Net financing and advances							<u>27,407,862</u>

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances (Cont'd.)

Financing and advances by type and Shariah contracts are as follows (Cont'd.):

Group	Bai' Bithaman		Musharakah	Al-Ijarah Thummah			Total
31.03.17	Ajil	Murabahah	Mutanaqisah	Al-Bai' (AITAB)	Bai' Al-Inah	Others	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost:							
Cash lines	-	12,471	-	-	1,054,583	-	1,067,054
Term financing	2,022,144	2,917,793	11,005	-	3,491,124	72,791	8,514,857
Revolving credit	72,161	2,704,642	-	-	2,494,580	-	5,271,383
Housing financing	2,917,596	379,211	52,052	-	-	-	3,348,859
Hire purchase receivables	4	-	-	7,595,444	-	-	7,595,448
Bills receivables	-	-	-	-	-	9,293	9,293
Credit card receivables	-	-	-	-	-	297,225	297,225
Trust receipts	-	93,655	-	-	-	-	93,655
Claims on customers under acceptance credits	-	1,160,474	-	-	-	149,829	1,310,303
Gross financing and advances*	5,011,905	7,268,246	63,057	7,595,444	7,040,287	529,138	27,508,077
Allowance for impairment on financing and advances							
- Individual allowance							(16,041)
- Collective allowance							(252,280)
Net financing and advances							27,239,756

* Included in financing and advances are exposures to the Restricted Investment Account ("RIA") arrangements between AmBank Islamic and AmBank. Under the RIA contract, the profit is shared based on a pre-agreed ratio. AmBank is exposed to the risks and rewards on the RIA financing and it shall account for all allowance for impairment arising from the RIA financing.

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(a) Financing and Advances (Cont'd.)

(i) Movements in impaired financing and advances are as follows:

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
Balance at beginning of the financial year	488,700	605,200
Impaired during the financial period/year	180,242	265,280
Reclassified to non-impaired financing	(35,233)	(92,536)
Recoveries	(5,030)	(70,415)
Amount written off	(35,792)	(218,829)
Balance at end of the financial period/year	<u>592,887</u>	<u>488,700</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>2.14%</u>	<u>1.78%</u>
Financing loss coverage (including regulatory reserve)	<u>58.68%</u>	<u>66.86%</u>

(ii) Movements in allowances for impaired financing and advances are as follows:

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
Individual allowance		
Balance at beginning of the financial year	16,041	63,715
Allowance made during the financial period/year, net	3,346	16,108
Amount written off	(3,752)	(63,782)
Balance at end of the financial period/year	<u>15,635</u>	<u>16,041</u>
Collective allowance		
Balance at beginning of the financial year	252,280	329,392
Allowance made during the financial period/year	57,069	78,288
Foreign exchange differences	(1)	9
Amount written off	(35,502)	(155,409)
Balance at end of the financial period/year*	<u>273,846</u>	<u>252,280</u>
Collective allowance and Regulatory reserve as % of gross financing and advances (excluding RIA financing) less individual allowance	<u>1.27%</u>	<u>1.20%</u>

* As at 30 June 2017, the gross exposure and collective allowance relating to RIA financing amounted to RM1,604.0 million and RM0.8 million respectively (31 March 2017: RM1,604.4 million and RM2.3 million respectively). There was no individual allowance provided for the RIA financing.

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(b) Deposits From Customers

	Group	
	30.06.17	31.03.17
	RM'000	(Restated) RM'000
Savings deposits		
<i>Wadiah</i>	2,092,392	2,119,573
Demand deposits		
<i>Wadiah</i>	4,555,576	4,245,545
Term deposits		
Commodity Murabahah	21,088,463	20,008,971
Qard	181,131	462,608
	<u>27,917,562</u>	<u>26,836,697</u>

(c) Investment Accounts Of Customers

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
Unrestricted investment account without maturity:		
- Wakalah	24,480	24,374
	<u>24,480</u>	<u>24,374</u>
Investment asset:		
Interbank placement	24,480	24,374
Total investment	<u>24,480</u>	<u>24,374</u>

The investment accounts are sourced from the following types of customers:

	31.03.17	31.03.16
	RM'000	RM'000
Business enterprises	503	443
Individuals	23,977	23,931
	<u>24,480</u>	<u>24,374</u>

Average Rate of Return and Average Performance Incentive Fee for the investment accounts are as follows:

	Investment account holder			
	30.06.17			31.03.17
	Average rate of return (%)	Average Performance incentive fee (%)	Average rate of return (%)	Average Performance incentive fee (%)
Maturity:				
less than 3 months	0.05	2.97	0.05	3.03

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Investment Account Due to A Licensed Bank

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
<u>Restricted investment account</u>		
- Mudarabah Muqayyadah	1,600,000	1,600,000
Investment asset:		
Financing	1,600,000	1,600,000
Total investment	1,600,000	1,600,000

Profit Sharing Ratio and Average Rate of Return for the investment account are as follows:

	Investment account holder		
	30.06.17	31.03.17	
	RM'000	RM'000	
	Profit sharing ratio (%)	Average rate of return (%)	Average rate of return (%)
Maturity:			
between 2 to 5 years	90	4.25	4.78

(e) Other Liabilities

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
Other payables and accruals	410,418	247,809
Taxation and zakat payable	8,163	19,659
Provision for commitments and contingencies	9,589	11,521
Amount owing to conventional banking	99,950	98,366
Lease deposits and advance rental	2,008	1,933
	530,128	379,288

A36. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(f) Restatement of Comparatives

Certain comparative figures were restated arising from clarification provided in the BNM circular on Classification and Regulatory Treatment for structured products under the Financial Services Act 2013 and Islamic Financial Services Act 2013 as disclosed in Note A1.2(b).

For condensed interim financial statements, the profit payable to the customers for these funding in the statement of profit or loss is disclosed as part of Income attributable to the depositors and others.

Reconciliation of statement of financial position

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
As at 1 April 2016			
Deposits and placements of banks and other financial institutions	1,443,510	(450,000)	993,510
Term Funding	1,850,000	450,000	2,300,000
As at 31 March 2017			
Deposits from customers	26,891,697	(55,000)	26,836,697
Deposits and placements of banks and other financial institutions	1,346,337	(80,000)	1,266,337
Term Funding	1,850,000	135,000	1,985,000

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

First Quarter Ended 30 June 2017 Year-on-Year ("YoY") Performance

The Group recorded profit after tax ("PAT") of RM364.5 million for the period ended 30 June 2017, an improvement of RM5.1 million (1.4%) compared to the corresponding period in financial year ended 31 March 2017 of RM359.4 million. The Group's profit attributable to equity holders of the Company ("PATMI") increased RM5.3 million to RM328.3 million.

Improvement in earnings for current period ended 30 June 2017 was mainly attributed to higher net interest income (RM23.9 million), higher net income from Islamic Banking (RM28.1 million), other operating income (RM5.4 million) and lower taxation and zakat (RM35.4 million).

This was partially offset by lower writeback for impairment on loans, advances and financing (RM25.5 million), lower net income from insurance business (RM19.0 million), higher other operating expenses (RM17.5 million), lower writeback for provision for commitments and contingencies (RM10.9 million), other recoveries (RM9.4 million) and share in results of associates and joint ventures (RM7.5 million).

Gross loans, advances and financing increased to RM92.8 billion compared to RM91.0 billion as at 31 March 2017 due to growth in mortgages and trade facilities offset by decrease in hire-purchase receivables.

As at 30 June 2017, the Group's total assets stood at RM136.1 billion. The Total Capital ratio from the aggregation of the capital positions and risk weighted assets of the regulated banking subsidiaries stood at 16.116%.

Divisional performance

Wholesale Banking (inclusive of Business Banking)

Total income increased 10.2% YoY at RM403.0 million. Net interest income increased 7.9% YoY to RM230.6 million, benefiting from growth in assets base. Non-interest income recorded a 13.5% improvement YoY to RM172.4 million supported by higher foreign exchange and derivatives trading as well as an increase in other operating income from recoveries of bad debts previously written off from AmFraser International Pte. Ltd.

Operating expenses increased 13.9% YoY from higher personnel costs as we continued to invest in building better capabilities. Net allowance at RM9.7 million as a result of higher allowances and lower recoveries recorded for the quarter. Consequently, profit after tax was down 22.3% YoY to RM189.2 million.

Gross loans grew 1.7% year to date ("YTD") to RM43.0 billion underpinned by good growth in Business Banking segment.

Retail Banking

Retail Banking recorded a modest growth in total income of 2.4% YoY to RM351.9 million. Net interest income grew 1.5% YoY driven by Mortgages, Small Business Banking and Deposits partially offset by margin compression. Non-interest income increased 5.9% YoY from higher commission recorded by Wealth Management following the appointment of AmBank Group as an agent of Amanah Saham Nasional Berhad.

Operating expenses grew 2.6% YoY to RM239.3 million as a result of higher personnel costs. Profit before provision improved 1.8% YoY to RM112.6 million. Provision for allowances increased 12.0% YoY. Profit after tax was flat at RM76.1 million.

Gross loans grew 2.1% YTD to RM49.8 billion principally from Mortgages and Cards receivables. We aim to resume growth in our Auto Financing portfolio selectively by focusing on the new non-national car segment which has a better credit risk profile.

General Insurance

Net earned premium was relatively flat at RM354.1 million. Claims increased 13.2% YoY to RM199.3 million largely due to motor insurance. Operating expenses increased 4.7% YoY to RM87.0 million principally due to higher amortisation charges. Profit after tax was marginally lower by 2.6% YoY at RM72.7 million.

We have developed our risk pricing model infrastructure and increased penetration to non-motor products to prepare ourselves for the liberalisation of premium pricing for motor and fire insurance products effective July 2017. We aim to lead in motor insurance and selected personal and commercial lines via competitive underwriting, innovative product offerings and digital transformation.

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP (CONT'D.)

Divisional performance (Cont'd.)

Life Insurance and Family Takaful

Life Insurance recorded lower net earned premium of RM82.5 million, a decrease of 13.3% YoY due to lower ordinary life premium. Loss after tax stood at RM8.8 million largely attributable to actuarial valuations.

Net earned premium for Family Takaful increased 5.4% YoY to RM12.1 million. Loss after tax was RM2.3 million as a result of lower non-interest income, higher actuarial valuations and higher operating expenses.

The Group has equity accounted the results of the life insurance and family takaful business to reflect the Group's effective equity interests in the joint ventures.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a higher profit before taxation of RM449.1 million for the first quarter ended 30 June 2017 compared to RM440.7 million for the previous quarter ended 31 March 2017, an improvement of RM8.4 million.

Improvement in profit before taxation for the current quarter ended 30 June 2017 was mainly contributed by net income from insurance business (RM49.2 million), lower other operating expenses (RM29.4 million), higher writeback for provision for commitments and contingencies (RM21.2 million), net interest income (RM12.0 million) and net income from Islamic Banking (RM11.6 million).

This was partially offset by lower other operating income (RM94.0 million) and writeback for impairment on loans, advances and financing (RM11.2 million). In addition, lower writeback on impairment for doubtful sundry receivables (RM7.1 million) and share in results of associates and joint ventures (RM3.4 million) were reported for current reporting quarter.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2018

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

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

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

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

Wholesale Banking's strategic priorities for FY2018 are:

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

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2018 (CONT'D.)

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

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

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

Islamic Banking will intensify focus on SME and mid corp clients via transaction banking solutions, FX, vendor and contract financing. New target areas will include Islamic wealth management which entails the distribution of Islamic unit trusts and bancatakal products, and term financing-i for investment in Amanah Saham Bumiputera ("ASB") and ASB2.

General Insurance aims to lead in motor insurance and selected personal and commercial lines via competitive underwriting, innovative product offerings and digital transformation. AmGeneral will continue to focus on segmentation at product portfolio level with an overlay of customer insights to determine product design and marketing strategy.

Life Insurance's strategic priorities are to focus on customer centricity following the implementation of the new policy administration system, delivering new products and customer experience aligned to suit the lifestyle needs of Malaysians and professionalise and strengthen the Agency Force.

Family Takaful plans to develop a direct e-Channel to complement existing channels. With our passion for the provision of excellent services, together with a deep and respectful knowledge of Shariah principles and values, we aim to be a customer-centric and modern takaful operator in Malaysia.

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

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

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Estimated current tax payable	157,292	45,127	157,292	45,127
Deferred tax	(74,117)	70,904	(74,117)	70,904
	<u>83,175</u>	<u>116,031</u>	<u>83,175</u>	<u>116,031</u>
Under provision of current taxation in respect of prior years	651	3,432	651	3,432
Taxation	<u>83,826</u>	<u>119,463</u>	<u>83,826</u>	<u>119,463</u>
Zakat	735	472	735	472
Taxation and zakat	<u>84,561</u>	<u>119,935</u>	<u>84,561</u>	<u>119,935</u>

The total tax charge of the Group for the financial period ended 30 June 2017 and 2016 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

B6. CORPORATE PROPOSALS

- As at 30 June 2017, the trustee of the ESS held 6,514,500 ordinary shares (net of ESS shares vested to employees) representing 0.22% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM41,782,000.
- On 1 June 2017, the Company announce that BNM has, vide its letter dated 1 June 2017, stated that it has no objection for the Company to commence negotiations with RHB Bank Berhad ("RHB") for a possible merger of their businesses and undertakings ("Proposed Merger"). The approval is valid until 30 November 2017.

(The Company 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 the announcement until 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.

B7. BORROWINGS

	Group	
	30.06.17	31.03.17
	RM'000	(Restated)
		RM'000
(i) Deposits from customers		
Due within six months	75,999,413	71,528,773
Over six months to one year	13,438,931	19,172,973
Over one year to three years	1,850,493	2,025,578
Over three years to five years	1,629,243	1,207,734
	<u>92,918,080</u>	<u>93,935,058</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	3,724,958	1,418,465
Over six months to one year	173,046	80,853
Over one year to three years	36,341	8,437
Over three years to five years	18,566	21,666
	<u>3,952,911</u>	<u>1,529,421</u>
(iii) Term funding (unsecured)		
(a) Senior notes/Sukuk		
Due within one year	2,550,000	2,374,965
More than one year (Note 1)	3,813,773	4,264,847
(b) Credit-Linked Notes		
More than one year	137,149	136,769
(c) Term loans and revolving credits		
Due within one year	176,000	397,150
(d) Structured deposit		
Due within one year	42,987	56,205
More than one year	207,787	162,543
	<u>6,927,696</u>	<u>7,392,479</u>

Note 1:

Which includes USD denominated Senior Notes with principal amount equivalent to USD400 million (31 March 2017: USD400 million).

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
(iv) Debt capital		
(a) Unsecured notes/Sukuk		
More than one year	1,879,189	1,879,086
(b) Medium Term Notes		
More than one year	1,310,000	1,310,000
(c) Non-Innovative Tier 1 Capital Securities		
More than one year	500,000	500,000
(d) Innovative Tier 1 Capital Securities		
More than one year	485,000	485,000
	<u>4,174,189</u>	<u>4,174,086</u>

B8. REALISED AND UNREALISED PROFITS OR LOSSES

In accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad dated 25 March 2010, the breakdown of the retained earnings of the Group as at the end of the reporting period, into realised and unrealised profits is as follows:

	Group	
	30.06.17	31.03.17
	RM'000	RM'000
Total retained earnings		
- Realised	12,434,334	10,010,107
- Unrealised	909,176	1,040,998
Total share of retained earnings from associates and joint ventures		
- Realised	157,791	166,785
- Unrealised	(17,058)	(19,296)
Less: Consolidation adjustments	(3,095,900)	(3,025,280)
Total retained earnings as per consolidated financial statements (excluding non-participating funds)	10,388,343	8,173,314

Disclosure of the above is solely for purposes of complying with the disclosure requirements of Bursa Malaysia Securities Berhad Listing Requirements and should not be applied for any other purposes.

B9. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A30.

B10. DIVIDENDS

There is no dividend proposed for the current financial quarter.

B11. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	30.06.17	30.06.16	30.06.17	30.06.16
Net profit attributable to equity holders of the Company (RM'000)	328,273	323,000	328,273	323,000
Weighted average number of ordinary shares in issue ('000)	3,007,409	3,006,344	3,007,409	3,006,344
Basic earnings per share (Sen)	10.92	10.74	10.92	10.74

b. Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the net profit attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue and dilutive effect of Share Options vested and not exercised by eligible executives under ESS as at the reporting date.

The Share Options are dilutive when they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The amount of the dilution is the average market price of ordinary shares during the period minus the issue price.

	Individual Quarter		Cumulative Quarter	
	30.06.17	30.06.16	30.06.17	30.06.16
Net profit attributable to equity holders of the Company (RM'000)	328,273	323,000	328,273	323,000
Weighted average number of ordinary shares in issue (as in (a) above) ('000)	3,007,409	3,006,344	3,007,409	3,006,344
Effect of executives' share scheme ('000)	578	391	578	391
Adjusted weighted average number of ordinary shares in issue/issuable ('000)	3,007,987	3,006,735	3,007,987	3,006,735
Fully diluted earnings per share (Sen)	10.91	10.74	10.91	10.74