

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note	30.09.17	Group 31.03.17 (Restated)	01.04.16 (Restated)	Company 30.09.17	31.03.17
		RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds		8,861,275	8,337,200	11,988,321	1,512	2,051
Securities purchased under resale agreements		-	10,369	-	-	-
Deposits and placements with banks and other financial institutions		455,164	1,129,987	1,333,630	-	24,006
Derivative financial assets	A31	973,188	1,166,422	1,884,001	-	-
Financial assets held-for-trading	A8	8,167,601	9,533,088	4,920,618	-	-
Financial investments available-for-sale	A9	8,977,446	9,068,862	11,680,520	43,191	130,984
Financial investments held-to-maturity	A10	3,514,013	3,460,368	4,167,494	750,000	750,000
Loans, advances and financing	A11	91,917,408	89,865,085	86,513,254	-	-
Receivables: Investments not quoted in active markets		1,942,068	1,986,877	565,322	-	-
Statutory deposits with Bank Negara Malaysia	A12	2,610,757	2,575,444	2,590,145	-	-
Deferred tax assets		42,768	21,651	66,044	-	-
Investment in subsidiaries and other investments		-	-	-	9,706,300	9,506,300
Investment in associates and joint ventures		685,641	700,162	674,463	-	-
Other assets	A13	2,699,172	2,802,771	3,179,108	4,649	75,893
Reinsurance assets and other insurance receivables	A14	379,874	403,113	513,555	-	-
Property and equipment		221,970	234,619	292,787	1,141	900
Intangible assets		3,450,582	3,444,004	3,369,998	-	-
Assets held for sale	A29	10,889	27,593	24,740	-	-
TOTAL ASSETS		134,909,816	134,767,615	133,764,000	10,506,793	10,490,134
LIABILITIES AND EQUITY						
Deposits from customers	A15	93,672,091	93,935,058	90,257,394	-	-
Investment accounts of customers		21,815	24,374	18,411	-	-
Deposits and placements of banks and other financial institutions	A16	3,514,194	1,529,421	1,213,769	-	-
Securities sold under resale agreements		-	9,464	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,464,266	3,280,818	3,935,775	-	-
Derivative financial liabilities	A31	1,055,755	958,686	2,022,807	-	-
Term funding		5,377,505	7,392,479	9,238,796	500,000	1,176,000
Debt capital		4,174,292	4,174,086	4,094,077	749,537	749,491
Redeemable cumulative convertible preference share		212,738	210,965	204,760	-	-
Deferred tax liabilities		121,381	204,321	83,050	-	-
Other liabilities	A17	3,358,928	3,228,215	3,809,943	223,253	39,138
Insurance contract liabilities and other insurance payables	A18	2,582,298	2,666,844	2,761,460	-	-
Liabilities directly associated with assets held for sale		-	-	4,370	-	-
Total Liabilities		117,555,263	117,614,731	117,644,612	1,472,790	1,964,629
Share capital		5,551,557	5,551,557	3,014,185	5,550,250	5,550,250
Reserves		10,716,631	10,475,511	12,154,293	3,483,753	2,975,255
Equity attributable to equity holders of the Company		16,268,188	16,027,068	15,168,478	9,034,003	8,525,505
Non-controlling interests		1,086,365	1,125,816	950,910	-	-
Total Equity		17,354,553	17,152,884	16,119,388	9,034,003	8,525,505
TOTAL LIABILITIES AND EQUITY		134,909,816	134,767,615	133,764,000	10,506,793	10,490,134
COMMITMENTS AND CONTINGENCIES	A30	135,105,792	134,563,308	125,037,110	-	-
NET ASSETS PER SHARE (RM)		5.40	5.32	5.03	3.00	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 SEPTEMBER 2017

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Operating revenue	A25	2,125,024	2,099,746	4,205,771	4,162,679
Interest income	A19	1,068,822	972,983	2,107,189	1,978,954
Interest expense	A20	(653,819)	(599,680)	(1,275,943)	(1,213,319)
Net interest income		415,003	373,303	831,246	765,635
Net income from Islamic banking		225,863	201,406	451,126	398,568
Income from insurance business		351,804	363,745	705,936	717,643
Insurance claims and commissions		(243,275)	(279,591)	(474,195)	(491,302)
Net income from insurance business	A21	108,529	84,154	231,741	226,341
Other operating income	A22	228,257	284,335	448,538	499,244
Share in results of associates and joint ventures		(10,736)	11,049	(13,584)	15,678
Net income		966,916	954,247	1,949,067	1,905,466
Other operating expenses	A23	(562,712)	(524,498)	(1,115,780)	(1,060,045)
Operating profit before impairment losses		404,204	429,749	833,287	845,421
Writeback for impairment on loans, advances and financing	A24	37,220	36,962	47,958	73,205
Net impairment (loss)/writeback on:					
Financial investments		-	3,925	(243)	2,806
Doubtful sundry receivables		(10,172)	(1,164)	(8,802)	(1,045)
Foreclosed properties		(17)	(146)	(30)	(288)
Property and equipment		369	-	369	-
Insurance receivables		592	(706)	142	(1,032)
Provision for commitments and contingencies - writeback/(charge)		(262)	689	8,076	19,898
Other recoveries, net		246	2,847	528	12,571
Profit before taxation and zakat		432,180	472,156	881,285	951,536
Taxation and zakat	B5	(75,071)	(96,955)	(159,632)	(216,890)
Profit for the financial period		357,109	375,201	721,653	734,646
Attributable to:					
Equity holders of the Company		331,466	352,626	659,739	675,626
Non-controlling interests		25,643	22,575	61,914	59,020
Profit for the financial period		357,109	375,201	721,653	734,646
EARNINGS PER SHARE (SEN)	B12				
Basic		11.02	11.73	21.94	22.47
Fully diluted		11.02	11.73	21.93	22.47

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AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017

Group	Individual Quarter		Cumulative Quarter	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Profit for the financial period	357,109	375,201	721,653	734,646
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss				
Translation of foreign operations	(14,780)	13,751	(32,764)	30,921
Cash flow hedge	(306)	(2,132)	(1,993)	(4,455)
Financial investments available-for-sale	(2,723)	46,120	4,681	39,778
Income tax relating to the components of other comprehensive income/(loss)				
- Cash flow hedging	73	512	478	885
- Financial investments available-for-sale	1,892	(9,821)	(32)	(15,972)
Share of reserve movements in equity accounted joint ventures	1,021	5,060	3,211	6,945
	<u>(14,823)</u>	<u>53,490</u>	<u>(26,419)</u>	<u>58,102</u>
Other comprehensive income/(loss) for the financial period, net of tax	(14,823)	53,490	(26,419)	58,102
Total comprehensive income for the financial period	<u>342,286</u>	<u>428,691</u>	<u>695,234</u>	<u>792,748</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	317,459	405,851	633,835	734,878
Non-controlling interests	24,827	22,840	61,399	57,870
	<u>342,286</u>	<u>428,691</u>	<u>695,234</u>	<u>792,748</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.

AMMB HOLDINGS BERHAD
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UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017

Company	Note	Individual Quarter		Cumulative Quarter	
		30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Operating revenue		937,767	374,563	948,768	375,478
Interest income	A19	10,597	502	20,519	544
Interest expense	A20	(18,714)	(14,126)	(41,953)	(28,111)
Net interest expense		(8,117)	(13,624)	(21,434)	(27,567)
Other operating income	A22	927,170	374,061	928,249	374,934
Net operating income		919,053	360,437	906,815	347,367
Other operating expenses	A23	(1,542)	(6,148)	(7,657)	(10,311)
Profit before taxation		917,511	354,289	899,158	337,056
Taxation		(28)	(123)	(28)	(123)
Profit for the financial period representing total comprehensive income for the financial period		917,483	354,166	899,130	336,933

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	Cash flow hedging reserve	Foreign currency translation reserve	Executives' share scheme reserve	Shares held in trust for ESS	Retained Earnings Non-participating funds	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 01.04.16	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 financial period	-	-	-	-	-	-	-	-	-	-	675,626	675,626	59,020	734,646
Other comprehensive income/(loss), net	-	-	-	-	31,902	(3,571)	30,921	-	-	-	-	59,252	(1,150)	58,102
Total comprehensive income/(loss) for the financial period	-	-	-	-	31,902	(3,571)	30,921	-	-	-	675,626	734,878	57,870	792,748
Share-based payment under ESS, net	-	-	-	-	-	-	-	(20,586)	-	-	-	(20,586)	-	(20,586)
ESS shares vested to employees	-	-	-	-	-	-	-	(7,135)	7,706	-	-	571	-	571
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	(552)	(552)	(14)	(566)
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	8,313	(8,313)	-	-	-
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,470)	(3,470)
Arising from disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,863)	(1,863)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(316,489)	(316,489)	(2,408)	(318,897)
Transactions with owners and other equity movements	-	-	-	-	-	-	-	(27,721)	7,706	8,313	(325,354)	(337,056)	(7,755)	(344,811)
At 30.09.16	3,014,185	2,537,372	1,938,849	2,800	40,537	65	115,220	22,017	(48,137)	54,028	7,889,364	15,566,300	1,001,025	16,567,325

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

Group	Attributable to Equity Holders of the Company											Total equity RM'000	
	Non-Distributable							Distributable					
	Ordinary share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	AFS reserve/ (deficit) RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained Earnings		Non- controlling interests RM'000		
								Non- partici- pating funds RM'000	RM'000	Total 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 financial period	-	-	-	-	-	-	-	-	-	659,739	659,739	61,914	721,653
Other comprehensive income/(loss), net	-	-	-	8,375	(1,515)	(32,764)	-	-	-	-	(25,904)	(515)	(26,419)
Total comprehensive income/(loss) for the financial period	-	-	-	8,375	(1,515)	(32,764)	-	-	-	659,739	633,835	61,399	695,234
Purchase of shares pursuant to ESS [^]	-	-	-	-	-	-	-	(370)	-	-	(370)	-	(370)
Share-based payment under ESS, net	-	-	-	-	-	-	(12,372)	-	-	-	(12,372)	-	(12,372)
ESS shares vested to employees	-	-	-	-	-	-	(3,799)	5,861	-	-	2,062	-	2,062
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	(2,248)	(2,248)	(55)	(2,303)
Transfer to regulatory reserve	-	-	456,184	-	-	-	-	-	-	(456,184)	-	-	-
Transfer to retained earnings	-	(1,938,849)	-	-	-	-	-	-	-	1,938,849	-	-	-
Arising from withdrawal of investment by the Group	-	-	-	-	-	-	-	-	-	-	-	(100,615)	(100,615)
Dividends paid	-	-	-	-	-	-	-	-	-	(379,787)	(379,787)	(180)	(379,967)
Transactions with owners and other equity movements	-	(1,938,849)	456,184	-	-	-	(16,171)	5,491	-	1,100,630	(392,715)	(100,850)	(493,565)
At 30.09.17	5,551,557	-	681,234	(39,145)	1,495	120,604	14,827	(41,782)	45,715	9,933,683	16,268,188	1,086,365	17,354,553

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AMMB HOLDINGS BERHAD
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UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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
Profit for the financial period	-	-	-	-	336,933	336,933
Total comprehensive income for the financial period	-	-	-	-	336,933	336,933
Share-based payment under ESS, net	-	-	(20,586)	-	-	(20,586)
ESS shares vested to employees	-	-	(7,135)	7,706	131	702
Dividends paid	-	-	-	-	(316,489)	(316,489)
Transactions with owners and other equity movements	-	-	(27,721)	7,706	(316,358)	(336,373)
At 30.09.16	3,014,185	2,536,065	22,017	(48,137)	2,892,736	8,416,866

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
Profit for the financial period	-	-	-	-	899,130	899,130
Total comprehensive income for the financial period	-	-	-	-	899,130	899,130
Purchase of shares pursuant to ESS ^{^^}	-	-	-	(370)	-	(370)
Share-based payment under ESS, net	-	-	(12,372)	-	-	(12,372)
ESS shares vested to employees	-	-	(3,799)	5,861	(165)	1,897
Dividends paid	-	-	-	-	(379,787)	(379,787)
Transactions with owners and other equity movements	-	-	(16,171)	5,491	(379,952)	(390,632)
At 30.09.17	5,550,250	-	14,827	(41,782)	3,510,708	9,034,003

^{^^} 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
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017

	Group		Company	
	30.09.17	30.09.16 (Restated)	30.09.17	30.09.16
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation and zakat	881,285	951,536	899,158	337,056
Add/(Less) adjustments for:				
Accretion of discount less amortisation of premium for securities	(77,174)	(59,204)	-	-
Allowance for losses on loans, advances and financing	199,355	225,690	-	-
Dividend income from securities	(23,471)	(21,170)	(928,134)	(399,883)
Net (gain)/loss on revaluation of derivatives	288,360	(180,394)	-	-
Net gain on revaluation of financial assets held-for-trading	(32,111)	(19,804)	-	-
Net gain on sale of financial investments available-for-sale	(66,793)	(29,199)	-	-
Net gain on sale of financial assets held-for-trading	(30,845)	(110,913)	-	-
Other non-operating and non-cash items	(1,292)	174,735	228	87
Operating profit/(loss) before working capital changes	1,137,314	931,277	(28,748)	(62,740)
<i>Decrease/(Increase) in operating assets:</i>				
Securities purchased under resale agreements	10,369	-	-	-
Deposits and placements with banks and other financial institutions	40,267	648,626	-	-
Financial assets held-for-trading	1,457,944	(750,224)	-	-
Loans, advances and financing	(2,251,677)	219,796	-	-
Statutory deposits with Bank Negara Malaysia	(35,314)	(141,277)	-	-
Other assets	(123,791)	452,506	61,305	(19,758)
Reinsurance assets and other insurance receivables	23,381	86,730	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	(262,966)	(7,180,239)	-	-
Investment accounts of customers	(2,559)	3,355	-	-
Deposits and placements of banks and other financial institutions	1,984,773	370,922	-	-
Securities sold under resale agreements	(9,464)	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	182,490	(26,089)	-	-
Term funding	(1,929,346)	(776,258)	(676,000)	-
Other liabilities	50,732	(833,631)	185,540	(11,803)
Insurance contract liabilities and other insurance payables	(84,546)	(138,952)	-	-
Cash generated from/(used in) operations	187,607	(7,133,458)	(457,903)	(94,301)
Taxation and zakat refunded/(paid), net	9,234	(118,715)	(1,986)	(304)
Net cash generated from/(used in) operating activities	196,841	(7,252,173)	(459,889)	(94,605)
<i>Cash flows from investing activities</i>				
Purchase of shares for ESS	(370)	-	(370)	-
Dividends received from other investments	21,603	21,170	7	15
Dividend received from associate	3,908	5,633	-	-
Dividend received from subsidiaries	-	-	926,349	373,334
Net cash outflow from disposal of subsidiaries	-	(3,894)	-	-
Subscription of shares in subsidiary	-	-	(200,000)	-
Proceeds from disposal of property and equipment	3,681	445	-	-
Redemption/Disposal of financial investments - net	156,992	3,554,546	89,570	37,380
Purchase of property and equipment and intangible assets	(79,264)	(94,794)	(424)	(10)
Redemption/(Purchase) of receivables: investments not quoted in active markets	49,147	(130,000)	-	-
Net proceeds from disposal of assets held for sale (properties)	17,698	29,394	-	-
Net cash generated from investing activities	173,395	3,382,500	815,132	410,719

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017 (CONT'D.)

	Group		Company	
	30.09.17	30.09.16 (Restated)	30.09.17	30.09.16
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
Dividends paid by Company to its shareholders	(379,787)	(316,489)	(379,787)	(316,489)
Dividends paid to non-controlling interests by subsidiaries	(180)	(2,408)	-	-
Investment in subsidiary withdrawn - non-controlling interest portion	(100,615)	-	-	-
Redemption of shares in subsidiary by non-controlling interests	-	(3,470)	-	-
Repayment for Subordinated Sukuk	-	(480,000)	-	-
Net cash used in financing activities	<u>(480,582)</u>	<u>(802,367)</u>	<u>(379,787)</u>	<u>(316,489)</u>
Net decrease in cash and cash equivalents	(110,346)	(4,672,040)	(24,544)	(375)
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	(135)	276	-	-
Cash and cash equivalents at end of the financial period	<u>9,266,439</u>	<u>7,953,457</u>	<u>1,512</u>	<u>26,012</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	
	30.09.17	30.09.16	30.09.17	30.09.16
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	8,861,275	5,633,810	1,512	1,061
Deposits and placements with banks and other financial institutions	455,164	2,371,120	-	24,951
Less: Deposits with original maturity of more than three months	(50,000)	(51,473)	-	-
Cash and cash equivalents	<u>9,266,439</u>	<u>7,953,457</u>	<u>1,512</u>	<u>26,012</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.

AMMB HOLDINGS BERHAD
(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:

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 assessment on the financial implication for adopting MFRS 15 is currently ongoing. Based on the assessment to date, the profile of revenue recognition is expected to change as a result of the new guidance in connection with the allocation of revenue to the distinct elements in the contract, as well as the specific requirements on the recognition of variable or uncertain revenues. In addition, certain sales commissions will have to be capitalised due to the new requirement to capitalise costs associated with obtaining a contract. Nevertheless, the financial impact to the Group is not expected to be material.

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 available information then, the outcome is subject to changes arising from further analysis or additional information being made available currently.

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

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

The impairment requirements are expected to result in a higher allowance for impairment losses. The Group is currently performing detailed assessment to determine and quantify 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 joint ventures with activities that are predominantly connected with insurance that have elected to 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 period, 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 period, 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 A36 and Note A37(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 the Company's accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2017.

A2. AUDIT QUALIFICATION

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 and period.

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

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

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 and period ended 30 September 2017.

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

(i) During the current financial quarter, the Company redeemed Senior Notes with nominal value of RM500.0 million issued under its Senior Notes programme of up to RM2.0 billion on maturity date of 8 August 2017.

(ii) **Redemption of debt securities by its wholly-owned subsidiary and reflected in the condensed interim financial statements**

(a) In the previous financial quarter, AmBank (M) Berhad ("AmBank") redeemed 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.

(b) During the current financial quarter, upon maturity on 6 September 2017, AmBank Islamic redeemed the third tranche of Senior Sukuk with nominal value of RM300.0 million. Upon maturity on 20 September 2017, AmBank Islamic redeemed the first tranche of Senior Sukuk with nominal value of RM550.0 million. These two tranches of Senior Sukuk were issued under the Senior Sukuk Musharakah programme with nominal value of up to RM3.0 billion.

(iii) **Redemption of debt securities by its wholly-owned subsidiary and not reflected in the condensed interim financial statements**

On the first call date of 16 October 2017, AmBank redeemed Medium Term Notes with nominal amount of RM710.0 million issued under its Medium Term Notes programme of up to RM2.0 billion.

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

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 and period.

A7. DIVIDENDS PAID

During the financial period ended 30 September 2017, the final single-tier dividend of 12.6 sen per share for the financial year ended 31 March 2017 amounting to approximately RM379,787,290 was paid on 22 August 2017 to shareholders whose names appear in the record of Depositors as at 8 August 2017.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	30.09.17	31.03.17
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	126,240	1,148,116
Malaysian Islamic Treasury Bills	202,370	166,198
Malaysian Government Securities	2,176,816	1,997,251
Malaysian Government Investment Issues	1,441,641	1,332,710
Cagamas bonds	106,364	111,712
Bank Negara Monetary Notes	-	333,562
	<u>4,053,431</u>	<u>5,089,549</u>
Quoted Securities:		
In Malaysia:		
Shares	158,233	115,600
Unit trusts	60,389	58,879
Corporate bonds and sukuk	38,368	38,207
Outside Malaysia:		
Shares	138,131	114,596
	<u>395,121</u>	<u>327,282</u>
Unquoted Securities:		
In Malaysia:		
Unit trusts	155,674	-
Corporate bonds and sukuk	3,553,357	4,106,259
Outside Malaysia:		
Corporate bonds	10,018	9,998
	<u>3,719,049</u>	<u>4,116,257</u>
Total	<u>8,167,601</u>	<u>9,533,088</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	30.09.17 RM'000	31.03.17 RM'000	30.09.17 RM'000	31.03.17 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Government Securities	381,159	629,737	-	-
Malaysian Government Investment Issues	711,465	1,007,680	-	-
Negotiable instruments of deposits	199,915	-	-	-
Islamic negotiable instruments of deposit	2,679,670	1,096,546	-	-
Foreign Government investment issues	-	8,887	-	-
	<u>3,972,209</u>	<u>2,742,850</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	175,798	48,625	-	-
Unit trusts	157,127	1,061,444	43,191	130,984
Outside Malaysia:				
Shares	45	52	-	-
	<u>332,970</u>	<u>1,110,121</u>	<u>43,191</u>	<u>130,984</u>
Unquoted Securities:				
In Malaysia:				
Shares	46,677	-	-	-
Unit trusts	162,558	1,430	-	-
Corporate bonds and sukuk	4,195,351	4,919,596	-	-
Outside Malaysia:				
Corporate bonds and sukuk	170,625	195,183	-	-
	<u>4,575,211</u>	<u>5,116,209</u>	<u>-</u>	<u>-</u>
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	96,853	99,489	-	-
Outside Malaysia:				
Shares	203	193	-	-
	<u>97,056</u>	<u>99,682</u>	<u>-</u>	<u>-</u>
Total	<u>8,977,446</u>	<u>9,068,862</u>	<u>43,191</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 September 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 RM2.54 million (31 March 2017: RM4.87 million).

The Company's wholly-owned subsidiaries, AmBank and AmBank Islamic 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 September 2017, the Group maintained a total carrying amount of RM261.71 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	
	30.09.17 RM'000	31.03.17 RM'000	30.09.17 RM'000	31.03.17 RM'000
At Amortised Cost				
Money Market Instruments:				
Malaysian Government Securities	60,725	-	-	-
Malaysian Islamic Treasury Bills	-	29,543	-	-
Unquoted Securities:				
In Malaysia:				
Corporate Bonds and sukuk	3,455,838	3,433,375	750,000	750,000
	3,516,563	3,462,918	750,000	750,000
Less: Accumulated impairment losses	(2,550)	(2,550)	-	-
Total	3,514,013	3,460,368	750,000	750,000

A11. LOANS, ADVANCES AND FINANCING

	Group	
	30.09.17 RM'000	31.03.17 RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans	22,535,305	22,373,363
Revolving credit	13,402,826	13,417,729
Housing loans/financing	24,101,773	21,914,049
Hire-purchase receivables	20,001,810	20,491,424
Credit card receivables	1,767,906	1,687,210
Overdraft	3,772,863	3,558,928
Claims on customers under acceptance credits	4,240,140	4,348,985
Trust receipts	1,693,417	1,572,217
Bills receivables	1,063,451	1,289,283
Staff loans	113,333	111,780
Others	311,718	220,964
Gross loans, advances and financing	93,004,542	90,985,932
Allowance for impairment on loans, advances and financing:		
Individual allowance	(311,796)	(258,997)
Collective allowance	(775,338)	(861,850)
	(1,087,134)	(1,120,847)
Net loans, advances and financing	91,917,408	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	
	30.09.17	31.03.17
	RM'000	RM'000
Domestic banking institutions	315	5,861
Domestic non-bank financial institutions	2,601,126	3,071,482
Domestic business enterprises:		
Small and medium enterprises	15,074,723	14,010,071
Others	23,764,842	24,217,753
Government and statutory bodies	300,631	300,998
Individuals	49,854,887	48,009,010
Other domestic entities	8,729	107,700
Foreign individuals and entities	1,399,289	1,263,057
	<u>93,004,542</u>	<u>90,985,932</u>

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

	Group	
	30.09.17	31.03.17
	RM'000	RM'000
In Malaysia	92,605,811	90,497,135
Outside Malaysia	398,731	488,797
	<u>93,004,542</u>	<u>90,985,932</u>

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

	Group	
	30.09.17	31.03.17
	RM'000	RM'000
Fixed rate:		
Housing loans/financing	504,351	528,320
Hire purchase receivables	18,619,571	19,090,781
Other loans/financing	7,889,398	8,165,230
	<u>27,013,320</u>	<u>27,784,331</u>
Variable rate:		
Base rate and lending/financing rate plus	36,212,876	33,429,152
Cost plus	24,169,199	24,789,622
Other variable rates	5,609,147	4,982,827
	<u>65,991,222</u>	<u>63,201,601</u>
	<u>93,004,542</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	
	30.09.17 RM'000	31.03.17 RM'000
Agriculture	3,576,801	3,860,902
Mining and quarrying	1,960,937	2,058,096
Manufacturing	9,263,939	9,310,382
Electricity, gas and water	1,233,784	481,602
Construction	3,636,543	3,830,582
Wholesale and retail trade and hotels and restaurants	5,537,615	5,327,262
Transport, storage and communication	3,071,486	2,886,890
Finance and insurance	2,618,715	3,077,343
Real estate	8,342,831	8,388,647
Business activities	1,592,015	1,510,442
Education and health	1,323,103	1,377,583
Household of which:	50,768,851	48,758,065
Purchase of residential properties	23,647,186	21,604,268
Purchase of transport vehicles	18,995,809	19,567,316
Others	8,125,856	7,586,481
Others	77,922	118,136
	93,004,542	90,985,932

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

	Group	
	30.09.17 RM'000	31.03.17 RM'000
Maturing within one year	25,527,350	26,517,772
Over one year to three years	7,878,929	7,263,471
Over three years to five years	13,067,868	13,552,068
Over five years	46,530,395	43,652,621
	93,004,542	90,985,932

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

	Group	
	30.09.17 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	675,327	1,329,846
Reclassified as non-impaired	(85,126)	(132,066)
Recoveries	(312,387)	(463,313)
Amount written off	(218,742)	(759,774)
Foreign exchange differences	(3,596)	13,778
Balance at end of the financial period/year	1,744,802	1,689,326
Gross impaired loans, advances and financing ("GIL") as % of gross loans, advances and financing	1.88%	1.86%
Loan loss coverage (including regulatory reserve)	101.35%	79.67%

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

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

	Group	
	30.09.17	31.03.17
	RM'000	RM'000
In Malaysia	1,664,777	1,607,833
Outside Malaysia	80,025	81,493
	1,744,802	1,689,326

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

	Group	
	30.09.17	31.03.17
	RM'000	RM'000
Agriculture	571	842
Mining and quarrying	137,123	153,931
Manufacturing	160,699	94,910
Electricity, gas and water	7,932	7,963
Construction	14,255	16,349
Wholesale and retail trade and hotels and restaurants	47,268	46,449
Transport, storage and communication	94,922	9,869
Finance and insurance	20	1
Real estate	608,843	707,073
Business activities	9,398	10,051
Education and health	7,072	8,562
Household of which:	654,772	629,037
Purchase of residential properties	321,129	316,681
Purchase of transport vehicles	215,508	202,284
Others	118,135	110,072
Others	1,927	4,289
	1,744,802	1,689,326

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

	Group	
	30.09.17	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	65,127	252,051
Amount written off	(10,814)	(312,025)
Foreign exchange differences	(1,514)	1,702
Balance at end of the financial period/year	311,796	258,997
Collective allowance		
Balance at beginning of the financial year	861,850	1,061,750
Allowance made during the financial period/year, net	134,228	256,095
Amount written off	(219,707)	(458,251)
Foreign exchange differences	(1,033)	2,256
Balance at end of the financial period/year	775,338	861,850
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	1.57%	1.20%

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	
	30.09.17 RM'000	31.03.17 RM'000	30.09.17 RM'000	31.03.17 RM'000
Trade receivables	516,839	375,983	-	-
Other receivables, deposits and prepayments	843,095	793,866	2,286	73,910
Interest receivable	305,698	323,119	1,827	1,983
Fee receivable	33,469	33,513	-	-
Amount due from originators (Note 1)	238,923	279,524	-	-
Amount due from agents, brokers and reinsurers	37,245	27,954	-	-
Foreclosed properties	40,983	40,943	-	-
Tax recoverable (Note 2)	284,587	500,281	536	-
Collateral pledged for derivative transactions	460,585	487,751	-	-
	<u>2,761,424</u>	<u>2,862,934</u>	<u>4,649</u>	<u>75,893</u>
Accumulated impairment losses	(62,252)	(60,163)	-	-
	<u>2,699,172</u>	<u>2,802,771</u>	<u>4,649</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. AmBank had since received Notice of Reduced Assessment for years of assessment 2008 and 2009.

A14. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		30.09.17 RM'000	31.03.17 RM'000
Reinsurance assets from general insurance business		314,986	333,533
Other insurance receivables	(i)	64,888	69,580
		<u>379,874</u>	<u>403,113</u>
(i) Other insurance receivables			
Due premiums including agents/brokers and co-insurers balances		82,354	82,108
Amount owing by reinsurance and cedants		15,188	20,268
Accumulated impairment losses		(32,654)	(32,796)
		<u>64,888</u>	<u>69,580</u>

A15. DEPOSITS FROM CUSTOMERS

	Group	
	30.09.17	31.03.17
	RM'000	(Restated)
		RM'000
Demand deposits	14,041,183	14,288,130
Savings deposits	5,395,857	5,569,391
Term/Investment deposits	74,235,051	74,077,280
Negotiable instruments of deposits	-	257
	<u>93,672,091</u>	<u>93,935,058</u>

The deposits are sourced from the following types of customers:

Government and statutory bodies	6,681,378	8,154,193
Business enterprises	43,783,019	46,230,050
Individuals	37,977,509	34,462,807
Others	5,230,185	5,088,008
	<u>93,672,091</u>	<u>93,935,058</u>

A16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.09.17	31.03.17
	RM'000	(Restated)
		RM'000
Licensed banks	1,810,155	697,883
Licensed investment banks	75,000	49,926
Bank Negara Malaysia	37,827	43,009
Other financial institutions	1,591,212	738,603
	<u>3,514,194</u>	<u>1,529,421</u>

A17. OTHER LIABILITIES

	Group		Company	
	30.09.17	31.03.17	30.09.17	31.03.17
	RM'000	RM'000	RM'000	RM'000
Trade payables	538,930	401,209	-	-
Other payables and accruals	1,566,655	1,648,221	209,413	27,942
Interest payable on deposits and borrowings	885,699	850,507	5,094	8,687
Lease deposits and advance rental	13,103	11,093	-	-
Provision for commitments and contingencies	71,595	81,043	-	-
Amount due to subsidiaries	-	-	8,746	1,087
Provision for taxation	91,963	39,373	-	1,422
Collateral received for derivative transactions	190,983	196,769	-	-
	<u>3,358,928</u>	<u>3,228,215</u>	<u>223,253</u>	<u>39,138</u>

A18. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	30.09.17 RM'000	31.03.17 RM'000
Insurance contract liabilities	(i)	2,499,255	2,582,427
Other insurance payables	(ii)	83,043	84,417
		<u>2,582,298</u>	<u>2,666,844</u>
 (i) Insurance contract liabilities			
		30.09.17 Gross contract liabilities RM'000	30.09.17 Reinsurance assets RM'000
General insurance business		<u>2,499,255</u>	<u>(314,986)</u>
		31.03.17 Gross contract liabilities RM'000	31.03.17 Reinsurance assets RM'000
General insurance business		<u>2,582,427</u>	<u>(333,533)</u>
 (ii) Other insurance payables			
		30.09.17 RM'000	31.03.17 RM'000
Amount due to agents and intermediaries		27,468	29,898
Amount due to reinsurers and cedants		55,575	54,519
		<u>83,043</u>	<u>84,417</u>

A19. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Short-term funds and deposits and placements with banks and other financial institutions	20,561	21,771	37,983	49,356
Financial assets held-for-trading	94,504	52,974	184,538	107,772
Financial investments available-for-sale	52,512	68,710	112,048	144,209
Financial investments held-to-maturity	22,094	21,355	43,668	42,876
Loans and advances	851,469	796,033	1,672,866	1,604,449
Impaired loans and advances	6,539	1,673	13,343	3,814
Others	21,143	10,467	42,743	26,478
	<u>1,068,822</u>	<u>972,983</u>	<u>2,107,189</u>	<u>1,978,954</u>
 Company				
Short-term funds and deposits and placements with banks and other financial institutions	759	502	950	544
Financial investments held-to-maturity	9,838	-	19,569	-
	<u>10,597</u>	<u>502</u>	<u>20,519</u>	<u>544</u>

A20. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30.09.17	30.09.16 (Restated)	30.09.17	30.09.16 (Restated)
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits from customers	498,089	456,998	964,692	923,843
Deposit and placements of banks and other financial institutions	23,588	6,721	42,012	15,018
Senior notes	44,716	47,075	85,769	95,094
Credit linked Notes	1,903	2,320	3,779	5,802
Recourse obligation on loans sold to Cagamas Berhad	29,535	27,035	57,950	53,867
Term loans and revolving credit	884	9,528	4,307	18,859
Subordinated bonds and notes	15,144	5,282	30,124	10,478
Medium term notes	17,416	17,416	34,642	34,642
Tier 1 capital securities	21,428	21,428	42,623	42,623
Other structured products and others	1,116	5,877	10,045	13,093
	<u>653,819</u>	<u>599,680</u>	<u>1,275,943</u>	<u>1,213,319</u>
Company				
Senior notes	7,968	11,090	18,938	22,060
Term loans and revolving credit	885	3,036	3,400	6,051
Subordinated notes	9,861	-	19,615	-
	<u>18,714</u>	<u>14,126</u>	<u>41,953</u>	<u>28,111</u>

A21. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		351,804	363,745	705,936	717,643
		<u>351,804</u>	<u>363,745</u>	<u>705,936</u>	<u>717,643</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		30,545	36,794	62,173	72,524
General insurance claims		212,730	242,797	412,022	418,778
		<u>243,275</u>	<u>279,591</u>	<u>474,195</u>	<u>491,302</u>
Total income from insurance business, net		<u>108,529</u>	<u>84,154</u>	<u>231,741</u>	<u>226,341</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		350,603	384,677	715,184	768,659
- change in unearned premium provision		34,443	3,347	57,022	12,398
		<u>385,046</u>	<u>388,024</u>	<u>772,206</u>	<u>781,057</u>
Premium ceded					
- insurance contract		(30,466)	(30,553)	(62,609)	(63,597)
- change in unearned premium provision		(2,776)	6,274	(3,661)	183
		<u>(33,242)</u>	<u>(24,279)</u>	<u>(66,270)</u>	<u>(63,414)</u>
		<u>351,804</u>	<u>363,745</u>	<u>705,936</u>	<u>717,643</u>
(b) Insurance claims					
- gross benefits and claims paid		233,371	276,547	458,729	575,240
- claims ceded to reinsurers		-	(61,217)	(20,408)	(141,807)
- change in contract liabilities - insurance contract		(12,548)	29,015	(35,443)	(81,713)
- change in contract liabilities ceded to reinsurers					
- insurance contract		(8,093)	(1,548)	9,144	67,058
		<u>212,730</u>	<u>242,797</u>	<u>412,022</u>	<u>418,778</u>

¹ Net of bancassurance commission paid/payable to subsidiaries of the Group of RM9,588,000 (30 September 2016: RM6,884,000) eliminated upon consolidation.

A22. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Fee and commission income:				
Fees on loans and securities	34,851	34,594	82,132	84,628
Corporate advisory	1,585	1,455	4,565	4,105
Guarantee fees	14,947	15,577	31,231	30,445
Underwriting commission	1	-	152	3,067
Portfolio management fees	11,783	8,170	17,255	16,498
Unit trust fees and charges	18,307	22,828	42,826	44,772
Property trust management fees	1,872	1,806	3,694	3,626
Brokerage fees and commission	10,806	9,976	22,882	20,467
Bancassurance commission	4,324	2,670	6,121	6,046
Wealth management fees	4,965	9,212	11,857	17,031
Remittances	5,095	4,471	9,774	10,123
Fees, service and commission charges	8,026	7,815	17,710	15,360
Other fee and commission income	10,728	6,327	22,883	15,768
	<u>127,290</u>	<u>124,901</u>	<u>273,082</u>	<u>271,936</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	7,720	89,088	29,061	105,693
Net gain from sale of financial investments available-for-sale	56,303	21,249	65,060	26,973
Net gain on redemption of financial investments held-to-maturity	-	47	-	47
Net gain on revaluation of financial assets held-for-trading	22,182	14,260	31,924	17,947
Net foreign exchange gain ¹	12,088	5,822	17,325	392
Net (loss)/gain on derivatives	(20,038)	(10,987)	(25,620)	12,367
Gain/(loss) on disposal of equity interests in subsidiaries	-	(19)	-	1,662
Dividend income from:				
Financial assets held-for-trading	2,534	40	4,305	1,014
Financial investments available-for-sale	8,753	8,497	19,166	20,156
Others	526	4,974	603	5,397
	<u>90,068</u>	<u>132,971</u>	<u>141,824</u>	<u>191,648</u>
Other income:				
Net non-trading foreign exchange (loss)/gain	9	2,619	244	(1,629)
Net gain on disposal of property and equipment ²	393	11,895	3,359	11,881
Rental income	1,530	1,250	2,742	2,387
Profit from sale of goods and services	3,055	5,343	2,564	13,848
Gain on disposal of foreclosed properties	-	-	1	-
Others	5,912	5,356	24,722	9,173
	<u>10,899</u>	<u>26,463</u>	<u>33,632</u>	<u>35,660</u>
	<u>228,257</u>	<u>284,335</u>	<u>448,538</u>	<u>499,244</u>

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

² Included gain of RM0.4 million upon completion of disposal for properties classified as Assets held for sale (Note A29).

A22. OTHER OPERATING INCOME (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Investment and trading income:				
Dividend income from:				
Subsidiaries	926,349	373,334	926,349	373,334
Financial investments available-for-sale	712	700	1,785	1,564
	<u>927,061</u>	<u>374,034</u>	<u>928,134</u>	<u>374,898</u>
Other income:				
Others	109	27	115	36
	<u>109</u>	<u>27</u>	<u>115</u>	<u>36</u>
	<u>927,170</u>	<u>374,061</u>	<u>928,249</u>	<u>374,934</u>

A23. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Personnel costs:				
Salaries, allowances and bonuses	244,383	233,271	470,769	462,111
Share/options granted under ESS				
- (writeback)/charge	2,010	(19,651)	(12,144)	(20,111)
Contributions to EPF/Private Retirement Scheme	39,902	36,656	80,143	72,836
Social security cost	2,135	2,050	4,219	3,796
Other staff related expenses	32,902	20,732	74,125	50,188
	<u>321,332</u>	<u>273,058</u>	<u>617,112</u>	<u>568,820</u>
Establishment costs:				
Depreciation of property and equipment	14,501	14,240	29,124	28,629
Amortisation of intangible assets	23,907	25,598	51,603	50,163
Computerisation costs	41,871	48,405	84,946	96,673
Rental of premises	26,991	27,567	54,741	55,517
Cleaning, maintenance and security	5,522	7,176	13,184	14,543
Others	9,020	8,692	15,612	21,023
	<u>121,812</u>	<u>131,678</u>	<u>249,210</u>	<u>266,548</u>
Marketing and communication expenses:				
Sales commission	301	4,698	117	8,392
Advertising, promotional and other marketing activities	13,985	19,987	17,906	33,567
Telephone charges	3,457	4,447	8,753	8,974
Postage	3,012	3,125	6,126	6,220
Travelling and entertainment	3,014	4,135	6,861	7,989
Others	2,360	5,333	7,389	10,189
	<u>26,129</u>	<u>41,725</u>	<u>47,152</u>	<u>75,331</u>
Administration and general expenses:				
Professional services	36,214	30,960	74,852	55,086
Travelling	1,739	1,520	3,335	3,735
Insurance	987	2,563	2,036	3,426
Subscriptions and periodicals	3,722	3,728	7,059	8,516
Others	50,777	39,266	115,024	78,583
	<u>93,439</u>	<u>78,037</u>	<u>202,306</u>	<u>149,346</u>
	<u>562,712</u>	<u>524,498</u>	<u>1,115,780</u>	<u>1,060,045</u>

A23. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Personnel costs:				
Salaries, allowances and bonuses	4,103	3,658	8,073	6,726
Shares/options granted under ESS	174	-	35	-
Contributions to EPF/Private Retirement Scheme	351	382	948	798
Social security cost	2	1	3	1
Others	(2,046)	181	320	337
	<u>2,584</u>	<u>4,222</u>	<u>9,379</u>	<u>7,862</u>
Establishment costs:				
Depreciation of property and equipment	101	44	183	87
Cleaning, maintenance and security	1	-	3	-
Others	4	3	7	9
	<u>106</u>	<u>47</u>	<u>193</u>	<u>96</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	219	345	257	378
Telephone charges	16	12	25	37
Travelling and entertainment	35	41	98	87
Others	123	169	123	163
	<u>393</u>	<u>567</u>	<u>503</u>	<u>665</u>
Administration and general expenses:				
Professional services	628	1,049	887	1,106
Travelling	73	110	218	130
Insurance	10	15	25	15
Subscriptions and periodicals	31	4	36	4
Others	1,278	824	1,887	1,704
	<u>2,020</u>	<u>2,002</u>	<u>3,053</u>	<u>2,959</u>
Service transfer pricing income, net	(3,561)	(690)	(5,471)	(1,271)
	<u>1,542</u>	<u>6,148</u>	<u>7,657</u>	<u>10,311</u>

A24. WRITEBACK FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Allowance/(Writeback) for loans, advances and financing:				
Individual allowance, net	54,868	(14,930)	65,127	377
Collective allowance, net	35,513	116,399	134,228	225,313
Impaired loans, advances and financing:				
Recovered, net	(127,601)	(138,431)	(247,313)	(298,895)
	<u>(37,220)</u>	<u>(36,962)</u>	<u>(47,958)</u>	<u>(73,205)</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 A36.

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.09.17	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	1,511,183	1,165,987	367,082	114,173	58,956	793,566	194,824	4,205,771
Revenue from other segments	(175,551)	(583,009)	490,252	(5,154)	-	-	273,462	-
Total operating revenue	1,335,632	582,978	857,334	109,019	58,956	793,566	468,286	4,205,771
Net interest income	572,625	407,343	29,556	19,784	626	69,218	125,332	1,224,484
Other income	167,525	95,245	77,696	81,294	58,144	249,327	8,936	738,167
Share in results of associates and joint ventures	1,077	-	-	-	-	(18,380)	3,719	(13,584)
Income	741,227	502,588	107,252	101,078	58,770	300,165	137,987	1,949,067
Other operating expenses	(494,940)	(157,380)	(38,009)	(65,192)	(37,514)	(174,685)	(148,060)	(1,115,780)
of which:								
Depreciation of property and equipment	(12,598)	(570)	(290)	(611)	(193)	(6,510)	(8,352)	(29,124)
Amortisation of intangible assets	(8,163)	(898)	(2,031)	(402)	(660)	(8,634)	(30,815)	(51,603)
Profit/(Loss) before impairment losses	246,287	345,208	69,243	35,886	21,256	125,480	(10,073)	833,287
Impairment losses on loans, advances and financing-writeback/(charge)	(8,132)	(19,652)	-	996	-	-	74,746	47,958
Net impairment (loss)/writeback on other assets	(10,406)	(30)	-	538	(24)	399	959	(8,564)
Provision for commitments and contingencies-writeback/(charge)	(564)	8,809	-	(168)	-	-	(1)	8,076
Other recoveries	3	-	56	-	-	-	469	528
Profit before taxation and zakat	227,188	334,335	69,299	37,252	21,232	125,879	66,100	881,285
Taxation and zakat	(54,255)	(79,938)	(15,437)	(6,136)	(4,103)	(19,531)	19,768	(159,632)
Profit for the financial period	172,933	254,397	53,862	31,116	17,129	106,348	85,868	721,653
Other information								
Total segment assets	51,748,048	41,274,302	12,808,510	2,259,388	96,322	5,594,672	21,128,574	134,909,816
Total segment liabilities	45,126,888	9,570,362	46,144,346	1,527,483	16,072	3,399,642	11,770,470	117,555,263
Cost to income ratio	66.8%	31.3%	35.4%	64.5%	63.8%	58.2%	107.3%	57.2%
Gross loans, advances and financing	51,127,382	40,350,915	-	1,573,891	-	1,865	(49,511)	93,004,542
Net loans, advances and financing	50,618,187	39,943,650	-	1,565,483	-	1,796	(211,708)	91,917,408
Impaired loans, advances and financing	674,965	1,067,722	-	2,115	-	-	-	1,744,802
Total deposits	44,455,755	7,009,386	42,253,557	969,210	-	-	2,498,377	97,186,285
Additions to:								
Property and equipment	6,635	1,538	-	556	204	1,307	6,366	16,606
Intangible assets	13,280	3,634	-	96	217	12,920	32,511	62,658

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.09.16 (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	1,431,304	1,110,642	293,354	159,970	61,246	836,324	269,839	4,162,679
Revenue from other segments	(163,719)	(571,441)	566,054	(5,081)	-	-	174,187	-
Total operating revenue	1,267,585	539,201	859,408	154,889	61,246	836,324	444,026	4,162,679
Net interest income	556,721	367,361	32,835	20,564	1,282	67,362	68,490	1,114,615
Other income	116,994	88,992	97,665	124,435	59,928	250,766	34,731	773,511
Gain on disposal of subsidiaries	-	-	-	-	-	-	1,662	1,662
Share in results of associates and joint ventures	1,930	-	-	-	-	10,678	3,070	15,678
Income	675,645	456,353	130,500	144,999	61,210	328,806	107,953	1,905,466
Other operating expenses	(463,355)	(125,475)	(43,652)	(66,232)	(35,174)	(170,387)	(155,770)	(1,060,045)
of which:								
<i>Depreciation of property and equipment</i>	(12,088)	(708)	(440)	(697)	(177)	(6,609)	(7,910)	(28,629)
<i>Amortisation of intangible assets</i>	(8,796)	(1,276)	(3,222)	(416)	(649)	(4,532)	(31,272)	(50,163)
Profit/(Loss) before impairment losses and financing-writeback/(charge)	212,290	330,878	86,848	78,767	26,036	158,419	(47,817)	845,421
Net impairment (loss)/writeback on other assets	13,263	81,601	-	3,404	-	127	(25,190)	73,205
Provision for commitments and contingencies-writeback/(charge)	(3)	(288)	-	1,371	-	(593)	(46)	441
Other recoveries	1,937	13,672	-	(1,917)	-	-	6,206	19,898
Profit/(Loss) before taxation and zakat	2	12,068	-	-	-	-	501	12,571
Taxation and zakat	227,489	437,931	86,848	81,625	26,036	157,953	(66,346)	951,536
Profit/(Loss) for the financial period	(53,783)	(101,129)	(20,234)	(19,899)	(6,233)	(28,066)	12,454	(216,890)
	173,706	336,802	66,614	61,726	19,803	129,887	(53,892)	734,646
Other information								
Total segment assets	47,708,315	39,175,342	8,122,793	2,428,863	130,543	5,449,942	21,408,053	124,423,851
Total segment liabilities	39,718,487	9,260,143	39,141,602	1,539,937	18,953	3,400,902	14,776,502	107,856,526
Cost to income ratio	68.6%	27.5%	33.4%	45.7%	57.5%	51.8%	144.3%	55.6%
Gross loans, advances and financing	46,980,377	38,920,614	-	1,414,340	-	2,601	(58,741)	87,259,191
Net loans, advances and financing	46,520,555	38,656,706	-	1,405,682	-	2,491	(517,665)	86,067,769
Impaired loans, advances and financing	719,253	705,399	-	2,211	-	-	-	1,426,863
Total deposits	39,043,656	6,900,035	37,049,463	925,398	-	-	743,294	84,661,846
Additions to:								
Property and equipment	10,645	259	25	1,244	222	3,367	15,636	31,398
Intangible assets	11,892	5,711	47	388	95	12,188	33,075	63,396

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

Subsequent to 30 September 2017, on 9 October 2017 and 23 October 2017, AmCard Services Berhad ("AmCard") and MBF Information Sdn. Bhd. respectively, being wholly-owned subsidiaries of AmBank, had obtained Capital Reduction Order pursuant to Section 116 of the Companies Act 2016 from the High Court. On 26 October 2017, AmCard had returned paid-up share capital in excess of its needs which amounted to RM277.5 million to AmBank. The capital repayment did not have any effect on the reported cashflows from operations, financial position and performance of the Group for the current financial period.

Other than as disclosed above, 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

In the previous financial quarter,

- (a) AmGeneral Holdings Berhad and its subsidiary, AmGeneral Insurance Berhad ("AmGeneral") invested in a collective investment scheme, AmCash Plus. The Group's effective equity interest in AmCash Plus is 51%.
- (b) AmGeneral withdrew its investment in AmCash Premium, another collective investment scheme.

During the current financial quarter, on 26 July 2017, AmGeneral withdrew its investment in a collective investment scheme, AmCash Institutional 1.

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

A29. ASSETS HELD FOR SALE

	Group	
	30.09.17	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	-	2,091
	<u>10,889</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	
	30.09.17	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	18,514,438	16,910,052
over one year	4,142,796	3,925,299
Unutilised credit card lines	4,458,961	3,562,497
Forward asset purchases	429,165	680,643
	27,545,360	25,078,491
Contingent Liabilities		
Direct credit substitutes	2,227,095	2,045,786
Transaction related contingent items	5,716,338	5,903,536
Obligations under underwriting agreements	150,000	150,000
Short term self liquidating trade related contingencies	940,883	821,852
	9,034,316	8,921,174
Derivative Financial Instruments		
Interest/Profit rate related contracts:	51,662,671	49,895,571
One year or less	13,103,167	9,810,942
Over one year to five years	28,481,871	30,635,849
Over five years	10,077,633	9,448,780
Foreign exchange related contracts:	45,879,011	49,993,797
One year or less	41,736,231	46,025,024
Over one year to five years	2,479,425	1,828,561
Over five years	1,663,355	2,140,212
Credit related contracts:	351,675	361,251
Over one year to five years	351,675	361,251
Equity and commodity related contracts:	632,759	313,024
One year or less	353,631	229,628
Over one year to five years	279,128	83,396
	98,526,116	100,563,643
	135,105,792	134,563,308

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, a subsidiary)**

On 25 April 2017, 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 INSTRUMENTS

Group	30.09.17			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:	46,237,671	211,917	223,490	43,940,571	205,925	204,590
- One year or less	12,033,167	5,618	6,033	8,580,942	5,497	4,973
- Over one year to three years	10,721,251	48,181	53,320	10,675,092	30,875	32,464
- Over three years	23,483,253	158,118	164,137	24,684,537	169,553	167,153
Foreign exchange related contracts:	45,879,011	713,238	778,321	49,993,797	921,004	718,496
- One year or less	41,736,231	325,657	412,456	46,025,024	465,348	275,273
- Over one year to three years	560,396	22,286	37,645	253,960	4,909	28,653
- Over three years	3,582,384	365,295	328,220	3,714,813	450,747	414,570
Credit related contracts:	351,675	8,731	-	361,251	11,237	-
- Over three years	351,675	8,731	-	361,251	11,237	-
Equity and commodity related contracts:	632,759	10,419	13,328	313,024	2,421	3,055
- One year or less	353,631	4,594	7,503	229,628	2,417	3,051
- Over one year to three years	279,128	5,825	5,825	83,396	4	4
	93,101,116	944,305	1,015,139	94,608,643	1,140,587	926,141
Hedging derivatives						
Interest rate related contracts -						
Interest rate swaps:						
Cash flow hedge	5,075,000	28,883	29,794	5,605,000	25,835	24,581
- One year or less	1,070,000	218	676	1,230,000	713	1,100
- Over one year to three years	3,010,000	20,587	14,636	1,735,000	5,058	4,039
- Over three years	995,000	8,078	14,482	2,640,000	20,064	19,442
Fair value hedge	350,000	-	10,822	350,000	-	7,964
- Over three years	350,000	-	10,822	350,000	-	7,964
Total	98,526,116	973,188	1,055,755	100,563,643	1,166,422	958,686

A31. DERIVATIVE FINANCIAL INSTRUMENTS (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.

About 0.3% (31 March 2017: Nil) of the Group's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

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

30.09.17	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	269	972,919	-	973,188
Financial assets held-for-trading				
- Money market securities	-	4,053,431	-	4,053,431
- Equities	356,753	155,674	-	512,427
- Quoted corporate bonds and sukuk	38,368	-	-	38,368
- Unquoted corporate bonds and sukuk	-	3,563,375	-	3,563,375
Financial investments available-for-sale				
- Money market securities	-	3,972,209	-	3,972,209
- Equities	332,970	162,558	46,677	542,205
- Unquoted corporate bonds and sukuk	-	4,365,976	-	4,365,976
	<u>728,360</u>	<u>17,246,142</u>	<u>46,677</u>	<u>18,021,179</u>
Derivative financial liabilities	<u>4,888</u>	<u>1,050,867</u>	<u>-</u>	<u>1,055,755</u>

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

30.09.17	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
Financial investments available-for-sale				
- Equities	43,191	-	-	43,191
	<u>43,191</u>	<u>-</u>	<u>-</u>	<u>43,191</u>

31.03.17

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	91	1,166,331	-	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>1,437,494</u>	<u>18,231,196</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>

Movements in Level 3 financial instruments measured at fair value

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

	Financial investments available -for-sale	Financial investments available -for-sale
	Group	
	30.09.17 RM'000	31.03.17 RM'000
Balance at beginning of the financial year	-	-
Addition during the financial period/year	46,677	-
Balance at end of financial period/year	<u>46,677</u>	<u>-</u>

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

A33. CAPITAL ADEQUACY

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

	30.09.17			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital ratio	11.014%	10.689%	34.192%	11.741%
Tier 1 Capital ratio	12.247%	10.689%	34.192%	12.627%
Total Capital ratio	15.963%	15.506%	34.192%	16.624%
After deducting proposed dividends:				
CET1 Capital ratio	10.770%	10.689%	32.574%	11.543%
Tier 1 Capital ratio	12.002%	10.689%	32.574%	12.429%
Total Capital ratio	15.718%	15.506%	32.574%	16.426%
	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 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) 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. Pursuant to 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:

	30.09.17			Group *
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<u>CET1 Capital</u>				
Ordinary share capital	1,763,208	1,387,107	200,000	3,350,315
Retained earnings	6,363,014	1,493,739	311,602	8,374,885
Available-for-sale deficit	(13,464)	(2,980)	-	(16,291)
Foreign exchange translation reserve	95,205	-	-	103,480
Regulatory reserve	342,133	336,183	2,918	681,234
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	186,264
Cash flow hedging reserve	1,494	-	-	1,494
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(414,235)	(704)	(2,190)	(418,269)
Deferred tax assets	(36,224)	-	(2,630)	(40,935)
Cash flow hedging reserve	(1,494)	-	-	(1,494)
Regulatory reserve	(342,133)	(336,183)	(2,918)	(681,234)
Investment in capital instruments of unconsolidated financial and insurance entities	(6,790)	-	(39,847)	-
Deduction in excess of Tier 2 capital**	-	-	(6,130)	-
CET1 Capital	7,750,714	2,877,162	460,805	11,505,822
<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	8,618,264	2,877,162	460,805	12,373,374
<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	732,334	316,783	3,832	1,052,963
Less: Regulatory adjustments applied on Tier 2 Capital	(1,698)	-	(3,832)	-
Tier 2 Capital	2,614,536	1,296,783	-	3,916,864
Total Capital	11,232,800	4,173,945	460,805	16,290,238

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:

	30.09.17			Group *
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
Credit RWA	64,018,587	27,478,651	1,045,023	91,602,691
Less: Credit RWA absorbed by Restricted Investment Account	-	(2,136,047)	-	(2,136,047)
Total Credit RWA	64,018,587	25,342,604	1,045,023	89,466,644
Market RWA	2,227,056	189,145	29,596	2,467,771
Operational RWA	4,049,396	1,386,461	273,087	5,986,194
Large exposure risk RWA for equity holdings	73,553	-	-	73,553
Total Risk Weighted Assets	70,368,592	26,918,210	1,347,706	97,994,162

** 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 * RM'000
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
Tier 2 Capital				
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. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	30.09.17	31.03.17
Outstanding credit exposures with connected parties (RM'000)	<u>1,849,404</u>	<u>2,298,054</u>
Percentage of outstanding credit exposures to connected parties (%)		
- as a proportion of total credit exposures	1.74	2.15
- which is non-performing or in default	<u>0.01</u>	<u>0.01</u>

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A35. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

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

	General insurance fund		Shareholders' fund and Others		Total	
	30.09.17 RM'000	31.03.17 RM'000	30.09.17 RM'000	31.03.17 RM'000	30.09.17* RM'000	31.03.17* RM'000
ASSETS						
Cash and short-term funds	95,982	163,661	106,933	374,089	202,915	537,749
Deposits and placements with banks and other financial institutions	15,164	13,435	-	488,553	15,164	501,987
Financial assets held-for-trading	2,524,413	2,412,260	3,291,723	2,988,171	3,447,397	2,988,171
Financial investments available-for-sale	-	-	1,405,915	1,391,318	354,147	50,867
Loans and advances	1,796	2,058	-	-	1,796	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	529,519	538,977	83,095	52,470	221,449	199,772
Reinsurance assets and other insurance receivables	379,874	403,113	-	-	379,874	403,113
Property and equipment	44,593	49,466	978	978	45,571	50,444
Intangible assets	67,299	61,423	72,911	74,933	919,137	915,283
Assets held for sale	8,504	22,256	2,385	3,246	10,889	25,502
TOTAL ASSETS	3,683,010	3,680,674	7,072,673	7,482,565	5,614,205	5,689,045
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	434,158	430,540	434,158	430,540
Deferred tax liabilities	-	-	77,300	79,029	77,429	80,011
Other liabilities	260,597	274,740	438,822	436,975	305,756	320,037
Insurance contract liabilities and other insurance payables	2,582,298	2,666,844	-	-	2,582,298	2,666,844
Total Liabilities	2,842,895	2,941,584	950,280	946,544	3,399,641	3,497,432
Share capital**	-	-	5,879,839	6,318,429	1,399,148	1,399,148
Reserves	840,115	739,090	242,554	217,592	815,416	692,465
Equity attributable to equity holders of the Company	840,115	739,090	6,122,393	6,536,021	2,214,564	2,091,613
Non-controlling interests	-	-	-	-	-	100,000
Total Equity	840,115	739,090	6,122,393	6,536,021	2,214,564	2,191,613
TOTAL LIABILITIES AND EQUITY	3,683,010	3,680,674	7,072,673	7,482,565	5,614,205	5,689,045

* after elimination on consolidation

** Comprising:

Ordinary share capital		1,230,000	1,230,000
Preference share capital		169,148	169,148
		1,399,148	1,399,148

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

A35. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

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

Group	General insurance fund		Shareholders' fund and Others		Total	
	30.09.17	30.09.16	30.09.17	30.09.16	30.09.17*	30.09.16*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	1,062	2,704	77,774	73,989	78,836	76,693
Interest expense	-	-	(9,618)	(9,331)	(9,618)	(9,331)
Net interest income	1,062	2,704	68,156	64,658	69,218	67,362
Income from insurance business	705,936	717,643	-	-	705,936	717,643
Insurance claims and commissions**	(483,783)	(498,186)	-	-	(483,783)	(498,186)
Net income from insurance business	222,153	219,457	-	-	222,153	219,457
Other operating income	60,501	77,731	68,949	59,940	27,174	31,310
Net income	283,715	299,892	137,105	124,598	318,545	318,129
Other operating expenses	(168,621)	(164,763)	(6,064)	(5,625)	(174,685)	(170,387)
Operating profit	115,095	135,129	131,041	118,973	143,860	147,742
Allowances for impairment on loans and advances-writeback	-	127	-	-	-	127
Net impairment writeback/(charge) on:						
Financial investments	-	-	(243)	-	(243)	-
Doubtful sundry receivables	500	439	-	-	500	439
Insurance receivables	142	(1,032)	-	-	142	(1,032)
Profit before taxation	115,737	134,663	130,798	118,973	144,259	147,276
Taxation	(14,602)	(28,959)	(4,929)	892	(19,531)	(28,067)
Profit for the financial period	101,135	105,704	125,869	119,865	124,728	119,209
Attributable to:						
Equity holders of the Company					124,113	119,209
Non-controlling interests					615	-
Profit for the financial period					124,728	119,209

* after elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM9,588,000 (30 September 2016: RM6,884,000)

A36. 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
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

(ii) Reconciliation of statement of profit or loss

Individual Quarter ended 30 September 2016

Interest expense:			
Deposits from customers	458,714	(1,716)	456,998
Other structured products and others	4,161	1,716	5,877

Cumulative Quarter ended 30 September 2016

Interest expense:			
Deposits from customers	927,397	(3,554)	923,843
Deposits and placements of banks and other financial institutions	16,484	(1,466)	15,018
Other structured products and others	8,073	5,020	13,093

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

Increase/(Decrease) in operating liabilities:

Deposits from customers	(7,116,598)	(63,641)	(7,180,239)
Deposits and placements of banks and other financial institutions	5,922	365,000	370,922
Term funding	(474,899)	(301,359)	(776,258)

A37. OPERATIONS OF ISLAMIC BANKING

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

		30.09.17	Group 31.03.17 (Restated)	01.04.16 (Restated)
	Note	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds		2,283,744	2,588,245	4,385,587
Deposits and placements with banks and other financial institutions		440,000	635,000	500,000
Derivative financial assets		49,653	42,381	57,272
Financial assets held-for-trading		522,717	681,465	174,550
Financial investments available-for-sale		4,025,333	2,435,724	3,177,516
Financial Investments held-to-maturity		1,285,730	1,278,221	1,263,639
Financing and advances	(a)	27,064,676	27,239,756	27,391,553
Receivables: Investments not quoted in active markets		793,452	814,720	468,141
Statutory deposit with Bank Negara Malaysia		774,000	810,000	842,000
Deferred tax assets		336	333	296
Other assets		201,780	317,800	348,234
Property and equipment		430	332	368
Intangible assets		704	448	14
TOTAL ASSETS		37,442,555	36,844,425	38,609,170
LIABILITIES AND ISLAMIC BANKING FUNDS				
Deposits from customers	(b)	27,527,997	26,836,697	28,383,783
Investment accounts of customers	(c)	21,815	24,374	18,411
Deposits and placements of banks and other financial institutions		991,251	1,266,337	993,510
Investment account due to a licensed bank	(d)	2,129,428	1,600,000	1,000,000
Recourse obligation on financing sold to Cagamas Berhad		612,292	617,713	1,127,824
Derivative financial liabilities		58,377	47,870	67,685
Term funding		1,180,000	1,985,000	2,300,000
Subordinated Sukuk		979,758	979,679	1,399,528
Deferred tax liabilities		398	89	5,883
Other liabilities	(e)	504,635	379,288	470,485
TOTAL LIABILITIES		34,005,951	33,737,047	35,767,109
Share capital/Capital funds		1,417,107	1,217,107	492,922
Reserves		2,019,497	1,890,271	2,349,139
TOTAL ISLAMIC BANKING FUNDS		3,436,604	3,107,378	2,842,061
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		37,442,555	36,844,425	38,609,170
COMMITMENTS AND CONTINGENCIES		10,847,740	9,860,517	8,372,430

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Income derived from investment of depositors' funds	429,215	426,907	845,529	865,260
Income derived from investment of investment account funds	20,007	14,427	39,015	29,076
Impairment on financing and advances				
- writeback/(charge)	9,136	(2,361)	(23,229)	(11,687)
Provision for commitments and contingencies				
- writeback/(charge)	(1,678)	(2,959)	245	987
	456,680	436,014	861,560	883,636
Income attributable to the depositors and others	(234,599)	(240,555)	(452,777)	(495,369)
Income attributable to the investment account holders	(17,854)	(12,850)	(34,800)	(25,897)
Profit attributable to the Group	204,227	182,609	373,983	362,370
Income derived from Islamic Banking Funds	40,919	26,279	73,159	57,536
Total net income	245,146	208,888	447,142	419,906
Operating expenses	(111,306)	(103,757)	(223,121)	(210,182)
Finance cost	(31,411)	(27,882)	(64,048)	(61,187)
Profit before taxation and zakat	102,429	77,249	159,973	148,537
Taxation and zakat	(20,180)	(16,231)	(32,884)	(32,665)
Profit for the financial period	82,249	61,018	127,089	115,872

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Profit for the financial period	82,249	61,018	127,089	115,872
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Net change in revaluation of financial investments available-for-sale	(1,166)	10,557	2,854	14,716
Income tax relating to the components of other comprehensive income	280	(2,534)	(685)	(3,532)
Other comprehensive income for the financial period, net of tax	(886)	8,023	2,169	11,184
Total comprehensive income for the financial period	81,363	69,041	129,258	127,056

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	-	(1,589)	1,143,198	2,842,061
Profit for the financial period	-	-	-	-	-	115,872	115,872
Other comprehensive income, net	-	-	-	-	11,184	-	11,184
Total comprehensive income for the financial period	-	-	-	-	11,184	115,872	127,056
At 30 September 2016	492,922	724,185	483,345	-	9,595	1,259,070	2,969,117
At 1 April 2017	1,217,107	-	483,345	58,430	(5,149)	1,353,645	3,107,378
Profit for the financial period	-	-	-	-	-	127,089	127,089
Other comprehensive income, net	-	-	-	-	2,169	-	2,169
Total comprehensive income for the financial period	-	-	-	-	2,169	127,089	129,258
Issuance of ordinary shares	200,000	-	-	-	-	-	200,000
Transfer to retained earnings	-	-	(483,345)	-	-	483,345	-
Transfer to regulatory reserve	-	-	-	277,753	-	(277,753)	-
Transfer of ESS shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(32)	(32)
	200,000	-	(483,345)	277,753	-	205,560	199,968
At 30 September 2017	1,417,107	-	-	336,183	(2,980)	1,686,294	3,436,604

A37. 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
30.09.17							
At amortised cost:							
Cash lines	-	133,996	-	-	1,086,478	-	1,220,474
Term financing	1,420,045	3,414,484	10,792	-	3,255,070	68,756	8,169,147
Revolving credit	72,062	2,812,729	-	-	2,272,508	-	5,157,299
Housing financing	2,997,323	1,017,719	51,609	-	-	-	4,066,651
Hire purchase receivables	4	-	-	6,960,069	-	-	6,960,073
Bills receivables	-	-	-	-	-	1,680	1,680
Credit card receivables	-	-	-	-	-	334,126	334,126
Trust receipts	-	94,135	-	-	-	-	94,135
Claims on customers under acceptance credits	-	1,156,550	-	-	-	169,705	1,326,255
Gross financing and advances*	<u>4,489,434</u>	<u>8,629,613</u>	<u>62,401</u>	<u>6,960,069</u>	<u>6,614,056</u>	<u>574,267</u>	<u>27,329,840</u>
Allowance for impairment on financing and advances							
- Individual allowance							(21,691)
- Collective allowance							(243,473)
Net financing and advances							<u>27,064,676</u>

A37. 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.

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group	
	30.09.17	31.03.17
	RM'000	RM'000
Balance at beginning of the financial year	488,700	605,200
Impaired during the financial period/year	239,876	265,280
Reclassified to non-impaired financing	(17,995)	(92,536)
Recoveries	(39,335)	(70,415)
Amount written off	(75,666)	(218,829)
Balance at end of the financial period/year	<u>595,580</u>	<u>488,700</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>2.18%</u>	<u>1.78%</u>
Financing loss coverage (including regulatory reserve)	<u>100.97%</u>	<u>66.86%</u>

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

	Group	
	30.09.17	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	13,193	16,108
Amount written off	(7,543)	(63,782)
Balance at end of the financial period/year	<u>21,691</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	66,861	78,288
Transferred to AmBank*	(904)	-
Foreign exchange differences	(2)	9
Amount written off	(74,762)	(155,409)
Balance at end of the financial period/year**	<u>243,473</u>	<u>252,280</u>
Collective allowance and Regulatory reserve as % of gross financing and advances (excluding RIA financing) less individual allowance	<u>2.30%</u>	<u>1.20%</u>

* On 29 September 2017, AmBank Islamic entered into another RIA contract for the sum of RM529.4 million with AmBank. Arising from this contract, AmBank Islamic transferred collective allowance of approximately RM0.9 million for the financing funded to AmBank.

** As at 30 September 2017, the gross exposure (including profit receivable) and collective allowance relating to RIA financing amounted to RM2,136.0 million and RM1.7 million respectively (31 March 2017: RM1,604.4 million and RM2.3 million respectively). There was no individual allowance provided for all the RIA financing.

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(b) Deposits From Customers

	Group	
	30.09.17	31.03.17 (Restated)
	RM'000	RM'000
Savings deposits		
Wadiah	-	2,119,573
Commodity Murabahah	2,021,531	-
Qard	13,812	-
Demand deposits		
Wadiah	-	4,245,545
Commodity Murabahah	4,340,743	-
Qard	11,349	-
Term deposits		
Commodity Murabahah	20,873,154	20,008,971
Qard	267,408	462,608
	<u>27,527,997</u>	<u>26,836,697</u>

(c) Investment Accounts Of Customers

	Group	
	30.09.17	31.03.17
	RM'000	RM'000
Unrestricted investment account without maturity:		
- Wakalah	21,815	24,374
	<u>21,815</u>	<u>24,374</u>
Investment asset:		
- Interbank placement	21,815	24,374
Total investment	<u>21,815</u>	<u>24,374</u>

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

	30.09.17	31.03.17
	RM'000	RM'000
Business enterprises	560	443
Individuals	21,255	23,931
	<u>21,815</u>	<u>24,374</u>

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

	Investment account holder			
	30.09.17			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	2.98	0.05	3.03

A37. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Investment Account Due to A Licensed Bank

	Group	
	30.09.17	31.03.17
	RM'000	RM'000
<u>Restricted investment account</u>		
- Mudarabah Muqayyadah	2,129,428	1,600,000
Investment asset:		
Financing	2,129,428	1,600,000
Total investment	2,129,428	1,600,000

During the current financial quarter, AmBank Islamic entered into another RIA for the sum of RM529.4 million with AmBank. This new contract is for a period of 367 days and will mature on 1 October 2018.

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

	Investment account holder		
	30.09.17	31.03.17	
	Profit sharing ratio (%)	Average rate of return (%)	Average rate of return (%)
Maturity:			
between 1 to 2 years	90	4.47	-
over 2 years to 5 years	90	4.32	4.78

(e) Other Liabilities

	Group	
	30.09.17	31.03.17
	RM'000	RM'000
Other payables and accruals	370,272	247,809
Taxation and zakat payable	19,143	19,659
Provision for commitments and contingencies	11,269	11,521
Amount owing to conventional banking	102,066	98,366
Lease deposits and advance rental	1,885	1,933
	504,635	379,288

A37. 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

Part B - Explanatory Notes Pursuant to Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

Table 1: Financial review for current quarter and financial year to date

	Group				Group			
	Individual Quarter		Changes		Cumulative Quarter		Changes	
	30.09.17 RM'000	30.09.16 RM'000	Amount RM'000	%	30.09.17 RM'000	30.09.16 RM'000	Amount RM'000	%
Operating revenue	2,125,024	2,099,746	25,278	1.2	4,205,771	4,162,679	43,092	1.0
Operating profit before impairment losses	404,204	429,749	(25,545)	(5.9)	833,287	845,421	(12,134)	(1.4)
Profit before taxation and zakat	432,180	472,156	(39,976)	(8.5)	881,285	951,536	(70,251)	(7.4)
Profit for the financial period	357,109	375,201	(18,092)	(4.8)	721,653	734,646	(12,993)	(1.8)
Profit/(Loss) attributable to equity holders of the Company	331,466	352,626	(21,160)	(6.0)	659,739	675,626	(15,887)	(2.4)

Financial year to date - Cumulative period ended 30 September 2017 compared to 30 September 2016

For the financial period under review, the Group generated revenue of RM4,205.8 million, a growth of RM43.1 million (1.0%) compared to the same period last year. Revenue from interest bearing assets increased by RM126.5 million (4.4%) mainly from interest on fixed income securities and customer lending. Markets based revenue suffered from the volatility in the market and recorded a reduction of RM57.3 million over the same period last year.

Interest income from securities grew mainly from trading securities and investment in unrated corporate bonds and sukuk offset by reduction in available-for-sale securities. Interest income from customer lending benefitted from the robust growth in the core segment of residential mortgages which maintained its momentum, term and revolving loans.

Funding costs namely interest from customer deposits and financial institutions deposits increased due to the increase in average deposit balances. As part of funding costs management, the Group settled all short-term borrowings in Term Funding and redeemed debt securities on the first call date which resulted in an overall marginal increase of RM16.6 million (0.9%) in interest expense.

Net interest margin ("NIM") improved to 1.99% compared to 1.93% for the corresponding period last year attributable to the reduction in average cost of funds.

Compared to a year ago, overall other operating income (fee income, markets based trading and investment and other income) dropped by RM42.4 million. Fee based income recorded growth of RM16.9 million contributed by higher fees from loans. Market based income which comprise treasury related income from customer flows and gains on trading/liquidation of securities fell by RM57.3 million, in particular due to absence of significant gain on disposal of a syndicated issuance of corporate bonds. Treasury related income from customer flows was impacted by poor market sentiment resulting in lower gains on derivatives cushioned by increase in currency translation gains.

Net income from insurance business improved by RM5.4 million mainly due to lower insurance claims.

The Group's insurance-based joint ventures recorded losses due to higher actuarial valuations and lower non-interest income. This resulted in the Group's share of losses from the joint ventures of RM13.6 million compared to share of profits of RM15.7 million same period last year.

Total operating expenses recorded an increase of 5.3% compared to a year ago. Personnel expenses increased by RM48.3 million mainly due to recruitment related costs and lower write-back of share based payments. Establishment costs and other marketing expenses and commission paid reduced from lower spending as part of ongoing efficiency savings. From the general administrative expenses, expenses were higher for regulatory and compliance costs in connection with legal matters and governance procedures. Overall, the Group's cost to income ratio increased slightly to 57.2% from 55.6% a year ago.

Credit costs recorded lower write-back in this financial period, attributable to higher allowance for individually assessed borrowers and lower corporate recoveries mitigated by lower allowance provided on collective basis.

Profit before taxation and zakat for the current financial period was lower compared to a year ago at RM881.3 million, a reduction of RM70.3 million (7.4%). Profit for the financial period fell by RM13.0 million to RM721.7 million compared to a year ago.

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

Commentary on key components of financial position

The Group's core interest bearing assets namely loans, advances and financing grew moderately by RM2,018.6 million (2.2%) from 31 March 2017 to RM93,004.5 million contributed by increase of RM2,187.7 million from mortgage loans. The segment of customers that recorded substantial increase in lending is SME ie the Group's target segment with RM1.1 billion loans growth (7.6%) and household consumers from mortgage financing with RM2.0 billion growth compared to 31 March 2017. The Group's impaired loans was contained at 1.9% of gross loans with loan loss coverage of 101.4%.

Deposits from customers was marginally lower compared to 31 March 2017 at RM93.7 billion. Low cost deposits constituted 20.8% of total deposits from customers, a marginal reduction compared to 21.1% as at 31 March 2017.

Commentary on statement of cashflows

The Group's operating activities generated net surplus cash of RM196.8 million compared to an outflow of RM7,252.2 million as reduction in deposits from customers for this financial period was not as substantial compared to the same period last year. Cashflows from investing activities comprise mainly investments in fixed income securities; for this current financial period, investment in available for sale securities was flat compared to substantial reduction for the same period last year. Cashflows from financing activities were mainly dividend payment to shareholders and redemption of debt capital on first call dates or maturity. For this current financial period, no redemption was made by the Group compared to same period last year which resulted in lower cash outflows from financing activities.

Liquidity and capital strength

The Group is well-positioned to meet and comply with regulatory requirements. Its banking subsidiaries recorded Liquidity Coverage ratios in excess of minimum requirements. The Group's aggregated capital adequacy ratio was 16.426% compared to 16.304% as at 31 March 2017 primarily due to capital generation with the accretion of current period profits.

Divisional performance

Retail Banking

Profit before tax ("PBT") flat at RM227.2mil with incremental profit before provisions but partially offset by higher impairments.

Sales growth, particularly in Wealth and Mortgages and gain from securities available for sales ("AFS") contributed to higher income. Incremental in income partially offset by higher expenses from sales support in the form of resources and sales tools. Impairment has increased due to increased sales and loan balances.

Retail gross loans grew RM4.1 billion year on year ("YoY") to RM51.1 billion, mainly from mortgages, while deposits grew by 13.9% YoY to close at RM44.5 billion.

Corporate & Commercial Banking

Lower PBT (H1 FY2018: RM334.3 million vs H1 FY2017: RM437.9 million) due to lower write-back of impairment and other operating expenses, partially offset by higher income.

Higher net impairment of RM117.9 million from lower write-back of impairment and lower recoveries. In addition, other operating expenses increased by 25.4% (RM31.9 million), driven by higher personnel cost from YoY increment and Business Banking expansion.

Income increased by RM46.2 million attributed to higher business volume impact, partially offset by margin compression.

Gross loans and deposits growth by 3.7% and 1.6%, to close at RM40.4 billion and RM7.0 billion respectively.

Global Markets

Global Markets PBT dropped 20.2% YoY (H1 FY2018: RM69.3 million vs H1 FY2017: RM86.8 million) mainly due to lower fixed income sales/trading as FY17 benefited from the British exit ("BREXIT") event and the overnight policy rate ("OPR") cut in July 2016.

Investment Banking

PBT dropped RM44.4 million (H1 FY2018: RM37.3 million vs H1 FY2017: RM81.6 million) as the higher FY2017 gain from capital markets capturing higher gain from securities held for trading ("HFT") of RM47.5 million.

Insurance

Insurance PBT dropped 20.3% YoY (H1 FY2018: RM125.9 million vs H1 FY2017: RM158.0 million) mainly due to loss in share in losses of Life business joint venture.

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

Divisional performance (Cont'd.)

Group Funding & Others

Higher PBT (H1 FY2018: RM66.1 million vs H1 FY2017: Loss of RM66.3 million) due to higher write-back of impairment and higher income.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

Table 2: Financial review for current quarter compared with immediate preceding quarter

	Group			
	Individual Quarter		Changes	
	30.09.17	30.6.17	Amount	%
	RM'000	RM'000	RM'000	
Operating revenue	2,125,024	2,080,747	44,277	2.1
Operating profit before impairment losses	404,204	429,083	(24,879)	(5.8)
Profit before taxation and zakat	432,180	449,105	(16,925)	(3.8)
Profit for the financial quarter	357,109	364,544	(7,435)	(2.0)
Profit/(Loss) attributable to equity holders of the Company	331,466	328,273	3,193	1.0

Current quarter compared to immediate preceding quarter

For the financial period under review, the Group generated revenue of RM2,125.0 million, an increase of 2.1% over last quarter. Revenue from interest bearing assets increased by RM45.1 million (3.0%) mainly from interest on customer lending. Markets based revenue recorded a growth of RM39.0 million compared to preceding quarter.

Interest income from customer lending grew RM33.3 million which represented 73.9% of total growth in interest income mainly from mortgage financing and revolving loans. Interest income from customer lending benefitted from the robust growth in the core segment of residential mortgages.

Funding costs namely interest from deposits from customers and financial institutions increased due to the increase in average deposit balances. This was offset by reduction in borrowing costs due to settlement of short-term borrowings in Term Funding and redemption of debt securities on the first call date. Overall, interest expense recorded an increase of RM47.2 million (5.4%).

Due to higher funding costs over income, net interest margin fell to 1.97% compared to 2.02% in the preceding quarter.

Overall other operating income increased by RM9.4 million for this quarter compared to preceding quarter. Fee based income fell by RM17.7 million attributed by lower cards related fees and incentive, transaction banking and fund management fees from lower volume. Market based income which comprise treasury related income from customer flows and gains on trading/liquidation of securities increased by RM39.0 million, in particular due to significant gain on derecognition of holding in certain securities pursuant to a corporate exercise undertaken by the issuer. Treasury related income from customer flows was impacted by poor market sentiment resulting in lower gains on derivatives cushioned by increase in revaluation of securities by RM14.1 million.

Net income from insurance business fell by RM14.7 million due to lower premium attributable to sluggish motor sales and impact from de-tarification policy.

The Group's insurance-based joint ventures recorded higher losses due to actuarial valuations, lower non-interest income and higher operating expenses. This resulted in the Group's share of losses from the joint ventures of RM10.7 million compared to share of losses of RM2.9 million for the preceding quarter.

Total operating expenses were well controlled, recorded an increase of 1.7% compared to preceding quarter. Personnel expenses increased by RM25.6 million mainly due to salaries, lower write-back of share based payments offset by lower recruitment related costs. Establishment costs was lower mainly due to changes in estimates which resulted in lower amortisation of intangible assets. From the general administrative expenses, this quarter recorded lower expenses in regulatory and compliance costs in connection with legal matters and governance procedures.

Credit costs recorded higher writeback in this quarter, attributable to lower loan loss allowances from allowance provided on collective basis offset by higher impairment losses made for non-collectibility of sundry debtors.

Against the preceding quarter, profit before taxation and zakat for the current quarter is lower at RM432.2 million, a reduction of RM16.9 million (3.8%). Profit for the quarter increased marginally by RM3.2 million to RM331.5 million compared to preceding quarter.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2018

Malaysia's Gross Domestic Product ("GDP") is anticipated to grow at a credible 5.9% in 2017 (2016: 4.2%) underpinned by healthy private consumption benefitting from healthy wages and income support measures, impact from infrastructure spending, strong exports on the back of improving global demand and firm commodity prices as well as improving private investment. The economy is poised to continue with sustainable growth in 2018, projected to grow around 5.5% on the back of improving global growth and solid domestic activities.

The headline inflation which averaged at 4.1% in 1H of 2017 is poised to ease in the 2H2017. Supported by firmer Malaysian Ringgit against the US Dollar, stable oil and commodity prices added with fading of the cost-push factors and the low base effect, the overall inflation is envisaged to hover around 4.0% in 2017 (2016: 2.1%). Inflationary pressure will remain contained in 2018 barring no unforeseen circumstances.

In the banking system, we anticipate decent growth in retail loans namely in mortgage loans for affordable homes as well as in business loans especially from infrastructure and exports segment which is benefitting from improving global growth and firmer commodity prices. Based on our 5.9% GDP growth projection for 2017, we project the loans to grow circa 5% in 2017.

In 2H2017, we expect the mild pressure on banks' NIM to continue. However, it will be of a lesser extent since the implementation of net stable funding ratio requirement has been postponed to no earlier than 1 January 2019. Banks have sufficient liquid assets with an industry liquidity coverage ratio of 133.0% as at end August 2017, well above the regulatory requirement of 100.0%. Funding profiles of banks have been well diversified with the industry's loan-to-fund ratio and loan-to-fund and equity ratio standing at 83.4% and 73.2% respectively as at August 2017.

We anticipate the OPR will likely be maintained at 3.00% and we believe the normalisation rate for OPR is around 3.50%, suggesting there could be 2 rate hikes with the first possibly in 1Q2018 and second either in 2H2018 or 1H2019. The GIL ratio for banks is anticipated to be at similar levels in 2H2017. We expect an improvement in credit cost for the sector in 2017 compared to 2016.

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 area 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 Group and is also in line with the government's strategic initiative to encourage entrepreneurship. 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 current account and savings account ("CASA"), 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.

AmGeneral 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 as 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 progressively 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	
	30.09.17 RM'000	30.09.16 RM'000	30.09.17 RM'000	30.09.16 RM'000
Estimated current tax payable	53,968	33,563	211,260	78,690
Deferred tax	(29,473)	62,985	(103,590)	133,889
	<u>24,495</u>	<u>96,548</u>	<u>107,670</u>	<u>212,579</u>
Under provision of current taxation in respect of prior years	50,145	1	50,796	3,433
Taxation	<u>74,640</u>	<u>96,549</u>	<u>158,466</u>	<u>216,012</u>
Zakat	431	406	1,166	878
Taxation and zakat	<u>75,071</u>	<u>96,955</u>	<u>159,632</u>	<u>216,890</u>

The total tax charge of the Group for the financial period ended 30 September 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 September 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 announced 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.

On 22 August 2017, the Company announced that after much deliberation and negotiations, the Company and RHB have not been able to reach an agreement on mutually acceptable terms and conditions for the Proposed Merger.

Following thereto, the Parties have mutually agreed to end the negotiations and not proceed with the Proposed Merger. In this respect, the Exclusivity Period pursuant to the exclusivity agreement between the Parties dated 1 June 2017 had lapsed.

B7. BORROWINGS AND DEBT SECURITIES

Group

	Long term		Short term		Total borrowings	
	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000	Foreign denomination USD'000	RM denomination RM'000
30.09.17						
Unsecured						
Term funding	400,000	2,826,705 [^]	-	2,550,800	400,000	5,377,505
Debt capital	-	4,174,292	-	-	-	4,174,292
30.09.16						
Unsecured						
Term funding	400,000	6,907,111 [^]	349,546	1,734,405	749,546	8,641,516
- restated						
Debt capital	-	3,614,229	-	-	-	3,614,229

Borrowings denominated in foreign currencies have not been hedged to RM; AmBank's US Dollar debts are maintained in the originating currency for purpose of funding the US Dollar balance sheet. As foreign currency constitutes a marginal 10% of total balance sheet, the foreign currency exchange risk is not significant to render the need for hedging.

[^] Included here an amount of RM1,689.0 million and RM1,654.2 million related to the USD400.0 million Medium Term Note as at 30 September 2017 and 30 September 2016 respectively issued, translated at exchange rate of 4.2225 (30 September 2016: 4.1355)

Detailed explanations on the material changes to the borrowings and debt securities as at the current year to-date compared with the corresponding period in the immediate preceding year:

Month of Issuance/ Redemption	Entity	Note type and tenor	Nominal value RM'000	Weighted average interest rate %	Net interest savings per annum for redemption RM'000
December 2016 - Issuance	The Company	Subordinated Basel 3 Tier 2 - 10 years	10,000	5.50	-
January 2017 - Redemption	AmBank Islamic	Subordinated Sukuk Musharakah - 10 years	190,000	4.35	8,300
March 2017 - Issuance	The Company	Subordinated Basel 3 Tier 2 - 10 years	740,000	5.20	-
March 2017 - Redemption	AmBank	Syndicated Term Loan - 3 years	1,259,000*	2.05 (LIBOR + 90bps)	25,800
April 2017 - Redemption	AmBank	Senior Notes - 7 years	225,000	5.25	11,800
June 2017 - Redemption	AmBank	Bilateral Term Loan - 2 years	210,000#	2.07 (LIBOR + 85bps)	4,300
August 2017 - Redemption	The Company	Senior Notes - 5 years	500,000	4.30	21,500
September 2017 - Redemption	AmBank Islamic	Senior Sukuk - 7 years	550,000	4.30	23,600
		- 2.5 years	300,000	4.25	12,700

Borrowing and debt securities issued are for purposes of working capital, investment, enhancing capital position and other general funding requirements of the Company and its banking subsidiaries.

* Equivalent to USD 300 million

Equivalent to USD 50 million

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	
	30.09.17	31.03.17
	RM'000	RM'000
Total retained earnings		
- Realised	11,938,501	10,010,107
- Unrealised	965,894	1,040,998
Total share of retained earnings from associates and joint ventures		
- Realised	143,814	166,785
- Unrealised	(14,056)	(19,296)
Less: Consolidation adjustments	(3,100,470)	(3,025,280)
Total retained earnings as per consolidated financial statements (excluding non-participating funds)	9,933,683	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

- (i) A proposed interim cash dividend of 5.0 Sen per share for the financial year ending 31 March 2018 has been recommended by the directors;
- (ii) Previous corresponding period: 5.0 Sen;
- (iii) Payment date: To be determined and announced at a later date; and
- (iv) In respect of ordinary share capital, entitlement to the dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

B11. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to Note A31.

B12. 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	
	30.09.17	30.09.16	30.09.17	30.09.16
Net profit attributable to equity holders of the Company (RM'000)	331,466	352,626	659,739	675,626
Weighted average number of ordinary shares in issue ('000)	3,007,683	3,006,736	3,007,547	3,006,541
Basic earnings per share (Sen)	11.02	11.73	21.94	22.47

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	
	30.09.17	30.09.16	30.09.17	30.09.16
Net profit attributable to equity holders of the Company (RM'000)	331,466	352,626	659,739	675,626
Weighted average number of ordinary shares in issue (as in (a) above) ('000)	3,007,683	3,006,736	3,007,547	3,006,541
Effect of executives' share scheme ('000)	574	371	574	371
Adjusted weighted average number of ordinary shares in issue/issuable ('000)	3,008,257	3,007,107	3,008,121	3,006,912
Fully diluted earnings per share (Sen)	11.02	11.73	21.93	22.47