

Company No. 8515-D

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

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

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

		Group			Bank		
	Note	30 September 2017	31 March 2017	1 April 2016	30 September 2017	31 March 2017	1 April 2016
		RM'000	(Restated) RM'000	(Restated) RM'000	RM'000	(Restated) RM'000	(Restated) RM'000
ASSETS							
Cash and short-term funds		7,022,575	5,989,301	7,605,681	6,834,289	5,758,942	7,380,187
Securities purchased under resale agreements		-	10,369	-	-	10,369	-
Deposits and placements with banks and other financial institutions		450,000	450,000	850,000	450,000	450,000	850,000
Investment account		2,129,428	1,600,000	1,000,000	2,129,428	1,600,000	1,000,000
Derivative financial assets		980,442	1,172,132	1,894,819	980,442	1,172,132	1,894,819
Financial assets held-for-trading	A8	4,196,419	5,862,496	1,870,427	4,196,419	5,862,496	1,870,427
Financial investments available-for-sale	A9	4,571,158	5,658,713	7,476,200	4,613,822	5,709,466	7,545,237
Financial investments held-to-maturity	A10	2,092,458	2,077,505	2,828,754	2,092,458	2,077,505	2,828,754
Loans and advances	A11	64,555,836	62,331,446	58,814,740	64,478,643	62,248,620	58,717,201
Receivables: Investments not quoted in active markets	A12	1,148,616	1,172,157	97,181	1,148,616	1,172,157	97,181
Statutory deposit with Bank Negara Malaysia		1,832,139	1,760,114	1,745,554	1,832,139	1,760,114	1,745,554
Deferred tax assets		3,308	995	76,485	3,098	-	75,430
Investment in subsidiaries and other investment		-	-	-	74,277	74,277	104,277
Investment in associate		-	-	-	22	22	22
Other assets	A13	1,558,590	1,900,830	2,032,171	1,543,461	1,883,134	2,034,781
Property and equipment		153,976	161,459	165,900	132,783	139,987	143,987
Intangible assets		414,237	406,506	350,753	414,235	406,504	350,750
Asset held for sale	A14	-	2,091	3,167	-	2,091	100
TOTAL ASSETS		91,109,182	90,556,114	86,811,832	90,924,132	90,327,816	86,638,707
LIABILITIES AND EQUITY							
Deposits from customers	A15	66,292,261	67,409,164	62,047,283	66,368,309	67,485,479	62,146,342
Deposits and placements of banks and other financial institutions	A16	3,208,430	970,458	871,138	3,311,713	1,072,737	950,888
Securities sold under resale agreements		-	9,464	-	-	9,464	-
Recourse obligation on loans sold to Cagamas Berhad		2,851,974	2,663,105	2,807,951	2,851,974	2,663,105	2,807,951
Derivative financial liabilities		1,054,270	958,894	2,023,211	1,054,270	958,894	2,023,211
Term funding		3,696,286	4,229,942	5,730,633	3,696,286	4,229,942	5,730,633
Debt capital		3,194,787	3,194,706	2,694,550	3,194,787	3,194,706	2,694,550
Deferred tax liabilities		-	97,832	-	-	97,828	-
Other liabilities	A17	1,904,886	2,235,128	2,374,240	1,895,203	2,225,151	2,370,392
TOTAL LIABILITIES		82,202,894	81,768,693	78,549,006	82,372,542	81,937,306	78,723,967
Share capital		1,763,208	1,763,208	820,364	1,763,208	1,763,208	820,364
Reserves		7,143,017	7,024,150	7,442,400	6,788,382	6,627,302	7,094,376
Equity attributable to equity holder of the Bank		8,906,225	8,787,358	8,262,764	8,551,590	8,390,510	7,914,740
Non-controlling interests		63	63	62	-	-	-
TOTAL EQUITY		8,906,288	8,787,421	8,262,826	8,551,590	8,390,510	7,914,740
TOTAL LIABILITIES AND EQUITY		91,109,182	90,556,114	86,811,832	90,924,132	90,327,816	86,638,707
COMMITMENTS AND CONTINGENCIES	A32	127,771,599	129,008,488	121,028,342	127,838,249	129,095,390	121,066,632
NET ASSETS PER SHARE (RM)		10.86	10.71	10.07	10.42	10.23	9.65

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

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

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Operating revenue		1,212,143	1,145,421	2,370,417	2,273,414
Interest income	A18	1,049,200	948,483	2,064,543	1,926,465
Interest expense	A19	(642,847)	(586,048)	(1,248,926)	(1,184,057)
Net interest income		406,353	362,435	815,617	742,408
Other operating income	A20	162,943	196,938	305,874	346,949
Net income		569,296	559,373	1,121,491	1,089,357
Other operating expenses	A21	(319,159)	(275,830)	(604,897)	(568,781)
Operating profit		250,137	283,543	516,594	520,576
Writeback of allowance for impairment on loans and advances	A22	28,340	39,155	71,350	84,337
Writeback of provision for commitments and contingencies		1,550	3,685	7,951	6,172
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		(9,969)	(24)	(9,816)	(49)
Financial investments	A23	(6,422)	-	(6,422)	-
Foreclosed properties		(17)	(146)	(30)	(288)
Property and equipment		369	-	369	-
Other recoveries		245	2,847	528	12,571
Profit before taxation		264,233	329,060	580,524	623,319
Taxation		(36,633)	(74,465)	(107,156)	(143,148)
Profit for the financial period		227,600	254,595	473,368	480,171
Attributable to:					
Equity holder of the Bank		227,600	254,595	473,368	480,171
Non-controlling interests		-	-	-	-
Profit for the financial period		227,600	254,595	473,368	480,171
Earnings per share (sen)	A24				
Basic		27.74	31.03	57.70	58.53

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

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

	Individual Quarter		Cumulative Quarter	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Group				
Profit for the financial period	227,600	254,595	473,368	480,171
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Currency translation on foreign operations	(9,665)	13,019	(26,671)	27,905
Cash flow hedge				
- losses arising during the financial period	(161)	(2,679)	(2,165)	(5,268)
- reclassification adjustments for loss included in the profit or loss/(gain)	(146)	546	171	813
Tax effect	73	512	478	885
Financial investments available-for-sale				
- net unrealised gain on changes in fair value	5,953	60,697	14,921	76,548
- net gain reclassified to profit or loss	(9,753)	(18,035)	(16,339)	(21,626)
Tax effect	911	(6,641)	339	(13,183)
Other comprehensive (loss)/income, net of tax	(12,788)	47,419	(29,266)	66,074
Total comprehensive income for the financial period, net of tax	214,812	302,014	444,102	546,245
Attributable to:				
Equity holder of the Bank	214,812	302,014	444,102	546,245
Non-controlling interests	-	-	-	-
	214,812	302,014	444,102	546,245

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

AmBank (M) Berhad
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And Its Subsidiaries

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

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Bank					
Operating revenue		1,256,695	1,141,335	2,409,255	2,267,417
Interest income	A18	1,046,569	944,396	2,059,008	1,919,499
Interest expense	A19	(643,793)	(585,785)	(1,250,809)	(1,185,863)
Net interest income		402,776	358,611	808,199	733,636
Other operating income	A20	210,126	196,939	350,247	347,918
Net income		612,902	555,550	1,158,446	1,081,554
Other operating expenses	A21	(320,176)	(275,712)	(605,580)	(567,520)
Operating profit		292,726	279,838	552,866	514,034
Writeback of allowance for impairment on loans and advances	A22	28,311	39,001	71,303	84,199
Writeback of provision for commitments and contingencies		1,548	3,693	7,952	12,179
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		(9,969)	(14)	(9,816)	(39)
Financial investments	A23	(6,422)	-	(6,422)	-
Foreclosed properties		(17)	(146)	(30)	(288)
Property and equipment		369	-	369	-
Other recoveries		245	2,847	528	12,571
Profit before taxation		306,791	325,219	616,750	622,656
Taxation		(33,544)	(73,881)	(103,096)	(141,822)
Profit for the financial period		273,247	251,338	513,654	480,834
Earnings per share (sen)	A24				
Basic		33.31	30.64	62.61	58.61

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

AmBank (M) Berhad
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And Its Subsidiaries

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

	Individual Quarter		Cumulative Quarter	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Bank				
Profit for the financial period	273,247	251,338	513,654	480,834
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Currency translation on foreign operations	(8,936)	11,934	(24,592)	25,469
Cash flow hedge				
- losses arising during the financial period	(161)	(2,679)	(2,165)	(5,268)
- reclassification adjustments for loss/(gain) included in profit or loss	(146)	546	171	813
Tax effect	73	512	478	885
Financial investments available-for-sale				
- net unrealised gain on changes in fair value	5,734	61,011	14,719	77,005
- net gain reclassified to profit or loss	(9,753)	(18,032)	(16,339)	(21,623)
Tax effect	965	(6,716)	389	(13,292)
Other comprehensive (loss)/income, net of tax	(12,224)	46,576	(27,339)	63,989
Total comprehensive income for the financial period, net of tax	261,023	297,914	486,315	544,823

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

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

Group	Attributable to equity holder of the Bank										
	Non-distributable						Distributable				
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to equity holder RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2016	820,364	942,844	980,969	104,149	11,751	3,635	63,306	5,335,746	8,262,764	62	8,262,826
Profit for the financial period	-	-	-	-	-	-	-	480,171	480,171	-	480,171
Other comprehensive income/(loss)	-	-	-	-	41,739	(3,570)	27,905	-	66,074	-	66,074
Total comprehensive income/(loss) for the financial period	-	-	-	-	41,739	(3,570)	27,905	480,171	546,245	-	546,245
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(504)	(504)	-	(504)
Dividend on ordinary shares: - final, financial year ended 31 March 2016	-	-	-	-	-	-	-	(295,331)	(295,331)	-	(295,331)
Transaction with owner and other equity movements	-	-	-	-	-	-	-	(295,835)	(295,835)	-	(295,835)
At 30 September 2016	820,364	942,844	980,969	104,149	53,490	65	91,211	5,520,082	8,513,174	62	8,513,236

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

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

Group	Attributable to equity holder of the Bank							Distributable			
	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Available-for-sale deficit RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to equity holder RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2017	1,763,208	980,969	163,820	104,149	(12,232)	3,010	127,243	5,657,191	8,787,358	63	8,787,421
Profit for the financial period	-	-	-	-	-	-	-	473,368	473,368	-	473,368
Other comprehensive loss	-	-	-	-	(1,079)	(1,516)	(26,671)	-	(29,266)	-	(29,266)
Total comprehensive income/(loss) for the financial period	-	-	-	-	(1,079)	(1,516)	(26,671)	473,368	444,102	-	444,102
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(1,191)	(1,191)	-	(1,191)
Transfer to retained earning	-	(980,969)	-	-	-	-	-	980,969	-	-	-
Transfer to regulatory reserve	-	-	178,313	-	-	-	-	(178,313)	-	-	-
Dividend on ordinary shares: - final, financial year ended 31 March 2017	-	-	-	-	-	-	-	(324,044)	(324,044)	-	(324,044)
Transaction with owner and other equity movements	-	(980,969)	178,313	-	-	-	-	477,421	(325,235)	-	(325,235)
At 30 September 2017	1,763,208	-	342,133	104,149	(13,311)	1,494	100,572	6,607,980	8,906,225	63	8,906,288

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

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

	Attributable to equity holder of the Bank								Total equity RM'000
	Non-distributable						Distributable		
Bank	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	
At 1 April 2016	820,364	942,844	980,969	30,043	11,951	3,635	61,296	5,080,500	7,931,602
Profit for the financial period	-	-	-	-	-	-	-	480,834	480,834
Other comprehensive income/(loss)	-	-	-	-	42,090	(3,570)	25,469	-	63,989
Total comprehensive income/(loss) for the financial period	-	-	-	-	42,090	(3,570)	25,469	480,834	544,823
Effect arising from the pooling of interests	-	-	-	(30,043)	-	-	-	(18,800)	(48,843)
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(504)	(504)
Dividend on ordinary shares: - final, financial year ended 31 March 2016	-	-	-	-	-	-	-	(295,331)	(295,331)
Transaction with owner and other equity movements	-	-	-	(30,043)	-	-	-	(314,635)	(344,678)
At 30 September 2016	820,364	942,844	980,969	-	54,041	65	86,765	5,246,699	8,131,747

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

Company No. 8515-D

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

	Attributable to equity holder of the Bank							Total equity RM'000
	Non-distributable					Distributable		
Bank	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available-for-sale deficit RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	
At 1 April 2017	1,763,208	980,969	163,820	(12,233)	3,010	119,797	5,371,939	8,390,510
Profit for the financial period	-	-	-	-	-	-	513,654	513,654
Other comprehensive loss	-	-	-	(1,231)	(1,516)	(24,592)	-	(27,339)
Total comprehensive income/(loss) for the financial period	-	-	-	(1,231)	(1,516)	(24,592)	513,654	486,315
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(1,191)	(1,191)
Transfer to retained earning	-	(980,969)	-	-	-	-	980,969	-
Transfer to regulatory reserve	-	-	178,313	-	-	-	(178,313)	-
Dividend on ordinary shares: - final, financial year ended 31 March 2017	-	-	-	-	-	-	(324,044)	(324,044)
Transaction with owner and other equity movements	-	(980,969)	178,313	-	-	-	477,421	(325,235)
At 30 September 2017	1,763,208	-	342,133	(13,464)	1,494	95,205	6,363,014	8,551,590

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AmBank (M) Berhad
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And Its Subsidiaries

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

	Group		Bank	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit before taxation	580,524	623,319	616,750	622,656
Adjustments for non-operating and non-cash items	245,445	17,111	199,930	10,349
Operating profit before working capital changes	<u>825,969</u>	<u>640,430</u>	<u>816,680</u>	<u>633,005</u>
Changes in working capital:				
Net change in operating assets	(1,245,764)	(1,900,400)	(1,251,483)	(1,897,163)
Net change in operating liabilities	522,139	(3,814,841)	525,354	(3,834,424)
Tax refunded/(paid)	24,321	(93,966)	25,000	(76,967)
Net cash generated from/(used in) operating activities	<u>126,665</u>	<u>(5,168,777)</u>	<u>115,551</u>	<u>(5,175,549)</u>
Net cash generated from investing activities	1,107,178	1,759,608	1,160,358	1,764,902
Net cash used in from financing activities	<u>(324,044)</u>	<u>(295,331)</u>	<u>(324,044)</u>	<u>(295,331)</u>
Net increase/(decrease) in cash and cash equivalents	<u>909,799</u>	<u>(3,704,500)</u>	<u>951,865</u>	<u>(3,705,978)</u>
Cash and cash equivalents at beginning of the financial year	5,889,301	8,455,681	5,658,942	8,230,187
Effect of exchange rate changes	<u>(1,525)</u>	<u>1,319</u>	<u>(1,518)</u>	<u>1,316</u>
Cash and cash equivalents at end of financial period	<u><u>6,797,575</u></u>	<u><u>4,752,500</u></u>	<u><u>6,609,289</u></u>	<u><u>4,525,525</u></u>
Cash and cash equivalents comprise:				
Cash and short-term funds	7,022,575	3,272,365	6,834,289	3,045,390
Deposits and placements with banks and other financial institutions	<u>450,000</u>	<u>1,930,135</u>	<u>450,000</u>	<u>1,930,135</u>
	<u>7,472,575</u>	<u>5,202,500</u>	<u>7,284,289</u>	<u>4,975,525</u>
Less: Deposits and placements with original maturity of more than 3 months	<u>(675,000)</u>	<u>(450,000)</u>	<u>(675,000)</u>	<u>(450,000)</u>
	<u><u>6,797,575</u></u>	<u><u>4,752,500</u></u>	<u><u>6,609,289</u></u>	<u><u>4,525,525</u></u>

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

EXPLANATORY NOTES

A1. BASIS OF PREPARATION

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

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

A1.1 Significant Accounting Policies

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

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

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

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

Disclosure Initiative (Amendments to MFRS 107)

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

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

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

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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

Annual Improvements to MFRSs 2014-2016 Cycle

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

(i) MFRS 12 Disclosure of Interests in Other Entities

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

Standards issued but not yet effective

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

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

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

Annual Improvements to MFRSs 2014-2016 Cycle

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

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

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

(ii) MFRS 128 Investments in Associates and Joint Ventures

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

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

MFRS 15 Revenue from Contracts with Customers

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

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

The assessment on the financial implication for adopting MFRS 15 is currently ongoing. Based on the assessment to date, the profile of revenue recognition is expected to change as a result of the new guidance in connection with the allocation of revenue to the distinct elements in the contract, as well as the specific requirements on the recognition of variable or uncertain revenues. In addition, certain sales commissions will have to be capitalised due to the new requirement to capitalise costs associated with obtaining a contract. Nevertheless, the financial impact to the Group and the Bank 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 profit and loss.

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

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

MFRS 9 Financial Instruments (Cont'd.)

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

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

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

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

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

Transfers of Investment Property (Amendments to MFRS 140)

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

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

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

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

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 16 Leases

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

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

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

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

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

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

IC Interpretation 23 Uncertainty over Income Tax Treatments

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

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

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

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

The amendments clarify that:

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

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

A1.2 Significant changes in regulatory requirements

A1.2a BNM Policy Document on capital funds

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

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

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

The Group and the Bank had previously classified structured products issued to customers and other financial institutions which are principal protected if held to maturity as Deposits from customers and Deposits and placements of banks and other financial institutions respectively. Accordingly, during the current financial period, the Group and the Bank had reclassified all structured products that do not fulfil the definition of the deposits under Section 2 of the FSA to Term Funding. The comparatives were also restated as per Note 36.

A1.3 Significant Accounting Judgements, Estimates and Assumptions

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

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

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Bank are not subject to seasonal or cyclical fluctuation in the current financial quarter 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 prior financial years that have a material effect on the financial quarter and period ended 30 September 2017.

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

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

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

Subsequent to 30 September 2017, on the first call date on 16 October 2017, the Bank had redeemed Medium Term Notes with the nominal amount of RM710.0 million issued under its Medium Term Notes Programme of up to RM2.0 billion.

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

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

A7. DIVIDENDS

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

In respect of the current financial period, the Board of Directors declare an interim single-tier cash dividend of 21.00 sen per ordinary share on 820,363,762 ordinary shares amounting to approximately RM172,276,390.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	30 September 2017	31 March 2017
	RM'000	RM'000
At fair value		
Money market instruments:		
Bank Negara Monetary Notes	-	333,562
Islamic Treasury Bills	121,668	118,689
Malaysian Government Investment Issues	822,608	562,691
Malaysian Government Securities	2,176,816	1,997,251
Malaysian Treasury Bills	126,240	1,148,116
	3,247,332	4,160,309
Quoted securities:		
<i>In Malaysia:</i>		
Shares	158,234	115,600
Unit trusts	59,321	57,923
Sukuk	38,368	38,207
	255,923	211,730
<i>Outside Malaysia:</i>		
Shares	138,131	114,596
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate bonds and sukuk	545,015	1,365,863
<i>Outside Malaysia:</i>		
Corporate bonds	10,018	9,998
	4,196,419	5,862,496

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

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Investment Issues	316,391	585,381	316,391	585,381
Foreign Government Investment Issues	-	8,887	-	8,887
Malaysian Government Securities	381,159	629,737	381,159	629,737
Negotiable Instruments of Deposit	199,915	-	199,915	-
	<u>897,465</u>	<u>1,224,005</u>	<u>897,465</u>	<u>1,224,005</u>
Quoted securities:				
<i>In Malaysia:</i>				
Shares	119	568	119	568
Unit trusts	131,195	148,626	131,195	148,626
	<u>131,314</u>	<u>149,194</u>	<u>131,314</u>	<u>149,194</u>
<i>Outside Malaysia:</i>				
Shares	44	52	8	8
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bonds and sukuk	3,241,527	4,002,718	3,284,272	4,053,560
Shares	46,677	-	46,677	-
	<u>3,288,204</u>	<u>4,002,718</u>	<u>3,330,949</u>	<u>4,053,560</u>
<i>Outside Malaysia:</i>				
Corporate bonds and sukuk	170,625	195,183	170,625	195,183
At cost				
Unquoted securities:				
<i>In Malaysia:</i>				
Shares	83,310	87,375	83,265	87,330
<i>Outside Malaysia:</i>				
Shares	196	186	196	186
	<u>4,571,158</u>	<u>5,658,713</u>	<u>4,613,822</u>	<u>5,709,466</u>

As at 30 September 2017, the Bank owns 26.7% (31 March 2017: 26.7%) of AmFirst Real Estate Investment Trust ("REIT"). However, the Bank has restriction in exercising its influence in the financial and operating decisions of the REIT. As such, the Bank has no significant influence and the investment is recognised as financial investments available-for-sale ("AFS").

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

As at 30 September 2017, the fair value gain that would have been recognised in other comprehensive income for the current period if the securities had not been reclassified amounted to RM2,259,000 (31 March 2017: RM4,336,000).

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

As PD, the Bank is required to undertake certain obligations and is also accorded incentives. One of the incentives accorded was the eligibility to maintain a specified amount of the Statutory Reserve Requirements ("SRR") balances in the form of Malaysian Government Securities ("MGS") and /or Malaysian Government Investment Issues ("MGII") instead of cash. As at 30 September 2017, the Group and the Bank maintained a total carrying amount of RM181,970,000 (31 March 2017: RM179,798,000) in the form of MGS and MGII for SRR purposes.

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

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group and Bank	
	30 September 2017 RM'000	31 March 2017 RM'000
At amortised cost		
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate bonds and sukuk	2,095,008	2,080,055
Less: Accumulated impairment losses	(2,550)	(2,550)
	<u>2,092,458</u>	<u>2,077,505</u>

A11. LOANS AND ADVANCES

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
At amortised cost:				
Overdraft	2,552,389	2,491,874	2,552,389	2,491,874
Term loans	14,107,546	13,618,641	14,107,546	13,618,641
Housing loan receivables	20,035,122	18,565,189	19,874,116	18,396,587
Hire purchase receivables	13,041,737	12,895,977	13,041,737	12,895,977
Bills receivables	1,061,772	1,279,990	1,061,772	1,279,990
Trust receipts	1,599,282	1,478,562	1,599,282	1,478,562
Claims on customers under acceptance credits	2,913,885	3,038,682	2,913,885	3,038,682
Card receivables	1,433,780	1,389,985	1,433,780	1,389,985
Revolving credits	8,207,892	8,093,653	8,291,633	8,179,310
Staff loans	109,583	107,517	109,583	107,517
Others	311,718	220,964	311,718	220,964
	<u>65,374,706</u>	<u>63,181,034</u>	<u>65,297,441</u>	<u>63,098,089</u>
Gross loans and advances				
Allowance for impairment on loans and advances:				
- Individual allowance	(287,990)	(240,793)	(287,990)	(240,793)
- Collective allowance	(530,880)	(608,795)	(530,808)	(608,676)
Net loans and advances	<u>64,555,836</u>	<u>62,331,446</u>	<u>64,478,643</u>	<u>62,248,620</u>

Note:

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

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

A11. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Domestic banking institutions	315	5,861	315	5,861
Domestic non-bank financial institutions	1,458,015	1,527,443	1,541,756	1,613,101
Domestic business enterprises				
- Small medium enterprises	10,429,917	9,423,770	10,429,917	9,423,770
- Others	15,226,362	15,583,404	15,226,362	15,583,404
Government and statutory bodies	18	36	18	36
Individuals	36,938,963	35,358,171	36,777,957	35,189,568
Other domestic entities	7,070	94,563	7,070	94,563
Foreign individuals and entities	1,314,046	1,187,786	1,314,046	1,187,786
	<u>65,374,706</u>	<u>63,181,034</u>	<u>65,297,441</u>	<u>63,098,089</u>

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

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
In Malaysia	64,975,975	62,692,237	64,898,710	62,609,292
Outside Malaysia	398,731	488,797	398,731	488,797
	<u>65,374,706</u>	<u>63,181,034</u>	<u>65,297,441</u>	<u>63,098,089</u>

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

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Fixed rate				
- Housing loans	288,146	301,579	127,140	132,977
- Hire purchase receivables	12,083,128	11,984,134	12,083,128	11,984,134
- Other fixed rate loans	5,048,017	5,271,011	5,048,017	5,271,011
Variable rate				
- Base rate and base lending rate plus	29,128,199	27,306,952	29,128,199	27,306,952
- Cost plus	14,914,581	14,858,061	14,998,322	14,943,718
- Other variable rates	3,912,635	3,459,297	3,912,635	3,459,297
	<u>65,374,706</u>	<u>63,181,034</u>	<u>65,297,441</u>	<u>63,098,089</u>

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

A11. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Agriculture	1,657,765	1,832,710	1,657,765	1,832,710
Mining and quarrying	850,568	1,163,224	850,568	1,163,224
Manufacturing	6,209,690	6,287,455	6,209,690	6,287,455
Electricity, gas and water	1,115,524	375,880	1,115,524	375,880
Construction	2,693,805	2,709,295	2,693,805	2,709,295
Wholesale and retail trade and hotel and restaurants	4,328,710	4,089,255	4,328,710	4,089,255
Transport, storage and communication	1,563,407	1,307,985	1,563,407	1,307,985
Finance and insurance	1,475,604	1,533,305	1,559,345	1,618,962
Real estate	5,953,709	5,992,973	5,953,709	5,992,973
Business activities	1,091,157	1,074,761	1,091,157	1,074,761
Education and health	593,017	670,566	593,017	670,566
Household of which:	37,767,683	36,043,441	37,606,677	35,874,839
- purchase of residential properties	19,614,480	18,274,251	19,453,474	18,105,649
- purchase of transport vehicles	12,315,228	12,274,723	12,315,228	12,274,723
- others	5,837,975	5,494,467	5,837,975	5,494,467
Others	74,067	100,184	74,067	100,184
	<u>65,374,706</u>	<u>63,181,034</u>	<u>65,297,441</u>	<u>63,098,089</u>

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

	Group		Bank	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	14,887,603	15,404,747	14,970,808	15,489,867
Over one year to three years	5,326,298	4,858,788	5,322,619	4,855,109
Over three years to five years	8,004,500	8,341,104	7,996,076	8,332,680
Over five years	37,156,305	34,576,395	37,007,938	34,420,433
	<u>65,374,706</u>	<u>63,181,034</u>	<u>65,297,441</u>	<u>63,098,089</u>

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

	Group		Bank	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	1,198,462	1,093,403	1,198,052	1,093,064
Impaired during the period/year	435,451	1,064,566	434,801	1,063,984
Reclassified as non-impaired	(67,131)	(39,530)	(67,065)	(39,530)
Recoveries	(273,004)	(392,810)	(272,365)	(392,299)
Amount written off	(143,076)	(540,945)	(143,076)	(540,945)
Foreign exchange differences	(3,596)	13,778	(3,597)	13,778
Balance at end of the financial period/year	<u>1,147,106</u>	<u>1,198,462</u>	<u>1,146,750</u>	<u>1,198,052</u>
Gross impaired loans and advances as % of gross loans and advances	<u>1.75%</u>	<u>1.90%</u>	<u>1.76%</u>	<u>1.90%</u>
Loan loss coverage (Including regulatory reserve)	<u>101.2%</u>	<u>84.6%</u>	<u>101.2%</u>	<u>84.6%</u>

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

A11. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
In Malaysia	1,067,081	1,116,969	1,066,725	1,116,559
Outside Malaysia	80,025	81,493	80,025	81,493
	<u>1,147,106</u>	<u>1,198,462</u>	<u>1,146,750</u>	<u>1,198,052</u>

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

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Agriculture	336	636	336	636
Mining and quarrying	133,372	150,058	133,372	150,058
Manufacturing	155,378	88,773	155,378	88,773
Electricity, gas and water	105	100	105	100
Construction	4,776	5,799	4,776	5,799
Wholesale and retail trade and hotel and restaurants	31,204	32,629	31,204	32,629
Transport, storage and communication	14,743	4,567	14,743	4,567
Finance and insurance	-	1	-	1
Real estate	299,798	399,114	299,798	399,114
Business activities	5,536	5,824	5,536	5,824
Education and health	1,321	2,847	1,321	2,847
Household of which:	498,692	503,827	498,336	503,417
- purchase of residential properties	282,470	288,132	282,114	287,722
- purchase of transport vehicles	128,685	121,365	128,685	121,365
- others	87,537	94,330	87,537	94,330
Others	1,845	4,287	1,845	4,287
	<u>1,147,106</u>	<u>1,198,462</u>	<u>1,146,750</u>	<u>1,198,052</u>

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

	Group and Bank	
	30 September 2017 RM'000	31 March 2017 RM'000
Individual allowance		
Balance at beginning of the financial year	240,793	251,303
Charge to statement of profit or loss, net	51,982	236,032
Amount written-off	(3,271)	(248,244)
Foreign exchange differences	(1,514)	1,702
Balance at end of the financial period/year	<u>287,990</u>	<u>240,793</u>

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

A11. LOANS AND ADVANCES (CONT'D.)

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Collective allowance				
Balance at beginning of the financial year	608,795	730,849	608,676	730,576
Charge to statement of profit or loss, net	67,157	178,539	67,204	178,694
Amount transfer from AmBank Islamic*	904	-	904	-
Amount written-off	(144,945)	(302,840)	(144,945)	(302,841)
Foreign exchange differences	(1,031)	2,247	(1,031)	2,247
Balance at end of the financial period/year**	<u>530,880</u>	<u>608,795</u>	<u>530,808</u>	<u>608,676</u>
Collective allowance (including regulatory reserve) as % of gross loans and advances (including RIA financing) less individual allowance	<u>1.30%</u>	<u>1.20%</u>	<u>1.30%</u>	<u>1.20%</u>

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

** As at 30 September 2017, the gross exposure and collective allowance relating to the RIA financing for the Group and the Bank amounted to RM2,136.0 million and RM1.7 million (31 March 2017: RM1,604.4 million and RM2.3 million) respectively.

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

A12. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

	Group and Bank	
	30 September 2017 RM'000	31 March 2017 RM'000
At amortised cost:		
Unquoted corporate bonds and sukuk in Malaysia	<u>1,148,616</u>	<u>1,172,157</u>

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

A13. OTHER ASSETS

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Other receivables, deposits and prepayments	310,536	500,868	296,841	487,127
Interest receivable	240,493	255,420	240,504	255,433
Amount due from originators	126,634	161,812	126,634	161,812
Amount due from related companies	117,753	28,958	113,349	24,558
Collateral pledged for derivative transactions	460,585	487,751	460,585	487,751
Foreclosed properties	40,983	40,943	40,675	40,636
Deferred charges	108,974	91,181	108,974	91,181
Tax recoverable *	204,959	382,511	195,659	370,683
	<u>1,610,917</u>	<u>1,949,444</u>	<u>1,583,221</u>	<u>1,919,181</u>
Less: Accumulated impairment losses	<u>(52,327)</u>	<u>(48,614)</u>	<u>(39,760)</u>	<u>(36,047)</u>
	<u>1,558,590</u>	<u>1,900,830</u>	<u>1,543,461</u>	<u>1,883,134</u>

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

The Bank was successful in its appeals for the majority of the tax matters under dispute and had received Notice of Reduced Assessment for year of assessment 2008 and 2009 from the IRB.

A14. ASSET HELD FOR SALE

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Proposed disposal of properties obtained from garnishee proceedings initiated by the Bank	-	2,091	-	2,091
	<u>-</u>	<u>2,091</u>	<u>-</u>	<u>2,091</u>

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

A15. DEPOSIT FROM CUSTOMERS

	Group		Bank	
	30 September 2017	31 March 2017 (Restated)	30 September 2017	31 March 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Demand deposits	9,776,883	10,154,966	9,782,010	10,157,583
Savings deposits	3,360,515	3,449,818	3,360,515	3,449,818
Term/Investment deposits	53,154,863	53,804,123	53,225,784	53,877,821
Negotiable instruments of deposits	-	257	-	257
	<u>66,292,261</u>	<u>67,409,164</u>	<u>66,368,309</u>	<u>67,485,479</u>

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

	Group		Bank	
	30 September 2017	31 March 2017 (Restated)	30 September 2017	31 March 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Government and other statutory bodies	1,720,058	2,648,964	1,720,058	2,648,964
Business enterprises	32,952,561	35,540,006	33,028,609	35,616,321
Individuals	27,125,526	24,828,308	27,125,526	24,828,308
Others	4,494,116	4,391,886	4,494,116	4,391,886
	<u>66,292,261</u>	<u>67,409,164</u>	<u>66,368,309</u>	<u>67,485,479</u>

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

	Group		Bank	
	30 September 2017	31 March 2017 (Restated)	30 September 2017	31 March 2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Due within six months	41,201,204	38,849,559	41,272,124	38,923,257
Over six months to one year	10,277,930	12,879,144	10,277,931	12,879,144
Over one year to three years	962,621	1,379,869	962,621	1,379,869
Over three years to five years	713,108	695,808	713,108	695,808
	<u>53,154,863</u>	<u>53,804,380</u>	<u>53,225,784</u>	<u>53,878,078</u>

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

A16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Licensed banks	1,810,155	299,994	1,810,155	299,994
Licensed investment banks	560,255	153,141	560,255	153,141
Other financial Institutions	815,127	492,061	918,410	594,340
Bank Negara Malaysia	22,893	25,262	22,893	25,262
	<u>3,208,430</u>	<u>970,458</u>	<u>3,311,713</u>	<u>1,072,737</u>

A17. OTHER LIABILITIES

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Other payables and accruals	946,327	1,184,260	934,804	1,174,307
Interest payable	649,698	655,372	649,758	655,399
Amount due to holding company, subsidiaries and other related companies	1	126,844	1,988	126,877
Collateral received for derivative transactions	190,983	196,769	190,983	196,769
Lease deposits and advance rentals	11,218	9,159	11,218	9,159
Provision for commitments and contingencies	53,268	62,585	53,301	62,620
Provision for taxation	53,391	139	53,151	20
	<u>1,904,886</u>	<u>2,235,128</u>	<u>1,895,203</u>	<u>2,225,151</u>

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

A18. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits and placements with financial institutions	25,059	21,112	43,876	45,437
Financial assets held-for-trading	59,297	21,871	114,407	45,727
Financial investments available-for-sale	52,512	68,298	112,048	143,743
Financial investments held-to-maturity	20,843	20,567	41,403	41,308
Loans and advances	846,160	791,807	1,662,307	1,594,482
Investment account	17,851	12,847	34,794	25,892
Impaired loans and advances	6,539	1,673	13,343	3,814
Others	20,939	10,308	42,365	26,062
	<u>1,049,200</u>	<u>948,483</u>	<u>2,064,543</u>	<u>1,926,465</u>
Bank				
Short-term funds and deposits and placements with financial institutions	23,648	18,338	40,845	41,059
Financial assets held-for-trading	59,297	21,871	114,407	45,727
Financial investments available-for-sale	53,095	69,103	113,260	145,405
Financial investments held-to-maturity	20,843	20,567	41,403	41,308
Loans and advances	844,357	789,689	1,658,591	1,590,232
Investment account	17,851	12,847	34,794	25,892
Impaired loans and advances	6,539	1,673	13,343	3,814
Others	20,939	10,308	42,365	26,062
	<u>1,046,569</u>	<u>944,396</u>	<u>2,059,008</u>	<u>1,919,499</u>

A19. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30 September 2017	30 September 2016 (Restated)	30 September 2017	30 September 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	499,800	458,143	967,728	923,533
Deposits and placements of banks and other financial institutions	25,445	8,332	45,648	18,686
Recourse obligation of loans sold to Cagamas Berhad	29,535	27,036	57,950	53,868
Term funding	35,490	46,682	73,296	96,996
Debt capital	50,681	44,125	100,810	87,742
Others	1,896	1,730	3,494	3,232
	<u>642,847</u>	<u>586,048</u>	<u>1,248,926</u>	<u>1,184,057</u>
Bank				
Deposits from customers	500,068	457,878	968,275	925,337
Deposits and placements of banks and other financial institutions	26,123	8,334	46,984	18,688
Recourse obligation of loans sold to Cagamas Berhad	29,535	27,036	57,950	53,868
Term funding	35,490	46,682	73,296	96,996
Debt capital	50,681	44,125	100,810	87,742
Others	1,896	1,730	3,494	3,232
	<u>643,793</u>	<u>585,785</u>	<u>1,250,809</u>	<u>1,185,863</u>

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

A20. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Fee and commission income:				
Bancassurance commission	10,290	7,027	15,701	12,930
Brokerage fees, commission and rebates	932	452	1,532	1,033
Card operation charges	-	-	-	3,821
Fees on loans, advances and securities	33,486	36,311	78,333	80,966
Fees, service and commission charges	8,009	7,816	17,702	15,398
Guarantee fees	14,943	15,552	31,217	30,389
Remittances	5,097	4,471	9,774	10,123
Other fee and commission	10,953	8,417	20,737	12,899
	<u>83,710</u>	<u>80,046</u>	<u>174,996</u>	<u>167,559</u>
Investment and trading income:				
Foreign exchange gain/(loss) *	12,474	5,248	18,364	(1,235)
Gross dividend income from:				
Financial assets held-for-trading	424	1	1,590	949
Financial investments available-for-sale	115	198	1,042	2,736
Net gain on sale/redemption of:				
Financial assets held-for-trading	6,485	89,945	25,615	105,656
Financial investments available-for-sale	52,364	18,035	58,950	21,626
Financial investments held-to-maturity	-	47	-	47
Net gain on revaluation of financial assets held-for-trading	19,524	1,143	25,713	4,224
Net (loss)/gain on derivatives	(20,048)	(10,968)	(25,609)	12,395
Gain on disposal of an associate	-	-	-	1,399
Others	524	4,967	4,509	11,029
	<u>71,862</u>	<u>108,616</u>	<u>110,174</u>	<u>158,826</u>
Other income:				
Net gain on disposal of property and equipment	1,042	39	3,229	58
Net non trading foreign exchange gain	224	37	434	741
Profit from sale of goods and services	3,054	5,343	2,563	13,848
Rental income	1,261	876	2,413	1,788
Others	1,790	1,981	12,065	4,129
	<u>7,371</u>	<u>8,276</u>	<u>20,704</u>	<u>20,564</u>
	<u>162,943</u>	<u>196,938</u>	<u>305,874</u>	<u>346,949</u>

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

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

A20. OTHER OPERATING INCOME (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Bank				
Fee and commission income:				
Bancassurance commission	10,289	7,027	15,700	12,923
Brokerage fees, commission and rebates	932	452	1,532	1,033
Card operation charges	-	-	-	3,821
Fees on loans, advances and securities	33,451	36,236	78,250	80,792
Fees, service and commission charges	8,005	7,866	17,708	15,517
Guarantee fees	14,943	15,552	31,217	30,389
Remittances	5,097	4,471	9,774	10,123
Other fee and commission	10,953	8,417	20,737	12,899
	<u>83,670</u>	<u>80,021</u>	<u>174,918</u>	<u>167,497</u>
Investment and trading income:				
Foreign exchange gain/(loss) *	12,474	5,248	18,364	(1,235)
Gross dividend income from:				
Financial assets held-for-trading	424	1	1,590	949
Financial investments available-for-sale	115	198	1,042	2,736
Subsidiary	47,444	-	47,444	-
Net gain on sale/redemption of:				
Financial assets held-for-trading	6,485	89,945	25,615	105,656
Financial investments available-for-sale	52,364	18,032	58,950	21,623
Financial investments held-to-maturity	-	47	-	47
Net gain on revaluation of financial assets held-for-trading	19,524	1,143	25,713	4,224
Net gain/(loss) on derivatives	(20,048)	(10,968)	(25,609)	12,395
Gain on disposal of an associate	-	-	-	2,179
Others	524	4,967	4,509	11,347
	<u>119,306</u>	<u>108,613</u>	<u>157,618</u>	<u>159,921</u>
Other income:				
Net gain on disposal of property and equipment	846	38	1,066	57
Net non trading foreign exchange gain	223	39	431	746
Profit from sale of goods and services	3,054	5,343	2,563	13,848
Rental income	1,165	758	2,201	1,550
Others	1,862	2,127	11,450	4,299
	<u>7,150</u>	<u>8,305</u>	<u>17,711</u>	<u>20,500</u>
	<u>210,126</u>	<u>196,939</u>	<u>350,247</u>	<u>347,918</u>

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

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

A21. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Personnel costs:				
Medical	9,434	1,974	16,102	6,110
Insurance	7,257	5,397	13,154	11,030
Contributions to Employees' Provident Fund/ Private Retirement Schemes ("PRS")	30,445	27,286	60,382	53,763
Salaries, bonuses, allowances and incentives	192,550	172,897	353,621	348,102
Share and options granted under ESS - charge/(writeback)	1,139	(13,177)	(7,706)	(13,391)
Social security costs	1,718	1,614	3,380	2,983
Recruitment costs	8,480	2,968	20,564	4,496
Training	2,188	621	4,909	1,941
Others	(136)	965	2,295	4,253
Expenses capitalised	(1,953)	-	(4,313)	-
	<u>251,122</u>	<u>200,545</u>	<u>462,388</u>	<u>419,287</u>
Establishment costs:				
Amortisation of intangible assets	17,230	20,424	37,424	40,083
Cleaning, maintenance and security	4,273	5,696	10,534	11,771
Computerisation cost	33,047	39,661	67,562	79,262
Depreciation of property and equipment	10,441	10,140	20,976	20,297
Rental of premises	20,445	21,150	41,333	42,423
Others	8,373	8,503	14,745	18,865
Expenses capitalised	(99)	-	(146)	(24)
	<u>93,710</u>	<u>105,574</u>	<u>192,428</u>	<u>212,677</u>
Marketing and communication expenses:				
Advertising and marketing	2,575	7,694	(2,021)	11,518
Commission	395	2,865	535	6,225
Communication	5,930	9,790	15,940	18,948
Others	1,266	1,516	3,069	3,334
	<u>10,166</u>	<u>21,865</u>	<u>17,523</u>	<u>40,025</u>
Administration and general expenses:				
Bank charges	1,691	1,683	3,849	3,216
Insurance	728	2,116	1,619	2,862
Professional services	19,744	18,148	40,747	33,239
Travelling	1,017	806	1,937	2,281
Subscriptions and periodicals	487	438	559	1,931
Others	33,383	17,476	68,652	34,272
	<u>57,050</u>	<u>40,667</u>	<u>117,363</u>	<u>77,801</u>
Service transfer pricing recovery - net	(92,889)	(92,821)	(184,805)	(181,009)
	<u>319,159</u>	<u>275,830</u>	<u>604,897</u>	<u>568,781</u>

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

A21. OTHER OPERATING EXPENSES (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Bank				
Personnel costs:				
Medical	9,428	1,970	16,089	6,105
Insurance	7,255	5,378	13,134	11,010
Contributions to Employees' Provident Fund/ PRS	30,567	27,265	60,488	53,742
Salaries, bonuses, allowances and incentives	193,310	172,769	354,284	347,048
Share and options granted under ESS - charge/(writeback)	1,139	(12,953)	(7,706)	(13,315)
Social security costs	1,717	1,611	3,378	2,979
Recruitment costs	8,480	2,968	20,564	4,496
Training	2,188	621	4,909	1,941
Others	(136)	964	2,292	4,256
Expenses capitalised	(1,953)	-	(4,313)	-
	<u>251,995</u>	<u>200,593</u>	<u>463,119</u>	<u>418,262</u>
Establishment costs:				
Amortisation of intangible assets	17,229	20,423	37,423	40,082
Cleaning, maintenance and security	4,070	5,476	10,166	11,443
Computerisation cost	33,047	39,660	67,562	79,262
Depreciation of property and equipment	10,294	10,016	20,696	20,049
Rental of premises	20,989	21,695	42,421	43,501
Others	8,258	8,360	14,478	18,541
Expenses capitalised	(99)	-	(146)	(24)
	<u>93,788</u>	<u>105,630</u>	<u>192,600</u>	<u>212,854</u>
Marketing and communication expenses:				
Advertising and marketing	2,575	7,694	(2,021)	11,518
Commission	395	2,864	535	6,224
Communication	5,926	9,789	15,934	18,947
Others	1,266	1,516	3,068	3,328
	<u>10,162</u>	<u>21,863</u>	<u>17,516</u>	<u>40,017</u>
Administration and general expenses:				
Bank Charges	1,692	1,682	3,849	3,215
Insurance	719	2,105	1,613	2,852
Professional services	19,655	18,043	40,563	33,057
Travelling	1,016	805	1,935	2,280
Subscriptions and periodicals	487	438	559	1,931
Others	33,549	17,373	68,639	34,073
	<u>57,118</u>	<u>40,446</u>	<u>117,158</u>	<u>77,408</u>
Service transfer pricing recovery - net	(92,887)	(92,820)	(184,813)	(181,021)
	<u>320,176</u>	<u>275,712</u>	<u>605,580</u>	<u>567,520</u>

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

A22. WRITEBACK OF ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Group				
Allowance/(Writeback of allowance) for impaired loans and advances:				
Individual allowance, net	45,045	(9,216)	51,982	(2,990)
Collective allowance, net	25,442	79,661	67,157	157,566
Impaired loans and advances recovered, net	(98,827)	(109,600)	(190,489)	(238,913)
	<u>(28,340)</u>	<u>(39,155)</u>	<u>(71,350)</u>	<u>(84,337)</u>
Bank				
Allowance/(Writeback of allowance) for impaired loans and advances:				
Individual allowance, net	45,045	(9,216)	51,982	(2,990)
Collective allowance, net	25,471	79,840	67,204	157,729
Impaired loans and advances recovered, net	(98,827)	(109,625)	(190,489)	(238,938)
	<u>(28,311)</u>	<u>(39,001)</u>	<u>(71,303)</u>	<u>(84,199)</u>

A23. IMPAIRMENT LOSS ON FINANCIAL INVESTMENTS

	Individual Quarter		Cumulative Quarter	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Group and Bank				
Financial investments available-for-sale	<u>6,422</u>	<u>-</u>	<u>6,422</u>	<u>-</u>

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

A24. EARNINGS PER SHARE ("EPS")

Basic

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

	Individual Quarter		Cumulative Quarter	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Group				
Net profit attributable to shareholder of the Bank (RM'000)	227,600	254,595	473,368	480,171
Number of ordinary shares at beginning of the financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic earnings per share (sen)	27.74	31.03	57.70	58.53
Bank				
Net profit attributable to shareholder of the Bank (RM'000)	273,247	251,338	513,654	480,834
Number of ordinary shares at beginning of the financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic earnings per share (sen)	33.31	30.64	62.61	58.61

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 a segment and to assess its performance.

The Group comprises the following main business segments:

(a) Retail Banking

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

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

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

(b) Wholesale Banking

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

(i) Corporate and Commercial Banking

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

(ii) Global Markets

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

(iii) Capital Markets and Private Banking

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

(c) Group Funding and Others

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

Note:

- (i) The revenue generated by a majority of the operating segments substantially comprise finance income. The Chief Operating Decision Maker relies primarily on the net finance income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.
- (ii) The comparatives have been restated to conform with current business realignment and restatement as per note A36.

Company No. 8515-D

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

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial period ended 30 September 2017	Wholesale Banking				Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Capital Markets and Private Banking RM'000		
External revenue	1,145,738	764,330	313,613	27,107	119,629	2,370,417
Revenue from other segments	(179,411)	(354,462)	311,245	(4,939)	227,567	-
Total operating revenue	966,327	409,868	624,858	22,168	347,196	2,370,417
Net interest income	408,027	276,652	22,221	8,868	99,849	815,617
Other operating income	153,772	80,077	76,070	6,533	(10,578)	305,874
Income	561,799	356,729	98,291	15,401	89,271	1,121,491
Other operating expenses	(344,411)	(131,219)	(34,312)	(5,849)	(89,106)	(604,897)
<i>of which:</i>						
<i>Depreciation of Property and Equipment</i>	(12,566)	(448)	(284)	(16)	(7,662)	(20,976)
<i>Amortisation of Intangible Assets</i>	(3,759)	(897)	(2,020)	-	(30,748)	(37,424)
Profit before impairment losses	217,388	225,510	63,979	9,552	165	516,594
Writeback of/(Allowance for) impairment losses on loans and advances	16,960	(7,043)	-	1,143	60,290	71,350
Allowance for impairment losses on other assets (Provision)/Writeback of provision for commitments and contingencies	(10,406)	(29)	-	-	(5,464)	(15,899)
Other recoveries	(394)	8,413	-	(67)	(1)	7,951
Profit before taxation	4	-	56	-	468	528
Taxation	223,552	226,851	64,035	10,628	55,458	580,524
Profit for the financial period	(53,656)	(54,172)	(14,174)	(1,300)	16,146	(107,156)
	169,896	172,679	49,861	9,328	71,604	473,368
Other information						
Total segment assets	38,820,514	26,567,598	10,569,788	1,311,808	13,839,474	91,109,182
Total segment liabilities	31,048,812	6,983,630	33,394,889	928,415	9,847,148	82,202,894
Cost to income ratio	61.3%	36.8%	34.9%	38.0%	99.8%	53.9%
Gross loans and advances	38,083,065	25,970,332	-	1,257,853	63,456	65,374,706
Net loans and advances	37,733,594	25,618,715	-	1,252,389	(48,862)	64,555,836
Impaired loans and advances	505,860	641,246	-	-	-	1,147,106
Total deposits	30,532,525	6,541,010	29,848,555	919,954	1,658,647	69,500,691
Additions to:						
Property and equipment	6,635	1,539	-	24	5,158	13,356
Intangible assets	13,280	3,634	-	75	32,209	49,198

Company No. 8515-D

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

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial period ended 30 September 2016 (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	Capital Markets and Private Banking RM'000		
External revenue	1,049,633	729,322	246,399	77,246	170,814	2,273,414
Revenue from other segments	(78,935)	(348,376)	292,735	(4,072)	138,648	-
Total operating revenue	970,698	380,946	539,134	73,174	309,462	2,273,414
Net interest income	395,703	252,873	27,369	9,752	56,711	742,408
Other operating income	110,664	75,128	90,137	53,985	15,636	345,550
Gain on disposal of associate Income	-	-	-	-	1,399	1,399
Other operating expenses	(328,594)	(88,707)	(39,470)	(4,246)	(107,764)	(568,781)
<i>of which:</i>						
<i>Depreciation of Property and Equipment</i>	(12,088)	(491)	(421)	(26)	(7,271)	(20,297)
<i>Amortisation of Intangible Assets</i>	(4,396)	(1,274)	(3,180)	(1)	(31,232)	(40,083)
Profit before impairment losses	177,773	239,294	78,036	59,491	(34,018)	520,576
Writeback of/(Allowance for) impairment losses on loans and advances	32,778	67,715	-	2,893	(19,049)	84,337
Allowance for impairment losses on other assets (Provision)/Writeback of provision for commitments and contingencies	(3)	(288)	-	-	(46)	(337)
Other recoveries	2,279	12,406	-	(1,734)	(6,779)	6,172
Other recoveries	2	12,068	-	-	501	12,571
Profit/(loss) before taxation	212,829	331,195	78,036	60,650	(59,391)	623,319
Taxation	(50,974)	(75,512)	(18,119)	(14,384)	15,841	(143,148)
Profit/(loss) for the financial period	161,855	255,683	59,917	46,266	(43,550)	480,171
Other information						
Total segment assets	34,883,174	25,327,687	6,600,771	1,364,712	14,318,050	82,494,394
Total segment liabilities	30,266,314	6,772,766	25,013,256	926,861	11,001,961	73,981,158
Cost to income ratio	64.9%	27.0%	33.6%	6.7%	146.1%	52.2%
Gross loans and advances	34,085,273	25,018,593	-	1,099,776	69,088	60,272,730
Net loans and advances	33,761,745	24,851,995	-	1,094,199	(248,314)	59,459,625
Impaired loans and advances	563,779	286,624	-	-	-	850,403
Total deposits	29,698,879	6,179,757	23,323,606	914,587	6,569	60,123,398
Additions to:						
Property and equipment	10,627	259	25	4	15,576	26,491
Intangible assets	11,892	5,711	3	47	32,869	50,522

Notes:

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

A26. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The Group registered a profit before taxation ("pre-tax profit") of RM580.5 million, representing a decrease of RM42.8 million or 6.9% compared to the pre-tax profit for the corresponding period last year.

For current financial period, the decrease in pre-tax profit was attributable to lower other operating income of RM41.1 million or 11.8%, higher other operating expenses of RM36.1 million or 6.4% and lower writeback of allowance for impairment on loans and advances of RM13.0 million or 15.4%.

The Group also had recorded a higher impairment loss on doubtful sundry receivables and financial investments of RM16.2 million and lower other recoveries of RM12.0 million.

This was partially mitigated by higher net interest income of RM73.2 million or 9.7% mainly from securities holding and loans and advances.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 16.4% and 15.7% respectively.

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

A27. 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 circa 5.5% on the back of improving global growth and solid domestic activities.

The headline inflation which averaged at 4.1% in first half of 2017 is poised to ease in the second half of 2017 ("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 5.0% in 2017.

In 2H2017, we expect the mild pressure on banks' net interest margin 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 & equity ratio standing at 83.4% and 73.2% respectively as at August 2017.

We anticipate the Overnight Policy Rate ("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 first quarter 2018 and second either in second half 2018 or first half 2019. The gross impaired loan ratio for banks is anticipated to be at similar levels in second half 2017. We expect an improvement in credit cost for the sector in 2017 compared to 2016.

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

Wholesale Banking's strategic priorities for FY2018 are:

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

A27. 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 the Bank 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 saving account, 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.

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

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

A28. VALUATION OF PROPERTY AND EQUIPMENT

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

A29. SIGNIFICANT EVENT

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

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

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

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

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

A30. 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 the Bank, had obtained the Capital Reduction Order from the High Court pursuant to Section 116 of the Companies Act 2016. On 26 October 2017, AmCard had returned paid-up share capital in excess of its needs which amounted to RM277.5 million to the Bank. 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 period 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 period.

A31. CHANGES IN THE COMPOSITION OF THE GROUP

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

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

A32. COMMITMENTS AND CONTINGENCIES

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

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

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Contingent Liabilities				
Direct credit substitutes	1,934,214	1,817,399	1,934,214	1,817,399
Transaction related contingent items	4,928,248	5,101,771	4,928,248	5,123,886
Short term self liquidating trade related contingencies	869,866	785,111	869,866	785,111
Obligations under on-going underwriting agreements	85,000	85,000	85,000	85,000
	<u>7,817,328</u>	<u>7,789,281</u>	<u>7,817,328</u>	<u>7,811,396</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	13,998,804	13,559,443	14,065,404	13,624,180
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,243,761	3,067,133	3,243,761	3,067,133
Unutilised credit card lines	3,463,624	2,847,424	3,463,624	2,847,424
Forward asset purchase	358,636	670,621	358,636	670,621
Others	-	-	50	50
	<u>21,064,825</u>	<u>20,144,621</u>	<u>21,131,475</u>	<u>20,209,408</u>
Derivative Financial Instruments				
Foreign exchange related contracts				
- One year or less	41,749,561	46,187,005	41,749,561	46,187,005
- Over one year to five years	2,479,425	1,828,562	2,479,425	1,828,562
- Over five years	1,663,355	2,140,212	1,663,355	2,140,212
Interest rate related contracts				
- One year or less	13,103,168	9,810,942	13,103,168	9,810,942
- Over one year to five years	28,481,870	30,835,847	28,481,870	30,835,847
- Over five years	10,427,633	9,598,780	10,427,633	9,598,780
Credit related contracts				
- Over one year to five years	351,675	361,251	351,675	361,251
Equity and commodity related contracts				
- One year or less	353,631	228,591	353,631	228,591
- Over one year to five years	279,128	83,396	279,128	83,396
	<u>98,889,446</u>	<u>101,074,586</u>	<u>98,889,446</u>	<u>101,074,586</u>
Total	<u>127,771,599</u>	<u>129,008,488</u>	<u>127,838,249</u>	<u>129,095,390</u>

A33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

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

About 0.5% and 0.9% (31 March 2017 : 0.6% of the Bank's) of the Group's of the Bank's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

A33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

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

	Group				Bank			
	Valuation technique			Total RM'000	Valuation technique			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
30 September 2017								
Assets measured at fair value								
Derivative financial assets	269	980,173	-	980,442	269	980,173	-	980,442
Financial assets held-for-trading								
- Money market securities	-	3,247,332	-	3,247,332	-	3,247,332	-	3,247,332
- Equities	355,686	-	-	355,686	355,686	-	-	355,686
- Quoted sukuk	38,368	-	-	38,368	38,368	-	-	38,368
- Unquoted corporate bonds and sukuk	-	555,033	-	555,033	-	555,033	-	555,033
Financial investments available-for-sale								
- Money market securities	-	897,465	-	897,465	-	897,465	-	897,465
- Equities	131,358	-	46,677	178,035	131,322	-	46,677	177,999
- Unquoted corporate bonds and sukuk	-	3,412,152	-	3,412,152	-	3,412,152	42,745	3,454,897
	<u>525,681</u>	<u>9,092,155</u>	<u>46,677</u>	<u>9,664,513</u>	<u>525,645</u>	<u>9,092,155</u>	<u>89,422</u>	<u>9,707,222</u>
Liabilities measured at fair value								
Derivative financial liabilities	3,587	1,050,683	-	1,054,270	3,587	1,050,683	-	1,054,270

A33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

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

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

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

A33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

Movements In Level 3 financial instruments measured at fair value

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

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale:				
Balance at beginning of the financial year	-	-	50,842	69,123
Addition during the financial period	46,677	-	46,677	-
Total gains recognised in profit or loss:				
- other comprehensive income	-	-	(208)	(267)
Settlements	-	-	(7,889)	(18,014)
Balance at end of the financial period/year	<u>46,677</u>	<u>-</u>	<u>89,422</u>	<u>50,842</u>

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

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale:				
Total gains included in other comprehensive income	<u>-</u>	<u>-</u>	<u>(208)</u>	<u>(267)</u>

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

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

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

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

A34. CAPITAL ADEQUACY

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

	Group		Bank	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
Before deducting proposed dividends				
Common Equity Tier 1 ("CET 1")				
Capital Ratio	11.635%	11.942%	11.014%	11.230%
Tier 1 Capital Ratio	12.881%	13.203%	12.247%	12.478%
Total Capital Ratio	16.637%	16.840%	15.963%	16.073%
After deducting proposed dividends				
Common Equity Tier 1 ("CET 1")				
Capital Ratio	11.388%	11.471%	10.770%	10.764%
Tier 1 Capital Ratio	12.634%	12.732%	12.002%	12.012%
Total Capital Ratio	16.390%	16.369%	15.718%	15.607%

Notes:

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

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

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

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

A34. CAPITAL ADEQUACY (CONT'D.)

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

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
CET 1 Capital				
Share Capital	1,763,208	1,763,208	1,763,208	1,763,208
Retained earnings	6,600,805	5,657,191	6,363,014	5,371,939
Available-for-sale deficit	(13,311)	(12,232)	(13,464)	(12,233)
Foreign currency translation reserve	100,572	127,243	95,205	119,797
Statutory reserve	-	980,969	-	980,969
Regulatory reserve	342,133	163,820	342,133	163,820
Merger reserve	104,149	104,149	-	-
Cash flow hedging reserve	1,494	3,010	1,494	3,010
Less: Regulatory adjustments applied on CET 1 Capital				
- Intangible assets	(414,237)	(406,506)	(414,235)	(406,504)
- Deferred tax assets	(36,434)	-	(36,224)	-
- Cash flow hedging reserve	(1,494)	(3,010)	(1,494)	(3,010)
- Regulatory reserve attributable to loans	(342,133)	(163,820)	(342,133)	(163,820)
- Investment in ordinary shares of unconsolidated financial entities	-	-	(6,790)	(6,808)
Total CET 1 Capital	8,104,752	8,214,022	7,750,714	7,810,368
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	867,550	867,550	867,550	867,550
Qualifying CET 1, Additional Tier 1 capital instruments held by third parties	2	2	-	-
Total Tier 1 Capital	8,972,304	9,081,574	8,618,264	8,677,918
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	900,000	900,000	900,000	900,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	983,900	983,900	983,900	983,900
Qualifying CET 1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
Collective allowance and regulatory reserve	732,348	618,235	732,334	618,212
Less : Regulatory adjustments applied on Tier 2 Capital	-	-	(1,698)	(1,702)
Total Tier 2 capital	2,616,249	2,502,136	2,614,536	2,500,410
Total Capital	11,588,553	11,583,710	11,232,800	11,178,328

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

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Credit RWA	63,276,063	62,303,235	64,018,587	63,094,846
Market RWA	2,227,429	2,231,862	2,227,056	2,231,439
Operational RWA	4,078,933	4,219,239	4,049,396	4,190,538
Large exposure risk RWA for equity holdings	73,553	30,573	73,553	30,573
Total RWA	69,655,978	68,784,909	70,368,592	69,547,396

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

A35. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group		Bank	
	30 September 2017 RM'000	31 March 2017 RM'000	30 September 2017 RM'000	31 March 2017 RM'000
Outstanding credit exposures with connected parties (RM'000)	1,467,441	1,821,388	1,593,927	1,883,287
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	1.90	2.38	2.07	2.46
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	0.95	0.01	0.87	0.01

The credit exposures above are based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A36. RESTATEMENT OF COMPARATIVE INFORMATION

Certain comparative figures were restated arising from BNM circular on Classification and Regulatory Treatment for Structured Products under the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act ("IFSA") 2013 as per Note A1.2b.

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

(i) Reconciliation of statement of financial position

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

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

A36. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)**(ii) Reconciliation of statement of profit or loss**

	As previously reported	Reclassification	As restated
	RM'000	RM'000	RM'000
Interest expense for cumulative quarter ended 30 September 2016			
Group			
Deposits from customers	927,087	(3,554)	923,533
Deposits and placements of banks and other financial institutions	20,152	(1,466)	18,686
Term funding	91,976	5,020	96,996
Bank			
Deposits from customers	928,891	(3,554)	925,337
Deposits and placements of banks and other financial institutions	20,154	(1,466)	18,688
Term funding	91,976	5,020	96,996
Interest expense for individual quarter ended 30 September 2016			
Group			
Deposits from customers	459,859	(1,716)	458,143
Deposits and placements of banks and other financial institutions	8,332	-	8,332
Term funding	44,966	1,716	46,682
Bank			
Deposits from customers	459,594	(1,716)	457,878
Deposits and placements of banks and other financial institutions	8,334	-	8,334
Term funding	44,966	1,716	46,682