

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

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2016**

	Note	Group		Company	
		30.09.16 RM'000	31.03.16 RM'000	30.09.16 RM'000	31.03.16 RM'000
<b>ASSETS</b>					
Cash and short-term funds		5,633,810	11,988,321	1,061	21,033
Deposits and placements with banks and other financial institutions		2,371,120	1,333,630	24,951	5,354
Derivative financial assets	A31	1,084,656	1,884,001	-	-
Financial assets held-for-trading	A8	5,812,042	4,920,618	-	-
Financial investments available-for-sale	A9	8,799,930	11,680,520	111,014	121,860
Financial investments held-to-maturity	A10	3,615,604	4,167,494	-	-
Loans, advances and financing	A11	86,067,769	86,513,254	-	-
Receivables: Investments not quoted in active markets		699,795	565,322	-	-
Statutory deposits with Bank Negara Malaysia	A12	2,731,422	2,590,145	-	-
Deferred tax assets		17,801	66,044	-	-
Investment in subsidiaries and other investments		-	-	9,507,225	9,507,225
Investment in associates and joint ventures		691,452	674,463	-	-
Other assets	A13	2,794,097	3,179,108	3,441	3,716
Reinsurance assets and other insurance receivables	A14	425,793	513,555	-	-
Property and equipment		248,265	292,787	300	377
Intangible assets		3,409,361	3,369,998	-	-
Assets held for sale	A29	20,934	24,740	-	-
<b>TOTAL ASSETS</b>		<b>124,423,851</b>	<b>133,764,000</b>	<b>9,647,992</b>	<b>9,659,565</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits and placements of banks and other financial institutions	A15	1,749,691	1,743,769	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,908,761	3,935,775	-	-
Derivative financial liabilities	A31	1,051,996	2,022,807	-	-
Deposits from customers	A16	83,241,978	90,358,576	-	-
Investment accounts of customers		21,766	18,411	-	-
Term funding		8,311,694	8,607,614	1,206,000	1,206,000
Debt capital		3,614,229	4,094,077	-	-
Redeemable cumulative convertible preference share		206,392	204,760	-	-
Deferred tax liabilities		194,245	83,050	-	-
Other liabilities	A17	2,933,266	3,809,943	25,126	37,259
Insurance contract liabilities and other insurance payables	A18	2,622,508	2,761,460	-	-
Liabilities directly associated with assets held for sale	A29	-	4,370	-	-
<b>Total Liabilities</b>		<b>107,856,526</b>	<b>117,644,612</b>	<b>1,231,126</b>	<b>1,243,259</b>
Share capital		3,014,185	3,014,185	3,014,185	3,014,185
Reserves		12,552,115	12,154,293	5,402,681	5,402,121
Equity attributable to equity holders of the Company		15,566,300	15,168,478	8,416,866	8,416,306
Non-controlling interests		1,001,025	950,910	-	-
<b>Total Equity</b>		<b>16,567,325</b>	<b>16,119,388</b>	<b>8,416,866</b>	<b>8,416,306</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>124,423,851</b>	<b>133,764,000</b>	<b>9,647,992</b>	<b>9,659,565</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A30	<b>117,837,157</b>	<b>125,037,110</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>5.16</b>	<b>5.03</b>	<b>2.79</b>	<b>2.79</b>

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016.

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

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Operating revenue	A25	2,099,746	2,088,141	4,162,679	4,197,244
Interest income	A19	972,983	1,035,787	1,978,954	2,051,992
Interest expense	A20	(599,680)	(604,016)	(1,213,319)	(1,196,685)
Net interest income		373,303	431,771	765,635	855,307
Net income from Islamic banking business		201,406	200,158	398,568	407,079
Income from insurance business		363,745	359,768	717,643	739,291
Insurance claims and commissions		(279,591)	(258,960)	(491,302)	(529,072)
Net income from insurance business	A21	84,154	100,808	226,341	210,219
Other operating income	A22	284,335	198,319	499,244	422,017
Share in results of associates and joint ventures		11,049	3,856	15,678	4,108
Net income		954,247	934,912	1,905,466	1,898,730
Other operating expenses	A23	(524,969)	(500,274)	(1,059,744)	(984,487)
Acquisition and business efficiency income/(expenses)		471	757	(301)	(2,345)
Operating profit		429,749	435,395	845,421	911,898
Writeback for impairment on loans, advances and financing	A24	36,962	63,595	73,205	52,872
Net impairment (loss)/writeback on:					
Financial investments		3,925	2,900	2,806	2,900
Doubtful sundry receivables-net		(1,870)	(578)	(2,077)	(1,063)
Foreclosed properties		(146)	(22)	(288)	(106)
Intangible assets		-	(659)	-	(659)
Writeback of provision for commitments and contingencies		689	59	19,898	18,183
Transfer to profit equalisation reserve		-	-	-	(1,406)
Recoveries of other receivables		2,847	287	12,571	754
Profit before taxation and zakat		472,156	500,977	951,536	983,373
Taxation and zakat	B5	(96,955)	(93,068)	(216,890)	(206,802)
<b>Profit for the period</b>		<b>375,201</b>	<b>407,909</b>	<b>734,646</b>	<b>776,571</b>
Attributable to:					
Equity holders of the Company		352,626	382,518	675,626	722,029
Non-controlling interests		22,575	25,391	59,020	54,542
<b>Profit for the period</b>		<b>375,201</b>	<b>407,909</b>	<b>734,646</b>	<b>776,571</b>
<b>EARNINGS PER SHARE (SEN)</b>	B11				
Basic		11.73	12.73	22.47	24.03
Fully diluted		11.73	12.73	22.47	24.03

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**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
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**UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Profit for the period	375,201	407,909	734,646	776,571
Other comprehensive income/(loss):				
<b>Items that may be reclassified to profit or loss</b>				
Translation of foreign operations	13,751	88,411	30,921	96,326
Net movement on cash flow hedge	(2,132)	13,532	(4,455)	20,281
Net movement on financial investments available-for-sale	51,852	(119,612)	47,830	(91,528)
Income tax effect	(9,981)	20,164	(16,194)	15,849
Other comprehensive income for the period, net of tax	53,490	2,495	58,102	40,928
Total comprehensive income for the period	428,691	410,404	792,748	817,499
Total comprehensive income for the period attributable to:				
Equity holders of the Company	405,851	385,570	734,878	764,248
Non-controlling interests	22,840	24,834	57,870	53,251
	428,691	410,404	792,748	817,499

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**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
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**UNAUDITED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Company	Note	Individual Quarter		Cumulative Quarter	
		30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Operating revenue		374,563	446,372	375,478	447,379
Interest income	A19	502	755	544	976
Interest expense	A20	(14,126)	(14,110)	(28,111)	(28,091)
Net interest expense		(13,624)	(13,355)	(27,567)	(27,115)
Other operating income	A22	374,061	445,617	374,934	446,403
Net income		360,437	432,262	347,367	419,288
Other operating expenses	A23	(6,148)	(11,596)	(10,311)	(21,754)
Profit before taxation		354,289	420,666	337,056	397,534
Taxation		(123)	(244)	(123)	(244)
<b>Profit for the period representing total comprehensive income for the period</b>		<b>354,166</b>	<b>420,422</b>	<b>336,933</b>	<b>397,290</b>

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**AMMB HOLDINGS BERHAD**  
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Attributable to Equity Holders of the Company													Non-controlling interests	Total equity
	Non-Distributable											Distributable			
	Ordinary share capital	Share premium	Statutory reserve	Regulatory reserve	Profit equalisation reserve	AFS reserve/ (deficit)	Cash flow hedging reserve/ (deficit)	Foreign currency translation reserve	Executives' share scheme reserve	Shares in trust for ESS	Retained Earnings		Total		
											Non-participating funds	RM'000			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>At 01.04.15</b>	3,014,185	2,537,372	1,938,849	2,800	3,904	21,822	(481)	68,456	69,993	(86,110)	54,175	6,830,180	14,455,145	1,052,279	15,507,424
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	722,029	722,029	54,542	776,571
Other comprehensive income/(loss), net	-	-	-	-	-	(69,531)	15,414	96,336	-	-	-	-	42,219	(1,291)	40,928
Total comprehensive income/(loss) for the period	-	-	-	-	-	(69,531)	15,414	96,336	-	-	-	722,029	764,248	53,251	817,499
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	-	-	-	-	-	-	(3,004)	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	1,458	-	-	-	1,458	-	1,458
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(29,674)	32,200	-	-	2,526	-	2,526
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(231)	(231)	(33)	(264)
Net utilisation of profit equalisation reserve	-	-	-	-	(3,904)	-	-	-	-	-	-	3,904	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	426	(426)	-	-	-
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,036)	(1,036)
Arising from disposal of equity interests in subsidiaries	-	-	-	-	-	(457)	-	21,328	-	-	-	(20,566)	305	(305)	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(461,170)	(461,170)	(122,500)	(583,670)
Transactions with owners and other equity movements	-	-	-	-	(3,904)	(457)	-	21,328	(28,216)	29,196	426	(478,489)	(460,116)	(123,874)	(583,990)
<b>At 30.09.15</b>	<b>3,014,185</b>	<b>2,537,372</b>	<b>1,938,849</b>	<b>2,800</b>	<b>-</b>	<b>(48,166)</b>	<b>14,933</b>	<b>186,120</b>	<b>41,777</b>	<b>(56,914)</b>	<b>54,601</b>	<b>7,073,720</b>	<b>14,759,277</b>	<b>981,656</b>	<b>15,740,933</b>

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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Attributable to Equity Holders of the Company												Non-controlling interests	Total equity
	Non-Distributable						Distributable							
	Ordinary share capital	Share premium	Statutory reserve	Regulatory reserve	AFS reserve	Cash flow hedging reserve	Foreign currency translation reserve	Executives' share scheme reserve	Shares held in trust for ESS	Retained Earnings		Total		
										Non-participating funds	RM'000			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>At 01.04.16</b>	3,014,185	2,537,372	1,938,849	2,800	8,635	3,636	84,299	49,738	(55,843)	45,715	7,539,092	15,168,478	950,910	16,119,388
Profit for the period	-	-	-	-	-	-	-	-	-	-	675,626	675,626	59,020	734,646
Other comprehensive income/(loss), net	-	-	-	-	31,902	(3,571)	30,921	-	-	-	-	59,252	(1,150)	58,102
Total comprehensive income/(loss) the period	-	-	-	-	31,902	(3,571)	30,921	-	-	-	675,626	734,878	57,870	792,748
Share-based payment under ESS, net	-	-	-	-	-	-	-	(20,586)	-	-	-	(20,586)	-	(20,586)
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	(7,135)	7,706	-	-	571	-	571
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	(552)	(552)	(14)	(566)
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	8,313	(8,313)	-	-	-
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,470)	(3,470)
Arising from disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,863)	(1,863)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(316,489)	(316,489)	(2,408)	(318,897)
Transactions with owners and other equity movements	-	-	-	-	-	-	-	(27,721)	7,706	8,313	(325,354)	(337,056)	(7,755)	(344,811)
<b>At 30.09.16</b>	<b>3,014,185</b>	<b>2,537,372</b>	<b>1,938,849</b>	<b>2,800</b>	<b>40,537</b>	<b>65</b>	<b>115,220</b>	<b>22,017</b>	<b>(48,137)</b>	<b>54,028</b>	<b>7,889,364</b>	<b>15,566,300</b>	<b>1,001,025</b>	<b>16,567,325</b>

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**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
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**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Company	Attributable to Equity Holders of the Company					
	Non-Distributable			Distributable		
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 01.04.15</b>	3,014,185	2,536,065	69,993	(86,110)	2,895,435	8,429,568
Profit for the period	-	-	-	-	397,290	397,290
Total comprehensive income for the period	-	-	-	-	397,290	397,290
Purchase of shares pursuant to ESS <sup>^</sup>	-	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	1,458	-	-	1,458
ESS shares vested to employees of subsidiaries	-	-	(29,674)	32,200	942	3,468
Dividends paid	-	-	-	-	(461,170)	(461,170)
Transactions with owners and other equity movements	-	-	(28,216)	29,196	(460,228)	(459,248)
<b>At 30.09.15</b>	<b>3,014,185</b>	<b>2,536,065</b>	<b>41,777</b>	<b>(56,914)</b>	<b>2,832,497</b>	<b>8,367,610</b>

Company	Attributable to Equity Holders of the Company					
	Non-Distributable			Distributable		
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 01.04.16</b>	3,014,185	2,536,065	49,738	(55,843)	2,872,161	8,416,306
Profit for the period	-	-	-	-	336,933	336,933
Total comprehensive income for the period	-	-	-	-	336,933	336,933
Share-based payment under ESS, net	-	-	(20,586)	-	-	(20,586)
ESS shares vested to employees of subsidiaries	-	-	(7,135)	7,706	131	702
Dividends paid	-	-	-	-	(316,489)	(316,489)
Transactions with owners and other equity movements	-	-	(27,721)	7,706	(316,358)	(336,373)
<b>At 30.09.16</b>	<b>3,014,185</b>	<b>2,536,065</b>	<b>22,017</b>	<b>(48,137)</b>	<b>2,892,736</b>	<b>8,416,866</b>

<sup>^</sup> Represents the purchase of 472,400 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.36 per share.

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016.

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

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

	Group		Company	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Profit before taxation and zakat	951,536	983,373	337,056	397,534
Add/(Less) adjustments for:				
Accretion of discount less amortisation of premium for securities	(59,204)	(68,893)	-	-
Allowance for losses on loans, advances and financing	225,690	269,514	-	-
Dividend income from investments	(21,170)	(18,772)	(26,549)	(446,253)
Net gain on revaluation of derivatives	(180,394)	(64,781)	-	-
Net (gain)/loss on revaluation of financial assets held-for-trading	(19,804)	37,613	-	-
Net gain on sale of financial investments available-for-sale	(29,199)	(17,192)	-	-
Net (gain)/loss on sale of financial assets held-for-trading	(110,913)	10,525	-	-
Other non-operating and non-cash items	174,735	39,383	87	80
Operating profit/(loss) before working capital changes	931,277	1,170,770	310,594	(48,639)
<i>Decrease/(Increase) in operating assets:</i>				
Securities purchased under resale agreements	-	(56,732)	-	-
Deposits and placements with banks and other financial institutions	648,626	296,670	-	-
Financial assets held-for-trading	(750,224)	361,543	-	-
Loans, advances and financing	219,796	633,726	-	-
Statutory deposits with Bank Negara Malaysia	(141,277)	196,606	-	-
Other assets	452,506	(1,731,518)	(19,758)	31,236
Reinsurance assets and other insurance receivables	86,730	(12,476)	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits and placements of banks and other financial institutions	5,922	937,027	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	(26,089)	(817,407)	-	-
Deposits from customers	(7,116,598)	(3,227,050)	-	-
Investment accounts of customers	3,355	-	-	-
Term funding	(474,899)	705,605	-	-
Other liabilities	(833,631)	1,768,680	(11,803)	(28,230)
Insurance contract liabilities and other insurance payables	(138,952)	41,111	-	-
Cash generated from/(used in) operations	(7,133,458)	266,555	279,033	(45,633)
Taxation and zakat paid, net	(118,715)	(857,538)	(304)	4,120
Net cash generated from/(used in) operating activities	(7,252,173)	(590,983)	278,729	(41,513)
<i>Cash flows from investing activities</i>				
Purchase of shares for ESS by the appointed trustee	-	(3,004)	-	(3,004)
Dividends received from investments	26,803	18,556	-	444,786
Net cash outflow from disposal of subsidiaries	(3,894)	(40,221)	-	-
Proceeds from disposal of property and equipment	445	7,092	-	-
Disposal/(Purchase) of financial investments - net	3,554,546	(1,843,553)	37,395	34,119
Purchase of property and equipment and intangible assets	(94,794)	(133,331)	(10)	(7)
(Purchase)/Sale of receivables: investments not quoted in active markets	(130,000)	16,922	-	-
Proceeds from disposal of asset held for sale (net)	29,394	-	-	-
Net cash generated from/(used in) investing activities	3,382,500	(1,977,539)	37,385	475,894



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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016 (CONT'D.)**

	<b>Group</b>		<b>Company</b>	
	<b>30.09.16</b>	<b>30.09.15</b>	<b>30.09.16</b>	<b>30.09.15</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Cash flows from financing activities</i>				
Dividends paid by Company to its shareholders	(316,489)	(461,170)	(316,489)	(461,170)
Dividends paid to non-controlling interests by subsidiaries	(2,408)	(122,500)	-	-
Redemption of shares in subsidiary by non-controlling interests	(3,470)	(1,036)	-	-
Repayment for Subordinated Sukuk	(480,000)	-	-	-
Net cash used in financing activities	<u>(802,367)</u>	<u>(584,706)</u>	<u>(316,489)</u>	<u>(461,170)</u>
Net decrease in cash and cash equivalents	(4,672,040)	(3,153,228)	(375)	(26,789)
Cash and cash equivalents at beginning of the financial year	12,625,221	13,629,676	26,387	37,595
Effect of exchange rate changes	276	(262)	-	-
Cash and cash equivalents at end of the financial period	<u>7,953,457</u>	<u>10,476,186</u>	<u>26,012</u>	<u>10,806</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>30.09.16</b>	<b>30.09.15</b>	<b>30.09.16</b>	<b>30.09.15</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	5,633,810	8,748,807	1,061	4,658
Deposits and placements with banks and other financial institutions	2,371,120	2,651,878	24,951	6,148
Less: Deposits with original maturity more than 3 months	(51,473)	(924,499)	-	-
Cash and cash equivalents	<u>7,953,457</u>	<u>10,476,186</u>	<u>26,012</u>	<u>10,806</u>

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016.

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

**EXPLANATORY NOTES :**

**A1. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia. These financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Company for the financial year ended 31 March 2016 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

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

**A1.1 Significant Accounting Policies**

The significant accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the most recent audited annual financial statements for the financial year ended 31 March 2016 except for the adoption of the following new standards and amendments to published standards which became effective for the first time for the Group and the Company on 1 April 2016:

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 127 Equity Method in Separate Financial Statements
- Amendments to MFRS 101 Disclosure Initiative
- Annual Improvements to MFRSs 2012-2014 Cycle

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

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

**Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments clarify the principle in MFRS 116 and MFRS 138 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The existing method of depreciation and amortisation applied by the Group and the Company comply with these requirements.

**Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations**

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operation which constitutes a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. These amendments do not result in any impact as the Group and the Company did not acquire any interest in joint operations during the six months ended 30 September 2016.

## **A1. BASIS OF PREPARATION (CONT'D.)**

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

#### **Amendments to MFRS 127 Equity Method in Separate Financial Statements**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Pursuant to Paragraph 9.4 of Bank Negara Malaysia's Policy Document on Financial Reporting, however, the Company is prohibited from measuring its investments in joint ventures and associates using the equity method in its separate financial statements. In addition, the Company has also elected not to change the basis of measurement for its investments in subsidiaries. Accordingly, the Company continues to measure its investments in subsidiaries, joint ventures and associates in its separate financial statements at cost.

#### **Amendments to MFRS 101 Disclosure Initiative**

The amendments introduce five narrow-focus improvements to the disclosure requirements and ensure that entities are able to apply professional judgement in determining the extent of information to be disclosed in the financial statements. The amendments also clarify the requirements for presenting an entity's share of items of other comprehensive income of associates and joint ventures, whereby they are required to be grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Since the amendments only affect disclosures, the adoption of these amendments did not have any financial impact on the Group and the Company.

#### **Annual Improvements to MFRSs 2012-2014 Cycle**

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below.

##### **(i) MFRS 5 Non-current Assets Held for Sale and Discontinued Operations**

The amendment clarifies that a reclassification of an asset directly from being held for sale to being held for distribution to owners (or vice versa) is not a change to the disposal plan and shall be treated as a continuation of the original plan, and the change in disposal method does not change the date of classification as held for sale or held for distribution to owners. This amendment does not result in any impact as there is no reclassification of asset between held for sale and held for distribution during the six months ended 30 September 2016.

##### **(ii) MFRS 7 Financial Instruments: Disclosures**

The amendment clarifies that a servicing contract may constitute continuing involvement in a derecognised financial asset, and an entity shall assess the nature of the arrangement and the fees to determine whether disclosures are required. The amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in condensed interim financial statements.

##### **(iii) MFRS 119 Employee Benefits**

The amendment clarifies that the depth of the market for high quality corporate bonds for the purpose of determining the rate used to discount post-employment benefit obligations shall be assessed based on the currency in which the obligation is denominated instead of the country where the obligation is located. The discount rate applied by the Group to discount post-employment benefit obligations complies with this requirement.

##### **(iv) MFRS 134 Interim Financial Reporting**

The amendment clarifies that the selected information other than significant events and transactions shall be disclosed either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statements that is available to users of the financial statements on the same terms as the interim financial statements and at the same time. These amendment does not result in any impact as such information of the Group and the Company are disclosed in the interim financial statements.

**A1. BASIS OF PREPARATION (CONT'D.)**

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

**Standards issued but not yet effective**

Description	Effective for financial year ending
- Amendments to MFRS 107 Disclosure Initiative	31 March 2018
- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	31 March 2018
- MFRS 15 Revenue from Contracts with Customers	31 March 2019
- MFRS 9 Financial Instruments	31 March 2019
- Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	31 March 2019
- MFRS 16 Leases	31 March 2020
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by MASB

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

**(a) Standards effective for financial year ending 31 March 2018**

**Amendments to MFRS 107 Disclosure Initiative**

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 balance sheet for liabilities arising from financing activities.

The amendments are effective for annual periods beginning on or after 1 January 2017 with early adoption permitted.

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

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 amendments are effective for annual periods beginning on or after 1 January 2017 with early adoption permitted. The amendments shall be applied retrospectively.

**(b) Standards effective for financial year ending 31 March 2019**

**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.

## A1. BASIS OF PREPARATION (CONT'D.)

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

#### (b) Standards effective for financial year ending 31 March 2019 (cont'd.)

##### **MFRS 9 Financial Instruments**

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

Due to the complexity of the requirements of MFRS 9, the extent of the financial effects of its adoption are still being assessed by the Group.

##### **Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions**

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

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

#### (c) Standards effective for financial year ending 31 March 2020

##### **MFRS 16 Leases**

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

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

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

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

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

MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted provided MFRS 15 is also applied.

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

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

The amendments clarify that:

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

**A1. BASIS OF PREPARATION (CONT'D.)**

**A1.2 Significant Accounting Judgements, Estimates and Assumptions**

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

In the process of applying the Group's and Company accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2016.

**A2. AUDIT QUALIFICATION**

There was no audit qualification in the annual financial statements for the financial year ended 31 March 2016.

**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

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

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

**A5. CHANGES IN ESTIMATES**

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 30 September 2016.

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

Repayment of debt securities by its wholly-owned subsidiaries:

- a) In the previous financial quarter, AmBank (M) Berhad repaid Senior Notes of RM325.0 million issued under its Senior Notes programme of up to RM7.0 billion on maturity date of 28 April 2016.
- b) During the financial quarter, AmBank Islamic Berhad early redeemed its Tier 2 Subordinated Sukuk Musharakah on its first call date with nominal value of RM480.0 million.

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

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

**A7. DIVIDENDS PAID**

During the financial period ended 30 September 2016, a final single tier dividend of 10.5% for the financial year ended 31 March 2016 amounting to approximately RM316,489,420 was paid on 9 September 2016 to shareholders whose names appear in the record of Depositors on 26 August 2016.

**A8. FINANCIAL ASSETS HELD-FOR-TRADING**

	<b>Group</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Instruments:</b>		
Malaysian Government Securities	410,621	287,528
Government Investment Issues	1,397,588	382,004
Foreign government Investment Certificates	22,350	-
Cagamas bonds	-	113,352
	<u>1,830,559</u>	<u>782,884</u>
<b>Quoted Securities:</b>		
In Malaysia:		
Shares	66,096	67,560
Unit trusts	111,344	131,961
Warrants	-	80
Private debt securities	38,885	38,962
Outside Malaysia:		
Shares	118,311	102,101
	<u>334,636</u>	<u>340,664</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Private debt securities	3,646,847	3,760,660
Outside Malaysia:		
Private debt securities	-	36,410
	<u>3,646,847</u>	<u>3,797,070</u>
<b>Total</b>	<u>5,812,042</u>	<u>4,920,618</u>

**A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group		Company	
	30.09.16 RM'000	31.03.16 RM'000	30.09.16 RM'000	31.03.16 RM'000
<b>At Fair Value</b>				
<b>Money Market Instruments:</b>				
Malaysian Government Securities	67,390	384,777	-	-
Government Investment Issues	915,729	1,048,494	-	-
Negotiable instruments of deposits	979,673	2,049,644	-	-
Islamic negotiable instruments of deposit	648,078	1,984,615	-	-
Islamic Treasury Bills	-	28,723	-	-
	<u>2,610,870</u>	<u>5,496,253</u>	<u>-</u>	<u>-</u>
<b>Quoted Securities:</b>				
In Malaysia:				
Shares	48,468	50,776	-	-
Unit trusts	1,062,203	1,041,844	111,014	121,860
Outside Malaysia:				
Shares	49	5,148	-	-
	<u>1,110,720</u>	<u>1,097,768</u>	<u>111,014</u>	<u>121,860</u>
<b>Unquoted Securities:</b>				
In Malaysia:				
Unit trusts	1,430	33,725	-	-
Private debt securities	4,761,515	4,620,364	-	-
Outside Malaysia:				
Private debt securities	215,717	312,739	-	-
	<u>4,978,662</u>	<u>4,966,828</u>	<u>-</u>	<u>-</u>
<b>At Cost</b>				
<b>Unquoted Securities:</b>				
In Malaysia:				
Shares	99,489	119,489	-	-
Outside Malaysia:				
Shares	189	182	-	-
	<u>99,678</u>	<u>119,671</u>	<u>-</u>	<u>-</u>
Total	<u>8,799,930</u>	<u>11,680,520</u>	<u>111,014</u>	<u>121,860</u>

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

As at 30 September 2016, 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 RM2,407,000 (31 March 2016: RM4,607,000).



**A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
<b>At Amortised Cost</b>		
<b>Money Market Instruments:</b>		
Foreign Treasury Bills	206,668	780,153
<b>Unquoted Securities:</b>		
In Malaysia:		
Private debt securities	3,411,944	3,390,349
	3,618,612	4,170,502
Less: Accumulated impairment losses	(3,008)	(3,008)
Total	<u>3,615,604</u>	<u>4,167,494</u>

**A11. LOANS, ADVANCES AND FINANCING**

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
<b>At Amortised Cost:</b>		
Loans, advances and financing:		
Term loans	22,787,688	23,516,466
Revolving credit	11,763,664	12,705,796
Housing loans/financing	19,742,968	17,834,206
Hire-purchase receivables	21,190,212	22,289,047
Credit card receivables	1,565,532	1,565,150
Overdraft	3,446,320	3,362,823
Claims on customers under acceptance credits	4,026,997	4,068,149
Trust receipts	1,449,373	1,266,807
Bills receivables	981,587	948,127
Staff loans	115,345	117,824
Others	189,505	217,878
Gross loans, advances and financing	<u>87,259,191</u>	<u>87,892,273</u>
Allowance for impairment on loans, advances and financing:		
Individual allowance	(139,044)	(317,269)
Collective allowance	(1,052,378)	(1,061,750)
	<u>(1,191,422)</u>	<u>(1,379,019)</u>
Net loans, advances and financing	<u>86,067,769</u>	<u>86,513,254</u>

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

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

	<b>Group</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic banking institutions	157,596	160,533
Domestic non-bank financial institutions	1,945,886	2,136,480
Domestic business enterprises:		
Small and medium enterprises	12,641,899	12,433,469
Others	23,933,651	25,353,208
Government and statutory bodies	922,147	937,533
Individuals	46,282,357	45,384,258
Other domestic entities	123,117	152,388
Foreign individuals and entities	1,252,538	1,334,404
	<u>87,259,191</u>	<u>87,892,273</u>

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

	<b>Group</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	86,747,985	87,257,253
Outside Malaysia	511,206	635,020
	<u>87,259,191</u>	<u>87,892,273</u>

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

	<b>Group</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:		
Housing loans/financing	552,143	581,597
Hire purchase receivables	19,559,481	20,842,691
Other loans/financing	9,088,512	9,312,703
	<u>29,200,136</u>	<u>30,736,991</u>
Variable rate:		
Base rate and lending/financing rate plus	31,717,847	29,915,438
Cost plus	23,231,220	24,467,953
Other variable rates	3,109,988	2,771,891
	<u>58,059,055</u>	<u>57,155,282</u>
	<u>87,259,191</u>	<u>87,892,273</u>

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

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

	Group	
	30.09.16 RM'000	31.03.16 RM'000
Agriculture	3,916,776	4,127,749
Mining and quarrying	2,868,792	2,994,710
Manufacturing	8,753,840	9,002,061
Electricity, gas and water	437,451	496,654
Construction	3,993,480	4,148,298
Wholesale and retail trade and hotels and restaurants	4,659,321	4,348,936
Transport, storage and communication	1,601,662	1,791,661
Finance and insurance	2,103,482	2,336,283
Real estate	8,200,764	8,761,700
Business activities	1,260,356	1,285,646
Education and health	1,954,604	2,102,987
Household of which:	47,003,569	46,062,330
Purchase of residential properties	19,496,739	17,636,684
Purchase of transport vehicles	20,238,931	21,231,382
Others	7,267,899	7,194,264
Others	505,094	433,258
	<u>87,259,191</u>	<u>87,892,273</u>

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

	Group	
	30.09.16 RM'000	31.03.16 RM'000
Maturing within one year	24,359,996	24,074,634
Over one year to three years	8,357,542	10,009,904
Over three years to five years	13,078,028	13,085,051
Over five years	41,463,625	40,722,684
	<u>87,259,191</u>	<u>87,892,273</u>

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

	Group	
	30.09.16 RM'000	31.03.16 RM'000
<b>Gross</b>		
Balance at beginning of the financial year	1,700,855	1,572,730
Impaired during the period	526,835	1,417,669
Reclassified as non-impaired	(73,495)	(75,246)
Recoveries	(289,772)	(549,849)
Amount written off	(443,490)	(664,449)
Foreign exchange differences	5,930	-
Balance at end of the financial period/year	<u>1,426,863</u>	<u>1,700,855</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.6%</u>	<u>1.9%</u>
Loan loss coverage	<u>83.5%</u>	<u>81.1%</u>

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

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
In Malaysia	1,321,884	1,599,569
Outside Malaysia	104,979	101,286
	1,426,863	1,700,855

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Agriculture	1,124	2,422
Mining and quarrying	94,878	88,437
Manufacturing	34,614	185,051
Electricity, gas and water	9,286	16,498
Construction	22,328	50,433
Wholesale and retail trade and hotels and restaurants	35,625	33,682
Transport, storage and communication	11,244	25,270
Finance and insurance	460	477
Real estate	511,025	571,936
Business activities	8,909	10,751
Education and health	7,487	7,043
Household of which:	679,133	701,960
Purchase of residential properties	328,604	326,824
Purchase of transport vehicles	232,394	268,258
Others	118,135	106,878
Others	10,750	6,895
	1,426,863	1,700,855

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
<b>Individual allowance</b>		
Balance at beginning of the financial year	317,269	235,823
Allowance made during the financial period/year, net	377	138,929
Amount written off	(179,102)	(57,483)
Foreign exchange differences	500	-
Balance at end of the financial period/year	139,044	317,269
<b>Collective allowance</b>		
Balance at beginning of the financial year	1,061,750	1,413,424
Allowance made during the financial period/year, net	225,313	264,121
Amount written off	(235,859)	(617,070)
Foreign exchange differences	1,174	1,275
Balance at end of the financial period/year	1,052,378	1,061,750
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	1.2%	1.2%

#### A12. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

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

#### A13. OTHER ASSETS

	Group		Company	
	30.09.16 RM'000	31.03.16 RM'000	30.09.16 RM'000	31.03.16 RM'000
Trade receivables	347,307	604,589	-	-
Other receivables, deposits and prepayments	716,434	662,685	2,654	2,873
Interest receivable	275,520	283,151	51	12
Fee receivable	35,268	36,114	-	-
Amount due from originators	406,495	432,594	-	-
Amount due from agents, brokers and reinsurers	47,201	26,443	-	-
Foreclosed properties	52,530	52,808	-	-
Tax recoverable (Note 1)	525,449	467,857	736	831
Collateral pledged for derivative transactions	445,337	670,715	-	-
	<u>2,851,541</u>	<u>3,236,956</u>	<u>3,441</u>	<u>3,716</u>
Allowance for impairment	(57,444)	(57,848)	-	-
	<u>2,794,097</u>	<u>3,179,108</u>	<u>3,441</u>	<u>3,716</u>

Amount due from originators represents housing loans and personal loans/financing acquired from originators for onward sale to Cagamas Berhad with recourse.

##### Note 1 (Group)

In financial year ended 31 March 2015, the Inland Revenue Board ("IRB") had issued notice of income tax assessments for the year of assessment 2008 and 2009 to AmBank. AmBank had appealed against the said notices by filing an application to the High Court for judicial review of the notice of assessment for the year of assessment 2008 and to the Special Commissioners of Income Tax for the notice of assessment for the year of assessment 2009. Included in the tax recoverable is the tax paid of approximately RM203,500,700 as the Group is of the opinion that it has strong grounds to succeed in its appeals. AmBank was successful in its appeals for the majority of the tax matters under dispute and had received Notice of Reduced Assessment for year of assessment 2008 from the IRB. For year of assessment 2009, the next case management scheduled is on 8 November 2016.

#### A14. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		30.09.16 RM'000	31.03.16 RM'000
Reinsurance assets from general insurance business		357,058	423,931
Other insurance receivables	(i)	68,735	89,624
		<u>425,793</u>	<u>513,555</u>
(i) Other insurance receivables			
Due premiums including agents/brokers and co-insurers balances		84,675	85,967
Amount owing by reinsurance and cedants		18,969	20,719
Reinsurance deposit		-	16,815
Allowance for impairment		(34,909)	(33,877)
		<u>68,735</u>	<u>89,624</u>

**A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	99,979	334,831
Bank Negara Malaysia	43,303	44,411
Other financial institutions	1,606,409	1,364,527
	<u>1,749,691</u>	<u>1,743,769</u>

**A16. DEPOSITS FROM CUSTOMERS**

	<b>Group</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	12,830,363	13,448,089
Savings deposits	5,429,038	5,268,017
Term/Investment deposits	64,982,325	71,635,826
Negotiable instruments of deposits	252	6,644
	<u>83,241,978</u>	<u>90,358,576</u>

The deposits are sourced from the following types of customers:

Government and statutory bodies	8,654,999	11,335,303
Business enterprises	36,001,318	40,455,179
Individuals	34,003,275	34,889,340
Others	4,582,386	3,678,754
	<u>83,241,978</u>	<u>90,358,576</u>

**A17. OTHER LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>30.09.16</b>	<b>31.03.16</b>	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade payables	375,758	698,583	-	-
Other payables and accruals	1,488,006	1,568,877	14,685	21,427
Interest payable on deposits and borrowings	837,163	933,303	7,274	6,878
Lease deposits and advance rental	10,177	10,146	-	-
Provision for commitments and contingencies	72,472	116,161	-	-
Amount due to subsidiaries	-	-	3,167	8,954
Provision for taxation	23,721	13,843	-	-
Collateral received for derivative transactions	125,969	469,030	-	-
	<u>2,933,266</u>	<u>3,809,943</u>	<u>25,126</u>	<u>37,259</u>

**A18. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES**

<b>Group</b>	<b>Note</b>	<b>30.09.16 RM'000</b>	<b>31.03.16 RM'000</b>
Insurance contract liabilities	(i)	2,549,788	2,643,896
Other insurance payables	(ii)	72,720	117,564
		<u>2,622,508</u>	<u>2,761,460</u>
 (i) Insurance contract liabilities			
		<b>30.09.16 Gross contract liabilities RM'000</b>	<b>Reinsurance assets RM'000</b>
General insurance business		2,549,788	(357,058)
		<u>2,549,788</u>	<u>2,192,730</u>
		<b>31.03.16 Gross contract liabilities RM'000</b>	<b>Reinsurance assets RM'000</b>
General insurance business		2,643,896	(423,931)
		<u>2,643,896</u>	<u>2,219,965</u>
 (ii) Other insurance payables			
		<b>30.09.16 RM'000</b>	<b>31.03.16 RM'000</b>
Amount due to agents and intermediaries		27,104	25,270
Amounts due to reinsurers and cedants		45,616	92,294
		<u>72,720</u>	<u>117,564</u>

**A19. INTEREST INCOME**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.09.16 RM'000</b>	<b>30.09.15 RM'000</b>	<b>30.09.16 RM'000</b>	<b>30.09.15 RM'000</b>
Short-term funds and deposits and placements with banks and other financial institutions	21,771	43,661	49,356	92,271
Financial assets held-for-trading	51,772	32,464	100,915	70,441
Financial investments available-for-sale	66,299	87,908	143,823	149,176
Financial investments held-to-maturity	24,968	24,782	50,119	49,220
Loans and advances	796,033	825,204	1,604,449	1,659,790
Impaired loans and advances	1,673	3,213	3,814	4,624
Others	10,467	18,555	26,478	26,470
	<u>972,983</u>	<u>1,035,787</u>	<u>1,978,954</u>	<u>2,051,992</u>
 <b>Company</b>				
Short-term funds and deposits and placements with banks and other financial institutions	502	755	544	976
	<u>502</u>	<u>755</u>	<u>544</u>	<u>976</u>

**A20. INTEREST EXPENSE**

	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits from customers	458,714	469,044	927,397	931,911
Deposit and placements of banks and other financial institutions	6,721	6,602	16,484	13,361
Senior notes	47,075	52,219	95,094	102,081
Credit-Linked Notes	2,320	4,019	5,802	7,988
Recourse obligation on loans sold to Cagamas Berhad	27,035	10,235	53,867	20,371
Term loans and revolving credit	9,528	8,222	18,859	15,488
Subordinated bonds	5,282	5,280	10,478	10,502
Medium term notes	17,416	17,416	34,642	34,642
Tier 1 capital securities	21,428	27,374	42,623	53,036
Others	4,161	3,605	8,073	7,305
	<u>599,680</u>	<u>604,016</u>	<u>1,213,319</u>	<u>1,196,685</u>
<b>Company</b>				
Senior notes	11,090	11,091	22,060	22,060
Term loans and revolving credit	3,036	3,019	6,051	6,031
	<u>14,126</u>	<u>14,110</u>	<u>28,111</u>	<u>28,091</u>



**A21. NET INCOME FROM INSURANCE BUSINESS**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		363,745	359,768	717,643	739,291
		<u>363,745</u>	<u>359,768</u>	<u>717,643</u>	<u>739,291</u>
Insurance claims and commissions:	(b)				
Insurance commission <sup>1</sup>		36,794	34,512	72,524	65,356
General insurance claims		242,797	224,448	418,778	463,716
		<u>279,591</u>	<u>258,960</u>	<u>491,302</u>	<u>529,072</u>
Total income from insurance business, net		<u>84,154</u>	<u>100,808</u>	<u>226,341</u>	<u>210,219</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		384,677	378,214	768,659	763,887
- change in unearned premium provision		3,347	13,307	12,398	43,605
		<u>388,024</u>	<u>391,521</u>	<u>781,057</u>	<u>807,492</u>
Premium ceded					
- insurance contract		(30,553)	(28,122)	(63,597)	(62,140)
- change in unearned premium provision		6,274	(3,631)	183	(6,061)
		<u>(24,279)</u>	<u>(31,753)</u>	<u>(63,414)</u>	<u>(68,201)</u>
		<u>363,745</u>	<u>359,768</u>	<u>717,643</u>	<u>739,291</u>
(b) Insurance claims					
- gross benefits and claims paid		276,547	220,283	575,240	430,515
- claims ceded to reinsurers		(61,217)	(30,195)	(141,807)	(45,825)
- change in contract liabilities - insurance contract		29,015	36,477	(81,713)	90,194
- change in contract liabilities ceded to reinsurers					
- insurance contract		(1,548)	(2,117)	67,058	(11,168)
		<u>242,797</u>	<u>224,448</u>	<u>418,778</u>	<u>463,716</u>

<sup>1</sup> Net of bancassurance commission paid/payable to subsidiaries of the Group of RM6,884,000 (30 September 2015: RM7,866,000) eliminated upon consolidation.

**A22. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Fee and commission income:				
Fees on loans and securities	34,594	33,847	84,628	72,909
Corporate advisory	1,455	5,708	4,105	8,790
Guarantee fees	15,577	13,408	30,445	27,085
Underwriting commission	-	472	3,067	2,274
Portfolio management fees	8,170	9,339	16,498	17,912
Unit trust management fees	22,828	24,781	44,772	50,278
Property trust management fees	1,806	1,521	3,626	3,018
Brokerage fees and commission	9,976	12,671	20,467	26,846
Bancassurance commission	1,398	2,930	6,046	6,695
Wealth management fees	9,212	6,538	17,031	12,691
Remittances	4,471	5,308	10,123	10,936
Fees, service and commission charges	7,424	7,909	14,557	15,443
Other fee and commission income	7,990	8,188	16,571	16,308
	<u>124,901</u>	<u>132,620</u>	<u>271,936</u>	<u>271,185</u>
Investment and trading income:				
Net gain/(loss) from sale of financial assets held-for-trading	89,088	(10,417)	105,693	(10,028)
Net gain/(loss) from sale of financial investments available-for-sale	21,249	(2,839)	26,973	18,045
Net gain on redemption of financial investments held-to-maturity	47	-	47	-
Net gain/(loss) on revaluation of financial assets held-for-trading	14,260	(57,014)	17,947	(35,421)
Net foreign exchange gain/(loss) <sup>1</sup>	5,822	9,237	392	54,969
Net (loss)/gain on derivatives	(10,987)	95,480	12,367	64,247
Gain/(Loss) on disposal of equity interests in subsidiaries <sup>2</sup>	(19)	10,412	1,662	8,754
Dividend income from:				
Financial assets held-for-trading	40	474	1,014	1,413
Financial investments available-for-sale	8,497	6,864	20,156	17,359
Others	4,974	(2,184)	5,397	(1,886)
	<u>132,971</u>	<u>50,013</u>	<u>191,648</u>	<u>117,452</u>
Other income:				
Net non-trading foreign exchange gain/(loss)	2,619	1,069	(1,629)	596
Net gain/(loss) on disposal of property and equipment <sup>3</sup>	11,895	(996)	11,881	(991)
Rental income	1,250	997	2,387	2,087
Profit from sale of goods and services	5,343	8,934	13,848	18,584
Others	5,356	5,682	9,173	13,104
	<u>26,463</u>	<u>15,686</u>	<u>35,660</u>	<u>33,380</u>
	<u>284,335</u>	<u>198,319</u>	<u>499,244</u>	<u>422,017</u>

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

<sup>2</sup> Current period gain of RM1.7 million arose from disposal of subsidiary, AmTrustee Berhad. In prior year, the net gain of RM8.7 million was mainly due to additional gain of RM9.0 million arising from adjustment to sales proceeds pursuant to the finalisation of completion audit in connection with disposal of subsidiary, AmFraser Securities Pte Ltd in financial year ended 31 March 2015 and net loss of RM0.3 million related to the disposal of PT. AmCapital Indonesia and its subsidiary.

<sup>3</sup> Included gain of RM11.9 million upon completion of disposal for properties and investment property classified as Assets held for sale as at 31 March 2016 (Note A29).

**A22. OTHER OPERATING INCOME (CONT'D.)**

Company	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Fee and commission income:				
Other fee and commission income	21	150	21	150
	<u>21</u>	<u>150</u>	<u>21</u>	<u>150</u>
Investment and trading income:				
Dividend income from:				
Subsidiaries	373,334	444,786	373,334	444,786
Financial investments available-for-sale	700	681	1,564	1,467
	<u>374,034</u>	<u>445,467</u>	<u>374,898</u>	<u>446,253</u>
Other income:				
Others	6	-	15	-
	<u>6</u>	<u>-</u>	<u>15</u>	<u>-</u>
	<u>374,061</u>	<u>445,617</u>	<u>374,934</u>	<u>446,403</u>

**A23. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Personnel costs:				
Salaries, allowances and bonuses	230,646	210,445	456,822	404,747
Share/options granted under ESS - charge/(writeback)	(19,651)	(2,028)	(20,111)	2,009
Contributions to EPF	36,656	33,136	72,836	64,893
Social security cost	2,050	1,632	3,796	3,262
Others	23,357	27,273	55,477	53,314
	<u>273,058</u>	<u>270,458</u>	<u>568,820</u>	<u>528,225</u>
Establishment costs:				
Depreciation of property and equipment	14,197	12,452	28,563	24,986
Amortisation of intangible assets	25,409	22,544	49,788	43,618
Computerisation costs	48,405	48,699	96,673	94,628
Rental of premises	27,567	25,817	55,517	52,253
Cleaning, maintenance and security	7,176	9,654	14,543	17,000
Others	9,395	10,036	21,163	20,599
	<u>132,149</u>	<u>129,202</u>	<u>266,247</u>	<u>253,084</u>
Marketing and communication expenses:				
Sales commission	4,698	3,221	8,392	5,175
Advertising, promotional and other marketing activities	19,987	14,008	33,567	26,239
Telephone charges	4,447	6,461	8,974	12,180
Postage	3,125	4,645	6,220	8,388
Travel and entertainment	4,135	3,869	7,989	7,502
Others	5,333	7,008	10,189	12,484
	<u>41,725</u>	<u>39,212</u>	<u>75,331</u>	<u>71,968</u>
Administration and general expenses:				
Professional services	30,960	21,503	55,086	57,630
Travelling	1,520	1,870	3,735	3,476
Others	45,557	38,029	90,525	70,104
	<u>78,037</u>	<u>61,402</u>	<u>149,346</u>	<u>131,210</u>
	<u>524,969</u>	<u>500,274</u>	<u>1,059,744</u>	<u>984,487</u>

**A23. OTHER OPERATING EXPENSES (CONT'D.)**

Company	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Personnel costs:				
Salaries, allowances and bonuses	3,652	4,807	6,714	8,091
Contributions to EPF	382	701	798	1,066
Social security cost	1	-	1	-
Others	187	94	349	288
	<u>4,222</u>	<u>5,602</u>	<u>7,862</u>	<u>9,445</u>
Establishment costs:				
Depreciation of property and equipment	44	42	87	80
Others	3	5	9	8
	<u>47</u>	<u>47</u>	<u>96</u>	<u>88</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	357	41	384	54
Telephone charges	12	3	37	6
Postage	-	19	-	20
Travel and entertainment	41	11	87	32
Others	157	141	157	141
	<u>567</u>	<u>215</u>	<u>665</u>	<u>253</u>
Administration and general expenses:				
Professional services	1,049	19	1,106	1,415
Travelling	110	15	130	15
Others	843	1,546	1,723	3,002
	<u>2,002</u>	<u>1,580</u>	<u>2,959</u>	<u>4,432</u>
Service transfer pricing (income from)/expense to related companies, net	(690)	4,152	(1,271)	7,536
	<u>6,148</u>	<u>11,596</u>	<u>10,311</u>	<u>21,754</u>

**A24. WRITEBACK FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Allowance/(writeback) for loans, advances and financing:				
Individual allowance, net	(14,930)	19,446	377	13,549
Collective allowance, net	116,399	112,906	225,313	255,965
Impaired loans, advances and financing:				
Recovered, net	(138,431)	(195,947)	(298,895)	(322,386)
	<u>(36,962)</u>	<u>(63,595)</u>	<u>(73,205)</u>	<u>(52,872)</u>

## A25. BUSINESS SEGMENT ANALYSIS

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

- (a) **Retail Banking**  
Retail Banking will focus on building emerging affluent and small business customers and the mass market. Retail Banking offers products and financial solutions which includes auto financing, mortgage and personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.
- (b) **Wholesale Banking**  
Wholesale Banking comprises Corporate and Commercial Banking, Markets, Investment Banking and Fund Management.
  - (i) Corporate and Commercial Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients;
  - (ii) Markets includes proprietary trading as well as providing full range of products and services relating to treasury activities, including foreign exchange, derivatives, and fixed income;
  - (iii) Investment Banking offers investment banking solutions and services, encompassing capital markets activities, equity derivatives, broking, private banking services, corporate advisory and fund raising services (equity and debt)
  - (iv) Fund Management comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.
- (c) **Insurance**  
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and takaful products namely wealth protection/ savings, health and medical protection and family takaful solutions provided through our joint venture operations.
- (d) **Group Funding and Others**  
Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

Notes to the business segment analysis:

- (i) The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except AmCapital (B) Sdn Bhd, AmSecurities (H.K.) Limited and AmTrade Services Limited, activities of which are principally conducted in Brunei and Hong Kong respectively. These activities are not significant in relation to the Group's activities in Malaysia.
- (ii) Certain comparative figures have been restated to conform with current period's presentation.

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.09.16	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
External revenue	1,440,315	1,103,040	293,354	160,095	61,246	836,324	268,305	4,162,679
Revenue from other segments	(145,764)	124,416	(137,506)	(15,464)	-	-	174,318	-
Total operating revenue	1,294,551	1,227,456	155,848	144,631	61,246	836,324	442,623	4,162,679
Net interest income	561,784	360,382	33,083	19,871	1,282	67,362	70,851	1,114,615
Other income	117,739	89,656	97,665	124,546	59,928	250,766	33,211	773,511
Gain on disposal of subsidiaries	-	-	-	-	-	-	1,662	1,662
Income	679,523	450,038	130,748	144,417	61,210	318,128	105,724	1,889,788
Share in results of associates and joint ventures	1,930	-	-	-	-	10,678	3,070	15,678
Other operating expenses	(463,787)	(128,897)	(39,349)	(66,966)	(35,174)	(170,387)	(155,485)	(1,060,045)
of which:								
<i>Depreciation of property and     equipment</i>	(12,126)	(786)	(434)	(796)	(177)	(6,609)	(7,700)	(28,628)
<i>Amortisation of intangible assets</i>	(8,996)	(1,270)	(3,220)	(457)	(649)	(4,532)	(31,039)	(50,163)
Profit/(Loss) before impairment losses	217,666	321,141	91,399	77,451	26,036	158,419	(46,691)	845,421
(Allowance)/Writeback for impairment losses on loan, advances and financing	13,263	81,601	-	3,404	-	127	(25,190)	73,205
(Allowance)/Writeback for impairment losses on other assets	(3)	(288)	-	1,371	-	(593)	(46)	441
(Allowance)/Writeback of provision for commitments and contingencies	1,937	13,672	-	(1,917)	-	-	6,206	19,898
Recoveries of other receivables	2	12,068	-	-	-	-	501	12,571
Profit/(Loss) before taxation and zakat	232,865	428,194	91,399	80,309	26,036	157,953	(65,220)	951,536
Taxation and zakat	(55,073)	(98,722)	(21,936)	(19,582)	(6,233)	(28,066)	12,722	(216,890)
Profit/(Loss) for the period	177,792	329,472	69,463	60,727	19,803	129,887	(52,498)	734,646
Other information								
Total segment assets	47,939,090	38,956,068	7,677,267	2,432,478	130,543	5,449,942	21,838,463	124,423,851
Total segment liabilities	40,927,944	46,267,353	1,725,706	618,545	18,953	3,400,902	14,897,123	107,856,526
Cost to income ratio	68.1%	28.6%	30.1%	46.4%	57.5%	51.8%	142.9%	55.6%
Gross loans, advances and financing	47,200,000	38,619,549	-	1,414,340	-	2,601	22,701	87,259,191
Net loans, advances and financing	46,740,178	38,355,641	-	1,405,682	-	2,491	(436,223)	86,067,769
Impaired loans, advances and financing	719,253	705,399	-	2,211	-	-	-	1,426,863
Total deposits	40,252,965	43,589,576	405,838	-	-	-	743,290	84,991,669
Additions to:								
Property and equipment	10,645	259	25	1,244	222	3,367	15,636	31,398
Intangible assets	11,892	5,711	47	388	95	12,188	33,075	63,396

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.09.15 (Restated)	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
External revenue	1,515,018	1,130,111	204,114	113,320	69,695	804,015	360,971	4,197,244
Revenue from other segments	(118,793)	178,023	(133,759)	(9,814)	-	-	84,343	-
Total operating revenue	1,396,225	1,308,134	70,355	103,506	69,695	804,015	445,314	4,197,244
Net interest income	633,011	412,569	20,337	19,899	1,192	66,150	79,551	1,232,709
Other income	138,355	79,624	32,308	74,368	68,503	194,449	65,552	653,159
Gain/(Loss) on disposal of subsidiaries	-	-	-	9,030	-	-	(276)	8,754
Income	771,366	492,193	52,645	103,297	69,695	260,599	144,827	1,894,622
Share in results of associates and joint ventures	2,445	-	-	-	-	(2,596)	4,259	4,108
Other operating expenses of which:	(443,069)	(108,191)	(36,174)	(67,352)	(36,237)	(140,222)	(155,587)	(986,832)
<i>Depreciation of property and     equipment</i>	(11,447)	(894)	(458)	(849)	(199)	(5,479)	(7,941)	(27,267)
<i>Amortisation of intangible assets</i>	(8,921)	(1,443)	(3,570)	(399)	(717)	(3,642)	(25,778)	(44,470)
Profit/(Loss) before impairment losses and provisions (Allowance)/Writeback for impairment losses on loan, advances and financing	330,742	384,002	16,471	35,945	33,458	117,781	(6,501)	911,898
(Allowance)/Writeback for impairment losses on other assets	(54,250)	74,349	-	630	-	-	32,143	52,872
(Allowance)/Writeback of provision for commitments and contingencies	(31)	(106)	(209)	(1,195)	-	(2,519)	5,132	1,072
Transfer to profit equalisation reserve	(3,156)	9,424	-	329	-	-	11,586	18,183
Recoveries of other receivables	-	-	-	-	-	-	(1,406)	(1,406)
Profit before taxation and zakat	-	-	-	-	-	-	754	754
Taxation and zakat	273,305	467,669	16,262	35,709	33,458	115,262	41,708	983,373
Profit for the period	(64,910)	(106,109)	(3,903)	(5,358)	(10,795)	(7,516)	(8,211)	(206,802)
Profit for the period	208,395	361,560	12,359	30,351	22,663	107,746	33,497	776,571
Other information								
Total segment assets	46,276,110	39,559,753	9,669,755	4,149,830	154,021	5,401,709	28,190,896	133,402,074
Total segment liabilities	42,263,872	50,928,633	6,065,219	644,981	31,642	3,420,256	14,306,538	117,661,141
Cost to income ratio	57.3%	22.0%	68.7%	65.2%	52.0%	54.3%	104.4%	52.0%
Gross loans, advances and financing	45,767,563	39,435,801	-	1,600,927	-	7,929	28,821	86,841,041
Net loans, advances and financing	45,154,363	38,948,910	-	1,594,111	-	7,380	(434,539)	85,270,225
Impaired loans, advances and financing	874,867	819,622	-	2,283	-	-	-	1,696,772
Total deposits	41,417,424	47,931,593	628,617	-	-	-	2,164,056	92,141,690
Additions to:								
Property and equipment	9,061	489	77	577	2,275	25,209	29,369	67,057
Intangible assets	6,494	1,210	95	860	130	9,673	47,812	66,274

## A26. VALUATION OF PROPERTY AND EQUIPMENT

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

## A27. EVENTS SUBSEQUENT TO REPORTING DATE

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

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

Changes in the composition of AmBank (M) Berhad ("AmBank") and its subsidiaries:

- (i) On 30 June 2016, AmBank had fully withdrawn its investment in a collective investment scheme, AmCash Premium. Accordingly, AmCash Premium is no longer consolidated as part of the Group.
- (ii) AmBank's wholly owned dormant subsidiary, Everflow Credit & Leasing Corporation Sdn Bhd had been dissolved by way of member's voluntary winding-up ("MVWU") pursuant to Section 254(1)(b) of the Companies Act, 1965 on 13 September 2016.

Other than as disclosed above and in Note B6, there were no material changes in the composition of the Group and the Company for the current financial quarter and period.

## A29. ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

		Group	
		30.09.16	31.03.16
		RM'000	RM'000
<u>Assets held for sale</u>			
Proposed disposal of property and equipment	Note (a)	19,906	11,647
Proposed disposal of investment property	Note (a)	-	7,713
Proposed disposal of AmTrustee	Note (b)	-	5,380
Proposed disposal of property obtained from garnishee proceedings	Note (c)	1,028	-
		20,934	24,740
<u>Liabilities directly associated with assets held for sale</u>			
Proposed disposal of AmTrustee	Note (b)	-	4,370
		-	4,370
Net assets held for sale		20,934	20,370

- (a) Proposed disposal of property and equipment and investment property

As at 31 March 2016, one of the Company's subsidiary, AmGeneral Insurance Berhad ("AmGeneral Insurance") had entered into Sale and Purchase agreements for the proposed disposal of certain property and equipment (3 units) and single unit of investment property. During the current financial quarter, the disposal for 2 units of property and single unit of investment property with total carrying value of approximately RM17.5 million as at 31 March 2016 was completed, which resulted in a gain on disposal of approximately RM11.9 million (Note A22). As at 30 September, 2016, AmGeneral Insurance had also entered into Sale and Purchase agreements for the proposed disposal of certain properties with carrying value (inclusive of incidental costs incurred to date for the proposed disposal) of RM18.0 million.

- (b) Proposed disposal of AmTrustee

As at 30 September 2016, the above disposal was completed as disclosed in Note B6.

- (c) Proposed disposal of property obtained from garnishee proceedings

This relates to properties obtained from garnishee proceedings initiated by AmBank. As at 30 September 2016, AmBank had received earnest deposit from the purchaser.



### A30. COMMITMENTS AND CONTINGENCIES

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

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

	<b>Group</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>Principal/ Notional Amount RM'000</b>	<b>Principal/ Notional Amount RM'000</b>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	16,465,627	14,691,791
over one year	5,125,893	4,703,052
Unutilised credit card lines	3,207,329	2,846,456
Forward asset purchases	630,350	866,986
	<u>25,429,199</u>	<u>23,108,285</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	2,398,898	2,267,415
Transaction related contingent items	5,763,935	5,047,478
Obligations under underwriting agreements	30,000	73,348
Short term self liquidating trade related contingencies	698,955	649,520
	<u>8,891,788</u>	<u>8,037,761</u>
<b>Derivative Financial Instruments</b>		
Interest/Profit rate related contracts:	46,960,966	47,352,541
One year or less	5,755,881	8,175,391
Over one year to five years	33,104,573	30,103,999
Over five years	8,100,512	9,073,151
Foreign exchange related contracts:	35,937,775	45,631,935
One year or less	32,990,341	42,525,684
Over one year to five years	1,042,343	1,125,881
Over five years	1,905,091	1,980,370
Credit related contracts:	347,520	673,394
One year or less	-	337,027
Over one year to five years	347,520	336,367
Equity and commodity related contracts:	269,909	233,194
One year or less	191,934	159,622
Over one year to five years	77,975	73,572
	<u>83,516,170</u>	<u>93,891,064</u>
	<u>117,837,157</u>	<u>125,037,110</u>

**A30. COMMITMENTS AND CONTINGENCIES (CONT'D.)**

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

- (a) The Company has given an unsecured guarantee amounting to RM150,000,000 (31 March 2016: RM150,000,000) on behalf of AmFutures Sdn Bhd ("AmFutures") for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc.

On 15 August 2016, the business of AmFutures was transferred to AmInvestment Bank Berhad pursuant to the Group's internal restructuring plans to achieve operational efficiencies.

- (b) Since the last financial year end until the reporting date, AmMetLife had received complaints from 48 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. The Company and MetLife are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

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

**A31. DERIVATIVE FINANCIAL ASSETS/LIABILITIES**

Group	30.09.16			31.03.16		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>						
Interest/Profit rate related contracts:	40,755,966	338,609	382,857	41,047,541	276,216	288,903
- One year or less	4,975,881	2,516	3,576	7,825,391	3,517	2,438
- Over one year to three years	14,726,818	56,304	56,119	14,806,859	45,475	45,109
- Over three years	21,053,267	279,789	323,162	18,415,291	227,224	241,356
Foreign exchange related contracts:	35,937,775	677,777	596,086	45,631,935	1,544,842	1,674,274
- One year or less	32,990,341	300,454	256,370	42,525,684	1,224,960	1,399,483
- Over one year to three years	377,074	3,829	34,299	459,391	9,692	10,746
- Over three years	2,570,360	373,494	305,417	2,646,860	310,190	264,045
Credit related derivative contracts:	347,520	13,401	3,247	673,394	19,978	9,679
- One year or less	-	-	-	337,027	485	176
- Over three years	347,520	13,401	3,247	336,367	19,493	9,503
Equity and commodity related contracts:	269,909	1,077	144	233,194	3,014	2,959
- One year or less	191,934	933	-	159,622	1,881	1,826
- Over one year to three years	77,975	144	144	-	-	-
- Over three years	-	-	-	73,572	1,133	1,133
	<b>77,311,170</b>	<b>1,030,864</b>	<b>982,334</b>	<b>87,586,064</b>	<b>1,844,050</b>	<b>1,975,815</b>
<b>Hedging derivatives</b>						
Interest rate related contracts -						
Interest rate swaps:						
Cash flow hedge	5,855,000	53,792	53,910	5,955,000	39,951	35,705
- One year or less	780,000	-	1,620	350,000	222	304
- Over one year to three years	2,305,000	12,596	9,570	2,435,000	6,129	3,762
- Over three years	2,770,000	41,196	42,720	3,170,000	33,600	31,639
Fair value hedge	350,000	-	15,752	350,000	-	11,287
- Over three years	350,000	-	15,752	350,000	-	11,287
Total	<b>83,516,170</b>	<b>1,084,656</b>	<b>1,051,996</b>	<b>93,891,064</b>	<b>1,884,001</b>	<b>2,022,807</b>

**Purpose of engaging in financial derivatives**

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

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

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

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

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

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

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

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

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

#### **Risk associated with financial derivatives**

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

#### **Market risk of derivatives used for trading purposes**

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

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

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

#### General disclosure for derivatives and counterparty credit risk

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

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

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

#### Liquidity risk of derivatives

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

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

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

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

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

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

#### Derivative Financial Instruments and Hedge Accounting

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

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

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

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

#### (i) Fair value hedge

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

#### (ii) Cash flow hedge

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

### A32. FAIR VALUES OF FINANCIAL INSTRUMENTS

#### Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

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

#### Group

30.09.16	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	246	1,084,410	-	1,084,656
Financial assets held-for-trading				
- Money market securities	-	1,830,559	-	1,830,559
- Equities	293,805	-	-	293,805
- Quoted private debt securities	38,885	-	-	38,885
- Unquoted private debt securities	-	3,646,847	-	3,646,847
Financial investments available-for-sale				
- Money market securities	-	2,610,870	-	2,610,870
- Equities	1,110,720	1,430	-	1,112,150
- Unquoted private debt securities	-	4,977,232	-	4,977,232
	<u>1,443,656</u>	<u>14,151,348</u>	<u>-</u>	<u>15,595,004</u>
Derivative financial liabilities	<u>2,215</u>	<u>1,049,781</u>	<u>-</u>	<u>1,051,996</u>

**A32. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)**

<b>30.09.16</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Company</b>				
Financial investments available-for-sale				
- Equities	111,014	-	-	111,014
	<u>111,014</u>	<u>-</u>	<u>-</u>	<u>111,014</u>

**31.03.16**

<b>Group</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
Derivative financial assets	33	1,883,968	-	1,884,001
Financial assets held-for-trading				
- Money market securities	-	782,884	-	782,884
- Equities	301,702	-	-	301,702
- Quoted private debt securities	38,962	-	-	38,962
- Unquoted private debt securities	-	3,797,070	-	3,797,070
Financial investments available-for-sale				
- Money market securities	-	5,496,253	-	5,496,253
- Equities	1,097,768	33,725	-	1,131,493
- Unquoted private debt securities	-	4,933,103	-	4,933,103
	<u>1,438,465</u>	<u>16,927,003</u>	<u>-</u>	<u>18,365,468</u>
Derivative financial liabilities	1,992	2,020,815	-	2,022,807

**Company**

Financial investments available-for-sale				
- Equities	121,860	-	-	121,860
	<u>121,860</u>	<u>-</u>	<u>-</u>	<u>121,860</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:

	<b>Group</b>	
	<b>30.09.16 RM'000</b>	<b>31.03.16 RM'000</b>
<b>Financial investments available-for-sale:</b>		
Total gains included in:		
- impairment writeback	-	10,956
- other comprehensive income	-	-
	<u>-</u>	<u>-</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 Company.

**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.



**A32. FAIR VALUES 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 at the reporting date.

	<b>Financial investments available -for-sale</b>	<b>Financial investments available -for-sale</b>
	<b>Group</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	-	-
Total gains recognised in profit or loss:		
- other operating income	-	1,235
- impairment writeback	-	10,956
Settlements	-	(12,191)
Balance at end of financial period/year	<u>-</u>	<u>-</u>

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

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.

### A33. CAPITAL ADEQUACY

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

	<b>30.09.16</b>			
	<b>AmBank</b>	<b>AmBank Islamic</b>	<b>AmInvestment Bank</b>	<b>Group *</b>
Before deducting proposed dividends:				
CET1 Capital ratio	11.482%	10.547%	33.169%	12.068%
Tier 1 Capital ratio	12.946%	10.547%	33.169%	13.113%
Total Capital ratio	16.196%	15.072%	33.169%	16.699%
After deducting proposed dividends:				
CET1 Capital ratio	11.227%	10.547%	33.005%	11.883%
Tier 1 Capital ratio	12.690%	10.547%	33.005%	12.928%
Total Capital ratio	15.940%	15.072%	33.005%	16.514%
<b>31.03.16</b>				
	<b>AmBank</b>	<b>AmBank Islamic</b>	<b>AmInvestment Bank</b>	<b>Group *</b>
	<b>(Restated) Note (4)(a)</b>		<b>(Restated) Note (4)(b)</b>	<b>(Restated) Note (4)(c)</b>
Before deducting proposed dividends:				
CET1 Capital ratio	11.108%	9.846%	34.341%	11.605%
Tier 1 Capital ratio	12.580%	9.846%	34.341%	12.640%
Total Capital ratio	15.792%	15.320%	34.341%	16.467%
After deducting proposed dividends:				
CET1 Capital ratio	10.667%	9.846%	32.026%	11.259%
Tier 1 Capital ratio	12.139%	9.846%	32.026%	12.294%
Total Capital ratio	15.351%	15.320%	32.026%	16.121%

Notes:

- (1) Group\* figures presented in this Report represent an **aggregation** of the capital positions and risk weighted assets ("RWA") of our three regulated banking institutions (consolidated for AmBank (M) Berhad ("AmBank") and AmInvestment Bank Berhad ("AmInvestment Bank")). The positions of each entity and group (where applicable) are published at [www.ambankgroup.com](http://www.ambankgroup.com).
- (2) The Group has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.
- (3) With effect from 1 January 2016, pursuant to BNM's guidelines on Capital Adequacy Framework for Banks (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guidelines are at 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:
  - (a) a Capital Conservation Buffer ("CCB") of 2.5%; and
  - (b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institution has credit exposures.

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

	<b>CCB</b>
Calendar year 2016	0.625%
Calendar year 2017	1.25%
Calendar year 2018	1.875%
Calendar year 2019 onwards	2.5%

The Company being a financial holding company ("FHC") will be required to comply with the above BNM's guideline issued on 13 October 2015 on minimum capital adequacy ratios at the consolidated level for FHC effective 1 January 2019.

### A33. CAPITAL ADEQUACY (CONT'D.)

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

(4) The restated comparative capital adequacy ratios were due to the effect of the pooling of interests method arising from :

- a) the transfer of card operations to AmBank from its wholly-owned subsidiary, AmCard Services Berhad.
- b) the transfer of future broking business from AmFuture Sdn Bhd ("AmFuture") to AmInvestment Bank during the current financial period. AmFuture is a wholly owned subsidiary of AmInvestment Bank.
- c) acquisition of 100% equity interest in AmFunds Management Berhad ("AFMB"), and AmIslamic Funds Management Sdn Bhd ("AIFM") by AmInvestment Bank from a related company, AmInvestment Group Berhad. AmInvestment Bank, AmFuture, AFMB and AIFM are all under common control. Accordingly the abovementioned transfer of business and acquisition had been accounted for via the pooling of interests method.

Under the pooling of interests method, the results and financial position of the abovementioned transfer of business and acquisition are included in the financial statements of AmInvestment Bank as it the merger had been effected prior to and throughout the current financial period.

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

	30.09.16			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
	RM'000	RM'000	RM'000	RM'000
<b><u>CET1 Capital</u></b>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	5,246,699	1,091,562	70,395	6,668,578
Available-for-sale reserve	54,041	9,595	-	63,085
Foreign exchange translation reserve	86,765	-	-	93,836
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	186,264
Cash flow hedging reserve	65	-	-	65
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(370,501)	(202)	(2,463)	(375,337)
Deferred tax assets	-	-	(4,668)	(6,812)
Cash flow hedging reserve	(65)	-	-	(65)
55% of cumulative gains of AFS financial instruments	(29,723)	(5,277)	-	(34,696)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in capital instruments of unconsolidated financial and insurance entities	(5,106)	-	(38,206)	-
Deduction in excess of Tier 2 capital**	-	-	(21,793)	-
<b>CET1 Capital</b>	<b>7,726,352</b>	<b>2,766,130</b>	<b>403,265</b>	<b>11,375,920</b>
<b><u>Additional Tier 1 Capital</u></b>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	985,000	-	-	985,000
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	-	-	-	5
<b>Tier 1 Capital</b>	<b>8,711,352</b>	<b>2,766,130</b>	<b>403,265</b>	<b>12,360,925</b>
<b><u>Tier 2 Capital</u></b>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	600,000	-	1,000,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,180,680	320,000	-	1,500,680
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	609,413	266,712	3,678	879,825
Less: Regulatory adjustments applied on Tier 2 Capital	(3,404)	-	(3,678)	-
<b>Tier 2 Capital</b>	<b>2,186,689</b>	<b>1,186,712</b>	<b>-</b>	<b>3,380,506</b>
<b>Total Capital</b>	<b>10,898,041</b>	<b>3,952,842</b>	<b>403,265</b>	<b>15,741,431</b>

**A33. CAPITAL ADEQUACY (CONT'D.)**

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

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

	30.09.16			Group *
	AmBank Islamic RM'000	AmInvestment Bank RM'000	RM'000	
Credit RWA	60,602,425	25,628,383	902,329	86,349,601
Less: Credit RWA absorbed by Restricted Investment Account	-	(1,003,656)	-	(1,003,656)
<b>Total Credit RWA</b>	<b>60,602,425</b>	<b>24,624,727</b>	<b>902,329</b>	<b>85,345,945</b>
Market RWA	2,250,775	130,857	17,814	2,416,344
Operational RWA	4,434,991	1,470,038	295,635	6,501,605
<b>Total Risk Weighted Assets</b>	<b>67,288,191</b>	<b>26,225,622</b>	<b>1,215,778</b>	<b>94,263,894</b>

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

	31.03.16			Group *
	AmBank (Restated) RM'000	AmInvestment Islamic RM'000	Bank (Restated) RM'000	
<b><u>CET1 Capital</u></b>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	5,080,500	982,055	99,023	6,421,500
Available-for-sale reserve/(deficit)	11,951	(1,589)	-	10,162
Foreign exchange translation reserve	61,296	-	-	65,471
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Capital reserve	-	-	-	2,815
Merger reserve	30,043	-	22,622	253,788
Cash flow hedging reserve	3,635	-	-	3,635
Qualifying non-controlling interests	-	-	-	2
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(350,750)	(14)	(2,582)	(356,071)
Deferred tax assets	(115,179)	-	(4,899)	(123,697)
Cash flow hedging reserve	(3,635)	-	-	(3,635)
55% of cumulative gains of AFS financial instruments	(6,573)	-	-	(6,463)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in capital instruments of unconsolidated financial and insurance entities	(23,106)	-	(8,321)	-
Deduction in excess of Tier 2 Capital**	-	-	(1,477)	-
<b>CET1 Capital</b>	<b>7,432,359</b>	<b>2,650,904</b>	<b>504,366</b>	<b>11,045,694</b>
<b><u>Additional Tier 1 Capital</u></b>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	985,000	-	-	985,000
<b>Tier 1 Capital</b>	<b>8,417,359</b>	<b>2,650,904</b>	<b>504,366</b>	<b>12,030,694</b>

**A33. CAPITAL ADEQUACY (CONT'D.)**

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

	31.03.16			
	AmBank (Restated)	AmBank Islamic	AmInvestment Bank (Restated)	Group *
	RM'000	RM'000	RM'000	(Restated) RM'000
<b>Tier 2 Capital</b>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	600,000	-	1,000,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,180,680	600,000	-	1,780,680
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	583,675	273,963	4,072	861,734
Less: Regulatory adjustments applied on Tier 2 capital	(15,404)	-	(4,072)	-
<b>Tier 2 Capital</b>	<b>2,148,951</b>	<b>1,473,963</b>	<b>-</b>	<b>3,642,415</b>
<b>Total Capital</b>	<b>10,566,310</b>	<b>4,124,867</b>	<b>504,366</b>	<b>15,673,109</b>

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

Credit RWA	60,047,250	26,112,657	1,123,172	86,496,390
Less: Credit RWA absorbed by Restricted Investment Account	-	(1,003,979)	-	(1,003,979)
Total Credit RWA	60,047,250	25,108,678	1,123,172	85,492,411
Market RWA	2,231,172	296,231	35,866	2,579,935
Operational RWA	4,629,614	1,519,148	309,658	7,108,472
<b>Total Risk Weighted Assets</b>	<b>66,908,036</b>	<b>26,924,057</b>	<b>1,468,696</b>	<b>95,180,818</b>

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

**A34. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES**

	Group	
	30.09.16	31.03.16
Outstanding credit exposures with connected parties (RM'000)	4,221,239	2,698,316
Percentage of outstanding credit exposures to connected parties (%)		
- as a proportion of total credit exposures	4.10	2.61
- which is non-performing or in default	0.00	0.10

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

**A35. INSURANCE BUSINESS**

**AmGeneral Holdings Berhad and its subsidiary**

**(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

	General insurance fund		Shareholders' fund and Others		Total	
	30.09.16 RM'000	31.03.16 RM'000	30.09.16 RM'000	31.03.16 RM'000	30.09.16* RM'000	31.03.16* RM'000
<b>ASSETS</b>						
Cash and short-term funds	102,155	273,201	313,815	347,891	415,970	621,093
Deposits and placements with banks and other financial institutions	11,435	10,098	434,550	224,503	445,985	234,602
Financial assets held-for-trading	2,301,950	2,886,136	3,358,826	2,873,953	2,853,252	2,873,953
Financial investments available-for-sale	5,028	37,354	844,718	554,058	52,012	85,356
Loans and advances	2,491	5,065	-	-	2,491	5,065
Deferred tax assets	11,390	21,326	-	-	11,390	21,326
Investment in subsidiary	-	-	2,108,733	2,108,733	-	-
Other assets	570,598	157,816	48,305	470,923	237,135	194,247
Reinsurance assets and other insurance receivables	425,793	513,555	-	-	425,793	513,555
Property and equipment	62,128	98,992	3,672	4,607	65,800	103,599
Intangible assets	54,814	28,323	76,944	78,960	910,684	886,210
Assets held for sale	18,876	18,398	1,029	961	19,906	19,359
<b>TOTAL ASSETS</b>	<b>3,566,658</b>	<b>4,050,264</b>	<b>7,190,592</b>	<b>6,664,589</b>	<b>5,440,418</b>	<b>5,558,365</b>
<b>LIABILITIES AND EQUITY</b>						
Redeemable cumulative convertible preference share	-	-	421,209	417,878	421,209	417,878
Deferred tax liabilities	-	-	84,328	89,060	83,617	89,144
Other liabilities	248,779	697,409	406,557	104,281	273,568	367,203
Insurance contract liabilities and other insurance payables	2,622,508	2,761,460	-	-	2,622,508	2,761,460
<b>Total Liabilities</b>	<b>2,871,287</b>	<b>3,458,869</b>	<b>912,094</b>	<b>611,219</b>	<b>3,400,902</b>	<b>3,635,685</b>
Share capital	-	-	4,741,532	4,540,874	499,148	499,148
Reserves	695,371	591,395	1,536,966	1,512,496	1,540,368	1,423,532
<b>Total Equity</b>	<b>695,371</b>	<b>591,395</b>	<b>6,278,498</b>	<b>6,053,370</b>	<b>2,039,516</b>	<b>1,922,680</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,566,658</b>	<b>4,050,264</b>	<b>7,190,592</b>	<b>6,664,589</b>	<b>5,440,418</b>	<b>5,558,365</b>

\* after elimination on consolidation

Note: Shareholders' funds and Others comprise the immediate investment holding company and collective investment schemes of the insurance subsidiary.

**A35. INSURANCE BUSINESS (CONT'D.)**

**AmGeneral Holdings Berhad and its subsidiary**

**(II) CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	General insurance fund		Shareholders' fund and Others		Total	
	30.09.16	30.09.15	30.09.16	30.09.15	30.09.16*	30.09.15*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	2,704	2,002	73,989	73,210	76,693	75,211
Interest expense	-	-	(9,331)	(9,061)	(9,331)	(9,061)
Net interest income	2,704	2,002	64,658	64,149	67,362	66,150
Income from insurance business	717,643	739,291	-	-	717,643	739,291
Insurance claims and commissions**	(498,186)	(536,938)	-	-	(498,186)	(536,938)
Net income from insurance business	219,457	202,353	-	-	219,457	202,353
Other operating income	77,730	54,380	59,940	277,984	31,310	(7,903)
Net income	299,891	258,735	124,598	342,133	318,129	260,600
Other operating expenses	(164,762)	(129,977)	(5,625)	(5,919)	(170,387)	(135,895)
Acquisition and business efficiency expenses	-	(4,327)	-	-	-	(4,327)
Operating profit	135,129	124,431	118,973	336,214	147,742	120,378
Allowances for impairment on loans and financing	127	-	-	-	127	-
Net impairment loss on:						
Doubtful sundry receivables	(593)	(2,519)	-	-	(593)	(2,519)
Profit before taxation	134,663	121,912	118,973	336,214	147,276	117,859
Taxation	(28,959)	(28,964)	892	21,448	(28,067)	(7,516)
<b>Profit for the period</b>	<b>105,704</b>	<b>92,948</b>	<b>119,865</b>	<b>357,662</b>	<b>119,209</b>	<b>110,343</b>

\* after elimination on consolidation

\*\* Includes commission paid/payable to related companies of the Group of RM6,884,000 (30 September 2015:RM7,866,000)

**A36. OPERATIONS OF ISLAMIC BANKING**

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2016**

	<b>Group</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	2,591,786	4,385,587
Deposits and placements with banks and other financial institutions	395,000	500,000
Derivative financial assets	28,258	57,272
Financial assets held-for-trading	287,580	174,550
Financial investments available-for-sale	1,653,730	3,177,516
Financial Investments held-to-maturity	1,270,882	1,263,639
Financing and advances	26,312,823	27,391,553
Receivables: Investments not quoted in active markets	472,614	468,141
Statutory deposit with Bank Negara Malaysia	850,000	842,000
Deferred tax assets	312	296
Other assets	214,786	348,234
Property and equipment	344	368
Intangible assets	202	14
<b>TOTAL ASSETS</b>	<b>34,078,317</b>	<b>38,609,170</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>		
Deposits and placements of banks and other financial institutions	1,638,431	1,443,510
Recourse obligation on financing sold to Cagamas Berhad	1,122,909	1,127,824
Derivative financial liabilities	43,349	67,685
Deposits from customers	24,010,002	28,383,782
Investment accounts of customers	21,765	18,411
Investment account due to a licensed bank	1,000,000	1,000,000
Term funding	1,850,000	1,850,000
Subordinated Sukuk	919,603	1,399,528
Deferred tax liabilities	11,173	5,883
Other liabilities	491,968	470,486
<b>TOTAL LIABILITIES</b>	<b>31,109,200</b>	<b>35,767,109</b>
Share capital/Capital funds	492,922	492,922
Reserves	2,476,195	2,349,139
<b>TOTAL ISLAMIC BANKING FUNDS</b>	<b>2,969,117</b>	<b>2,842,061</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>	<b>34,078,317</b>	<b>38,609,170</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>8,980,477</b>	<b>8,372,430</b>



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

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Income derived from investment of depositors' funds and others	421,265	445,675	859,618	893,206
Income derived from investment of investment account funds	14,427	17,804	29,076	34,566
Charge for impairment on financing and advances	(2,361)	(9,051)	(11,687)	(45,019)
(Provision for)/writeback of provision for commitments and contingencies	(2,959)	(141)	987	2,448
Impairment for sundry debtors	-	-	-	(10)
Transfer to profit equalisation reserve	-	-	-	(1,406)
Total distributable income	430,372	454,287	877,994	883,785
Income attributable to the depositors and others	(231,402)	(258,586)	(482,829)	(509,927)
Income attributable to the investment account holders	(12,850)	(15,893)	(25,897)	(30,896)
Profit attributable to the Group	186,120	179,808	369,268	342,962
Income derived from Islamic Banking Funds	31,921	27,184	63,178	52,401
Total net income	218,041	206,992	432,446	395,363
Other operating expenses	(103,757)	(81,546)	(210,182)	(170,698)
Finance cost	(37,035)	(33,745)	(73,727)	(67,122)
Profit before taxation and zakat	77,249	91,701	148,537	157,543
Taxation and zakat	(16,231)	(19,921)	(32,665)	(33,662)
Profit for the period	61,018	71,780	115,872	123,881

**UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Profit for the period	61,018	71,780	115,872	123,881
Other comprehensive income/(loss):				
<b>Items that may be reclassified to profit or loss</b>				
Net change in revaluation of financial investments available-for-sale	10,557	(18,247)	14,716	(15,439)
Income tax relating to the components of other comprehensive income	(2,534)	4,379	(3,532)	3,705
Other comprehensive income/(loss) for the period, net of tax	8,023	(13,868)	11,184	(11,734)
Total comprehensive income for the period	69,041	57,912	127,056	112,147

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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Non-Distributable				Distributable		Total Equity RM'000
	Share capital/ Capital funds RM'000	Share premium RM'000	Statutory reserve RM'000	Profit equalisation reserve RM'000	Available- for- sale reserve/ (deficit) RM'000	Retained earnings RM'000	
<b>At 1 April 2015</b>	492,922	724,185	483,345	3,904	(6,592)	886,620	2,584,384
Profit for the period	-	-	-	-	-	123,881	123,881
Other comprehensive loss, net	-	-	-	-	(11,734)	-	(11,734)
Total comprehensive income/(loss) for the period	-	-	-	-	(11,734)	123,881	112,147
Utilisation of profit equalisation reserve for the financial year	-	-	-	(3,904)	-	3,904	-
Transfer to ESS shares recharged difference on purchase price of shares vested	-	-	-	-	-	(10)	(10)
<b>At 30 September 2015</b>	<b>492,922</b>	<b>724,185</b>	<b>483,345</b>	<b>-</b>	<b>(18,326)</b>	<b>1,014,395</b>	<b>2,696,521</b>
<b>At 1 April 2016</b>	492,922	724,185	483,345	-	(1,589)	1,143,198	2,842,061
Profit for the period	-	-	-	-	-	115,872	115,872
Other comprehensive income, net	-	-	-	-	11,184	-	11,184
Total comprehensive income for the period	-	-	-	-	11,184	115,872	127,056
<b>At 30 September 2016</b>	<b>492,922</b>	<b>724,185</b>	<b>483,345</b>	<b>-</b>	<b>9,595</b>	<b>1,259,070</b>	<b>2,969,117</b>

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

**(a) Financing and Advances**

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

Group	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai' (AITAB) RM'000	Bai' Al-Inah RM'000	Others RM'000	Total RM'000
<b>30.09.16</b>							
<b>At amortised cost:</b>							
Cash lines	-	-	-	-	1,048,719	-	1,048,719
Term financing	2,143,355	2,618,675	11,235	-	3,655,515	76,879	8,505,659
Revolving credit	72,647	1,593,949	-	-	2,653,591	-	4,320,187
Housing financing	2,648,998	3,792	53,205	-	-	-	2,705,995
Hire purchase receivables	4	-	-	8,463,289	-	-	8,463,293
Bills receivables	-	-	-	-	-	4,317	4,317
Credit card receivables	-	-	-	-	-	266,618	266,618
Trust receipts	-	168,291	-	-	-	-	168,291
Claims on customers under acceptance credits	-	1,080,405	-	-	-	124,457	1,204,862
Gross financing and advances*	<u>4,865,004</u>	<u>5,465,112</u>	<u>64,440</u>	<u>8,463,289</u>	<u>7,357,825</u>	<u>472,271</u>	<u>26,687,941</u>
Allowance for impairment on financing and advances							
- Individual allowance							(59,541)
- Collective allowance							(315,577)
Net financing and advances							<u>26,312,823</u>

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

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

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

Group 31.03.16	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai' (AITAB) RM'000	Bai' Al-Inah RM'000	Others RM'000	Total RM'000
<b>At amortised cost:</b>							
Cash lines	-	-	-	-	1,048,140	-	1,048,140
Term financing	2,359,827	2,251,556	9,987	-	3,925,881	80,224	8,627,475
Revolving credit	191,617	1,585,145	-	-	3,045,921	-	4,822,683
Housing financing	2,113,486	-	47,256	-	-	-	2,160,742
Hire purchase receivables	4	-	-	9,455,955	-	-	9,455,959
Bills receivables	-	-	-	-	-	13,134	13,134
Credit card receivables	-	-	-	-	-	260,129	260,129
Trust receipts	-	152,071	-	-	-	-	152,071
Claims on customers under acceptance credits	-	1,114,116	-	-	-	130,211	1,244,327
Gross financing and advances*	<u>4,664,934</u>	<u>5,102,888</u>	<u>57,243</u>	<u>9,455,955</u>	<u>8,019,942</u>	<u>483,698</u>	<u>27,784,660</u>
Allowance for impairment on financing and advances							
- Individual allowance							(63,715)
- Collective allowance							<u>(329,392)</u>
Net financing and advances							<u>27,391,553</u>

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

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

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

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Balance at beginning of the financial year	605,200	606,455
Impaired during the period/year	173,417	414,127
Reclassification to non-impaired financing	(35,274)	(59,820)
Recoveries	(79,063)	(126,010)
Amount written off	(90,032)	(229,552)
Balance at end of the financial period/year	<u>574,248</u>	<u>605,200</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>2.2%</u>	<u>2.2%</u>

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
<b>Individual allowance</b>		
Balance at beginning of the financial year	63,715	66,075
Allowance made during the period/year	3,407	27,588
Amount written off	(7,581)	(29,948)
Balance at end of the financial period/year	<u>59,541</u>	<u>63,715</u>
<b>Collective allowance</b>		
Balance at beginning of the financial year	329,392	458,453
Allowance made during the period/year	68,267	77,975
Transferred from conventional commercial banking*	-	17
Foreign exchange differences	4	(5)
Amount written off	(82,086)	(207,048)
Balance at end of the financial period/year**	<u>315,577</u>	<u>329,392</u>
Collective allowance as % of gross financing and advances (excluding RIA financing) less individual allowance	<u>1.2%</u>	<u>1.2%</u>

\* On 31 December 2015, AmBank Islamic entered into a RIA contract for the sum of RM300.0 million with AmBank. Arising from this contract, AmBank Islamic transferred collective allowance of approximately RM2.46 million for the financing funded to AmBank. On 15 March 2016, AmBank early redeemed the RIA and derecognised the collective allowance previously recognised in its financial statements of RM2.48 million.

\*\* As at 30 September 2016, the gross exposure and collective allowance relating to the RIA financing amounted to RM1,003.7 million and RM1.5 million respectively (31 March 2016: RM1,004.0 million and RM1.5 million respectively).

There was no individual allowance provided for the RIA financing.

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

**(b) Deposits From Customers**

	Group	
	30.09.16 RM'000	31.03.16 RM'000
Savings deposits		
<i>Wadiah</i>	2,038,936	1,950,534
Demand deposits		
<i>Wadiah</i>	3,927,533	3,911,360
Term deposits		
Commodity Murabahah	17,064,867	22,515,492
Qard	923,666	-
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	-	6,396
Structured deposits		
<i>Murabahah</i>	55,000	-
	24,010,002	28,383,782

**(c) Investment Accounts Of Customers**

	Group	
	30.09.16 RM'000	31.03.16 RM'000
Without maturity:		
- Wakalah	21,765	18,411
	21,765	18,411
Investment asset:		
Interbank placement	21,765	18,411
<b>Total investment</b>	21,765	18,411

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

	Investment account holder			
	30.09.16	Average Performance incentive fee		31.03.16
	Average rate of return (%)	incentive fee (%)	Average rate of return (%)	Average Performance incentive fee (%)
Maturity:				
less than 3 months	0.05	3.12	0.05	3.18

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

**(d) Investment Account Due to Licensed Bank**

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
<u>Restricted investment account</u>		
- Mudarabah Muqayyadah	1,000,000	1,000,000
Investment asset:		
Financing	1,000,000	1,000,000
<b>Total investment</b>	<b>1,000,000</b>	<b>1,000,000</b>

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

	Investment account holder		
	30.09.16	31.03.16	
	RM'000	RM'000	
	Profit sharing ratio (%)	Average rate of return (%)	Average rate of return (%)
Maturity:			
between 2 to 5 years	90	5.17	4.56

**(e) Other Liabilities**

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Other payables and accruals	373,547	343,221
Taxation and zakat payable	44,752	36,323
Provision for commitments and contingencies	10,568	11,603
Amount due to head office	61,362	77,525
Lease deposits and advance rental	1,739	1,814
	<b>491,968</b>	<b>470,486</b>

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

**(f) Restatement of Comparatives**

During the last quarter of financial year ended 31 March 2016, the Islamic banking subsidiary had restated the placement received from a related company, previously classified as Deposits and placements of banks and other financial institutions to Investment account due to a licensed bank as the placement was not principal guaranteed and both parties did not enter into a new investment account contract upon expiry of the transition period until 30 June 2015 to comply with IFSA and BNM standards on Shariah and policy document on Investment Account. The non-principal guaranteed placement by the same related company as at 31 March 2015 and 1 April 2014 was also reclassified to Investment account to provide more meaningful information.

Arising from the above, the comparatives were restated as follows:

(i) Statement of profit or loss

	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As restated RM'000</b>
<b>Individual Quarter ended 30 September 2015</b>			
Income derived from investment of depositors' funds and others	463,479	(17,804)	445,675
Income derived from investment of investment account funds	-	17,804	17,804
	<u>          </u>	<u>          </u>	<u>          </u>
Income attributable to the depositors and others	(274,479)	15,893	(258,586)
Income attributable to investment account holders	-	(15,893)	(15,893)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Cumulative Quarter ended 30 September 2015</b>			
Income derived from investment of depositors' funds and others	927,772	(34,566)	893,206
Income derived from investment of investment account funds	-	34,566	34,566
	<u>          </u>	<u>          </u>	<u>          </u>
Income attributable to the depositors and others	(540,823)	30,896	(509,927)
Income attributable to investment account holders	-	(30,896)	(30,896)
	<u>          </u>	<u>          </u>	<u>          </u>



## B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

### Second Quarter Ended 30 September 2016 Year-on-Year (yoy) Performance

The Group recorded profit after tax ("PAT") of RM734.6 million for the period ended 30 September 2016, a reduction of RM42.0 million (5.4%) as compared to the corresponding period ended 30 September 2015 of RM776.6 million. The Group's profit attributable to equity holders of the Company ("PATMI") reduced RM46.4 million to RM675.6 million.

The reduction is primarily due to higher other operating expenses and decrease in net interest income and Islamic banking business by RM73.2 million, RM89.7 million and RM8.5 million respectively.

This was mitigated by writeback on impairment on loans, advances and financing of RM73.2 million for the period ended 30 September 2016 compared to RM52.9 million in the corresponding period ended 30 September 2015 and higher other operating income, income from insurance business, share in results of associates and joint ventures and recoveries (other receivables) by RM77.2 million, RM16.1 million, RM11.6 million and RM11.8 million respectively. No transfer was made to profit equalisation reserve ("PER") in current period due to cessation of PER mechanism.

Gross loans, advances and financing decreased marginally to RM87.3 billion compared to RM87.9 billion reported for the last financial year ended 31 March 2016 due to decrease in term loans, hire-purchase financing and revolving credit balance increases in mortgages, overdrafts and trade facilities.

As at 30 September 2016, the Group's total assets stood at RM124.4 billion. The Total Capital ratio (before deducting proposed dividends) from the aggregation of the capital positions and risk weighted assets of the regulated banking subsidiaries stood at 16.699%.

### Retail Banking

Total income fell 11.9% yoy as a result of margin compression while fee income was lower due to cards. Other operating expenses increased by 4.7% yoy on higher personnel and computerisation costs. PAT decreased 14.7% yoy to RM177.8 million.

### Wholesale Banking

Total income increased 9.5% yoy to RM788.7 million as non-interest income increased by 40.9%. Driven by higher investment income. The cautious business outlook and pressures on net interest margin has resulted in net interest income declining 8.6% yoy to RM416.9 million.

Other operating expenses increased 9.0% yoy to RM270.4 million from higher personnel and computerisation costs. Consequently, PAT grew 12.3% to RM479.5 million.

### Insurance

#### General Insurance

PAT increased 8.1% yoy to RM119.2 million on lower claims and release of prior year claims reserves. Softer motor sales has resulted in lower motor premium, offset by higher non motor insurance.

#### Life Assurance and Family Takaful

The joint ventures have registered a PAT of RM10.7million ytd on higher trading income attributed to MGS movement.

### Second Quarter Ended 30 September 2016 Quarter-on-Quarter (qoq) Performance

The Group reported a lower PAT of RM375.2 million as compared to RM407.9 million for the corresponding quarter ended 30 September 2015. PATMI declined by RM29.9million to RM352.6 million.

Total income increased 2.1% qoq to RM954.3 million as other operating income increased by 46.2%. This was partially offset by lower net interest income, down 14.8% qoq to RM367.7 million and net income from insurance business of RM84.2 million, down 16.5% qoq.

Total expenses increased by 5.0% qoq to RM524.5 million due to higher personnel, depreciation, marketing and professional services.

Writeback for impairments declined by 35.0% qoq to RM42.4 million mainly due to a reduction in bad debt recoveries.

## **B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION**

The Group reported a marginal lower profit before taxation of RM472.2 million for the second quarter ended 30 September 2016 as compared to RM479.4 million for the previous quarter ended 30 June 2016.

The reduction in profit before taxation for current quarter ended 30 September 2016 was mainly due to lower net interest income and net income from insurance business by RM19.0 million and RM58.0 million respectively. Lower recoveries of other receivables and writeback of provision for commitments and contingencies by RM6.9 million and RM18.5 million also contributed to the reduction in profit before taxation.

This was partially offset by higher net income from Islamic Banking business, other operating income and share in results of associates and joint ventures by RM4.2 million, RM69.4 million and RM6.4 million respectively. In addition, lower other operating expenses by RM11.0 million was reported for current reporting quarter.

## **B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2017**

In the second quarter of 2016, the Malaysian economy registered 4.0% growth (1Q2016: 4.2%) supported by private consumption, which grew by 6.3% (1Q2016: 5.3%) driven by wage inflation, employment growth as well as additional disposable income from several Government initiatives. Private investment grew moderately by 5.6% (1Q2016: 2.2%) led by capital spending in services and manufacturing services.

For the calendar year 2016, the Gross Domestic Product has been forecasted to grow at between 4.0% - 4.5% (2015: 5.0%) supported by healthy government spending, relief from the stabilisation of oil prices and private expenditure. These are expected to cushion weaker exports clouded by subdued global growth and weak private consumption. Inflation is projected between 2.0% - 2.5% for 2016. In the short term, the banking system's net interest margin is expected to contract given the timing difference between the downward adjustment in floating interest rates and re-pricing of fixed deposit rates before normalising.

Loans and deposits are expected to grow at a moderate pace as business outlook is improving among various business activities. We expect credit costs to normalise from lower recoveries, while some sectors may experience stress in asset quality.

Despite the earlier headwinds, there are some bright spots and opportunities in the economy and amongst them will be the SME sector; which has consistently outpaced the GDP growth since 2005, and still has room for growth. The Budget 2017 provides continued impetus to domestic consumption with emphasis on affordable homes and infrastructure projects.

Our asset quality remains well positioned with loans growing at system or less as we continue to uphold the Group's disciplined risk-based pricing framework and underwriting strategies targeting growth in better quality assets.

For Retail Banking, the Group will continue to focus on the secondary and primary mortgage markets via strategic business partnerships and improvement of sales productivity. For our credit cards business, we aim to increase the issuance of cards to preferred segments, grow receivables and expand acquiring merchant business through new focused solutions. Branches and sales teams will focus more on sales especially on bancassurance and wealth management.

Growing deposits focusing on CASA continues to be a core agenda for FY2017 as we tap into our existing and new customer base to ensure our customers "bank" with AmBank. Ongoing process simplification initiatives will support this growth as we look towards enhancing the customer experience with online deposit functionality as part of our virtual banking aspirations.

Wholesale Banking continues to focus on building and developing strong relationships with clients and continuously strives for excellence in offering innovative, quality and differentiated products solutions and services. The continued support for SMEs to expand as demonstrated in the Budget 2017 paves the way for higher market penetration opportunities for our new core segment. We have built up new capabilities and have 70 liability led SME ready branches and 12 full fledged SME ready branches.

We have kept and will continue to keep a tighter rein on costs as we strive to operate more efficiently through our "running the bank better" and "changing the bank" initiatives. The Group remains focused on our 4 year strategic growth themes.

#### B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

#### B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Estimated current tax payable	33,563	71,759	78,690	141,681
Deferred tax	62,985	20,926	133,889	64,276
	<u>96,548</u>	<u>92,685</u>	<u>212,579</u>	<u>205,957</u>
Under provision of current taxation in respect of prior years	1	23	3,433	67
Taxation	<u>96,549</u>	<u>92,708</u>	<u>216,012</u>	<u>206,024</u>
Zakat	406	360	878	778
Taxation and zakat	<u>96,955</u>	<u>93,068</u>	<u>216,890</u>	<u>206,802</u>

The total tax charge of the Group for the financial period ended 30 September 2016 and 2015 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

#### B6. CORPORATE PROPOSALS

- As at 30 September 2016, the trustee of the ESS held 7,448,900 ordinary shares (net of ESS shares vested to employees) representing 0.25% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM48,137,313.
- On 23 June 2016, the Board of Directors of the Company announced that its wholly owned subsidiaries, AmBank, AmInvestment Bank, AmCard Services Berhad and AmSecurities Holding Sdn Bhd (collectively "the Vendors") have completed the disposal of the Group's entire 80% shareholding in AmTrustee Berhad ("AmTrustee").

The disposal involves the Vendors each disposing of their respective 20% equity stake in AmTrustee (classified as part of Assets held for sale and Liabilities directly associated with assets held for sale as at 31 March 2016 in Note A29) to the purchasers for a total cash consideration of RM9,132,302. The consideration for the disposal was arrived at on a "willing-buyer willing seller" basis after taking into account, inter alia, precedent transactions and financials of AmTrustee. With the completion of the disposal, AmTrustee has ceased to be a subsidiary of the Group.

The disposal had the following effects on the financial position of the Group:

	RM'000
Cash and short-term funds	12,911
Deposits and placements with banks and other financial institutions	100
Deferred tax assets	353
Other assets	1,176
Property and equipment	118
Intangible assets	56
Other liabilities	(5,395)
Net assets of subsidiary disposed	<u>9,319</u>
Group's share of net assets of subsidiary disposed	7,455
Proceeds received net of incidental costs of disposal	<u>9,117</u>
Gain on disposal of subsidiary (Note A22)	<u>1,662</u>

**B7. BORROWINGS**

	<b>Group</b>	
	<b>30.09.16</b>	<b>31.03.16</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Deposits from customers		
Six months or less	69,521,893	73,711,147
Over six months to one year	9,415,108	12,365,791
Over one year to three years	3,766,080	3,774,420
Over three years to five years	538,897	507,218
	<u>83,241,978</u>	<u>90,358,576</u>
(ii) Deposits and placements of banks and other financial institutions		
Six months or less	1,498,403	1,006,273
Over six months to one year	46,587	165,393
Over one year to three years	20,438	70,291
Over three years to five years	184,263	501,812
	<u>1,749,691</u>	<u>1,743,769</u>
(iii) Term funding (unsecured)		
(a) Senior notes		
More than one year	6,523,979	6,754,601
(b) Credit-Linked Notes		
More than one year	136,069	284,863
(c) Term loans and revolving credits		
Due within one year	1,651,547	401,100
More than one year	-	1,167,050
(d) Structured deposit		
Due within one year	99	-
	<u>8,311,694</u>	<u>8,607,614</u>
(iv) Debt capital		
(a) Unsecured notes/sukuk		
More than one year	1,319,229	1,799,077
(b) Medium Term Notes		
More than one year	1,310,000	1,310,000
(c) Non-Innovative Tier 1 Capital Securities		
More than one year	500,000	500,000
(d) Innovative Tier 1 Capital Securities		
More than one year	485,000	485,000
	<u>3,614,229</u>	<u>4,094,077</u>

## B8. REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Total retained earnings		
- Realised	10,144,185	8,825,133
- Unrealised	1,027,287	1,965,338
Total share of retained earnings from associates		
- Realised	125,514	126,731
- Unrealised	4,542	(6,725)
Less: Consolidation adjustments	(3,412,164)	(3,371,385)
Total retained earnings as per consolidated financial statements	7,889,364	7,539,092

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

## B9. MATERIAL LITIGATION

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

## B10. DIVIDENDS

- (i) A proposed interim ordinary cash dividend of 5.0% for the financial year ending 31 March 2017 has been recommended by the directors;
- (ii) Amount per share: 5.0 Sen;
- (iii) Previous corresponding period: 5.0 Sen;
- (iv) Payment date: To be determined and announced at a later date; and
- (v) In respect of ordinary share capital, entitlement to the proposed dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

**B11. EARNINGS PER SHARE (SEN)**

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15	30.09.16	30.09.15
Net profit attributable to equity holders of the Company (RM'000)	352,626	382,518	675,626	722,029
Weighted average number of ordinary shares in issue (RM'000)	3,006,736	3,005,463	3,006,541	3,004,436
Basic earnings per share (Sen)	11.73	12.73	22.47	24.03

b. Diluted earnings per share

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

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

	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15	30.09.16	30.09.15
Net profit attributable to equity holders of the Company (RM'000)	352,626	382,518	675,626	722,029
Weighted average number of ordinary shares in issue (as in (a) above) (RM'000)	3,006,736	3,005,463	3,006,541	3,004,436
Effect of executives' share scheme (RM'000)	-	290	-	722
Adjusted weighted average number of ordinary shares in issue/issuable (RM'000)	3,006,736	3,005,753	3,006,541	3,005,158
Fully diluted earnings per share (Sen)	11.73	12.73	22.47	24.03