

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Group		Company	
		31.12.16 RM'000	31.03.16 RM'000	31.12.16 RM'000	31.03.16 RM'000
ASSETS					
Cash and short-term funds		5,406,448	11,988,321	14,803	21,033
Deposits and placements with banks and other financial institutions		900,849	1,333,630	45,917	5,354
Derivative financial assets	A31	1,521,784	1,884,001	-	-
Financial assets held-for-trading	A8	6,771,739	4,920,618	-	-
Financial investments available-for-sale	A9	9,490,329	11,680,520	137,141	121,860
Financial investments held-to-maturity	A10	3,449,345	4,167,494	10,000	-
Loans, advances and financing	A11	89,525,209	86,513,254	-	-
Receivables: Investments not quoted in active markets		1,635,723	565,322	-	-
Statutory deposits with Bank Negara Malaysia	A12	2,774,344	2,590,145	-	-
Deferred tax assets		19,816	66,044	-	-
Investment in subsidiaries and other investments		-	-	9,507,225	9,507,225
Investment in associates and joint ventures		698,475	674,463	-	-
Other assets	A13	2,898,561	3,179,108	5,137	3,716
Reinsurance assets and other insurance receivables	A14	422,963	513,555	-	-
Property and equipment		246,819	292,787	256	377
Intangible assets		3,418,213	3,369,998	-	-
Assets held for sale	A29	24,006	24,740	-	-
TOTAL ASSETS		129,204,623	133,764,000	9,720,479	9,659,565
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	A15	3,048,440	1,743,769	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,287,011	3,935,775	-	-
Derivative financial liabilities	A31	1,239,161	2,022,807	-	-
Deposits from customers	A16	86,668,512	90,358,576	-	-
Investment accounts of customers		22,610	18,411	-	-
Term funding		8,547,240	8,607,614	1,176,000	1,206,000
Debt capital		3,624,191	4,094,077	9,674	-
Redeemable cumulative convertible preference share		208,678	204,760	-	-
Deferred tax liabilities		223,510	83,050	-	-
Other liabilities	A17	3,032,257	3,809,943	43,018	37,259
Insurance contract liabilities and other insurance payables	A18	2,623,746	2,761,460	-	-
Liabilities directly associated with assets held for sale	A29	-	4,370	-	-
Total Liabilities		112,525,356	117,644,612	1,228,692	1,243,259
Share capital		3,014,185	3,014,185	3,014,185	3,014,185
Reserves		12,660,474	12,154,293	5,477,602	5,402,121
Equity attributable to equity holders of the Company		15,674,659	15,168,478	8,491,787	8,416,306
Non-controlling interests		1,004,608	950,910	-	-
Total Equity		16,679,267	16,119,388	8,491,787	8,416,306
TOTAL LIABILITIES AND EQUITY		129,204,623	133,764,000	9,720,479	9,659,565
COMMITMENTS AND CONTINGENCIES	A30	128,216,397	125,037,110	-	-
NET ASSETS PER SHARE (RM)		5.20	5.03	2.82	2.79

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 31 DECEMBER 2016

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Operating revenue	A25	1,977,925	2,116,281	6,140,604	6,313,525
Interest income	A19	995,519	1,034,224	2,974,473	3,086,216
Interest expense	A20	(600,785)	(639,424)	(1,814,104)	(1,836,109)
Net interest income		394,734	394,800	1,160,369	1,250,107
Net income from Islamic banking business		192,955	208,399	591,523	615,478
Income from insurance business		364,021	354,126	1,081,664	1,093,417
Insurance claims and commissions		(280,720)	(273,133)	(772,022)	(802,205)
Net income from insurance business	A21	83,301	80,993	309,642	291,212
Other operating income	A22	161,992	213,777	661,236	635,794
Share in results of associates and joint ventures		20,436	(5,428)	36,114	(1,320)
Net income		853,418	892,541	2,758,884	2,791,271
Other operating expenses	A23	(517,653)	(573,396)	(1,577,397)	(1,557,883)
Acquisition and business efficiency income/(expense), net		(231)	6,539	(532)	4,194
Operating profit		335,534	325,684	1,180,955	1,237,582
Writeback for impairment on loans, advances and financing	A24	78,326	71,662	151,531	124,534
Net impairment (loss)/writeback on:					
Financial investments		1	10,887	2,807	13,787
Doubtful sundry receivables		(9,741)	(1,774)	(11,818)	(2,837)
Foreclosed properties		(71)	(92)	(359)	(198)
Intangible assets		-	-	-	(659)
Provision for commitments and contingencies - writeback/(charge)		4,624	(985)	24,522	17,198
Transfer to profit equalisation reserve		-	-	-	(1,406)
Other recoveries		237	388	12,808	1,142
Profit before taxation and zakat		408,910	405,770	1,360,446	1,389,143
Taxation and zakat	B5	(91,463)	(94,088)	(308,353)	(300,890)
Profit for the period		317,447	311,682	1,052,093	1,088,253
Attributable to:					
Equity holders of the Company		313,167	300,153	988,793	1,022,182
Non-controlling interests		4,280	11,529	63,300	66,071
Profit for the period		317,447	311,682	1,052,093	1,088,253
EARNINGS PER SHARE (SEN)	B11				
Basic		10.42	9.99	32.89	34.02
Fully diluted		10.42	9.99	32.89	34.01

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 OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016

Group	Individual Quarter		Cumulative Quarter	
	31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Profit for the period	317,447	311,682	1,052,093	1,088,253
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss				
Translation of foreign operations	46,528	(17,174)	77,449	79,152
Net movement on cash flow hedge	3,659	(6,911)	(796)	13,370
Net movement on financial investments available-for-sale	(145,164)	994	(97,334)	(90,534)
Income tax relating to the components of other comprehensive income/(loss)	32,560	(679)	16,366	15,170
Other comprehensive income/(loss) for the period, net of tax	(62,417)	(23,770)	(4,315)	17,158
Total comprehensive income for the period	255,030	287,912	1,047,778	1,105,411
Total comprehensive income for the period attributable to:				
Equity holders of the Company	250,898	274,598	985,776	1,038,846
Non-controlling interests	4,132	13,314	62,002	66,565
	255,030	287,912	1,047,778	1,105,411

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

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016

Company	Note	Individual Quarter		Cumulative Quarter	
		31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Operating revenue		236,865	215,880	612,343	663,259
Interest income	A19	315	144	859	1,120
Interest expense	A20	(13,727)	(14,160)	(41,838)	(42,251)
Net interest expense		(13,412)	(14,016)	(40,979)	(41,131)
Other operating income	A22	236,550	215,736	611,484	662,139
Net income		223,138	201,720	570,505	621,008
Other operating expenses	A23	(5,773)	(7,690)	(16,084)	(29,444)
Profit before taxation		217,365	194,030	554,421	591,564
Taxation		85	(33)	(38)	(277)
Profit for the period representing total comprehensive income for the period		217,450	193,997	554,383	591,287

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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 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	RM'000		
At 01.04.15	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	-	-	-	-	-	-	-	-	-	-	-	1,022,182	1,022,182	66,071	1,088,253
Other comprehensive income/(loss), net	-	-	-	-	-	(72,659)	10,161	79,162	-	-	-	-	16,664	494	17,158
Total comprehensive income/(loss) for the period	-	-	-	-	-	(72,659)	10,161	79,162	-	-	-	1,022,182	1,038,846	66,565	1,105,411
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	-	-	-	-	-	-	(3,004)	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	5,614	-	-	-	5,614	-	5,614
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(30,623)	33,208	-	-	2,585	-	2,585
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(262)	(262)	(33)	(295)
Net utilisation of profit equalisation reserve	-	-	-	-	(3,904)	-	-	-	-	-	-	3,904	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	(2,788)	2,788	-	-	-
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,372)	(3,372)
Arising from disposal of equity interests in subsidiaries	-	-	-	-	-	(457)	-	21,328	-	-	-	(20,566)	305	(305)	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(611,880)	(611,880)	(196,225)	(808,105)
Transactions with owners and other equity movements	-	-	-	-	(3,904)	(457)	-	21,328	(25,009)	30,204	(2,788)	(626,016)	(606,642)	(199,935)	(806,577)
At 31.12.15	3,014,185	2,537,372	1,938,849	2,800	-	(51,294)	9,680	168,946	44,984	(55,906)	51,387	7,226,346	14,887,349	918,909	15,806,258

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016

Group	Attributable to Equity Holders of the Company													
	Non-Distributable										Distributable			
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	AFS reserve RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained Earnings		Total RM'000	Non- controlling interests RM'000	Total equity RM'000
										Non- participating funds RM'000	RM'000			
At 01.04.16	3,014,185	2,537,372	1,938,849	2,800	8,635	3,636	84,299	49,738	(55,843)	45,715	7,539,092	15,168,478	950,910	16,119,388
Profit for the period	-	-	-	-	-	-	-	-	-	-	988,793	988,793	63,300	1,052,093
Other comprehensive income/(loss), net	-	-	-	-	(79,675)	(790)	77,449	-	-	-	-	(3,016)	(1,299)	(4,315)
Total comprehensive income/(loss) the period	-	-	-	-	(79,675)	(790)	77,449	-	-	-	988,793	985,777	62,001	1,047,778
Share-based payment under ESS, net	-	-	-	-	-	-	-	(12,415)	-	-	-	(12,415)	-	(12,415)
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	(7,159)	7,739	-	-	580	-	580
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	(562)	(562)	(13)	(575)
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	29,136	(29,136)	-	-	-
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,470)	(3,470)
Arising from disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,863)	(1,863)
Transfer to regulatory reserve	-	-	-	69,000	-	-	-	-	-	-	(69,000)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(467,199)	(467,199)	(2,957)	(470,156)
Transactions with owners and other equity movements	-	-	-	69,000	-	-	-	(19,574)	7,739	29,136	(565,897)	(479,596)	(8,303)	(487,899)
At 31.12.16	3,014,185	2,537,372	1,938,849	71,800	(71,040)	2,846	161,748	30,164	(48,104)	74,851	7,961,988	15,674,659	1,004,608	16,679,267

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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
At 01.04.15	3,014,185	2,536,065	69,993	(86,110)	2,895,435	8,429,568
Profit for the period	-	-	-	-	591,287	591,287
Total comprehensive income for the period	-	-	-	-	591,287	591,287
Purchase of shares pursuant to ESS [^]	-	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	5,614	-	-	5,614
ESS shares vested to employees of subsidiaries	-	-	(30,623)	33,208	989	3,574
Dividends paid	-	-	-	-	(611,880)	(611,880)
Transactions with owners and other equity movements	-	-	(25,009)	30,204	(610,891)	(605,696)
At 31.12.15	3,014,185	2,536,065	44,984	(55,906)	2,875,831	8,415,159

Company	Attributable to Equity Holders of the Company					
	Non-Distributable			Distributable		
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.16	3,014,185	2,536,065	49,738	(55,843)	2,872,161	8,416,306
Profit for the period	-	-	-	-	554,383	554,383
Total comprehensive income for the period	-	-	-	-	554,383	554,383
Share-based payment under ESS, net	-	-	(12,415)	-	-	(12,415)
ESS shares vested to employees of subsidiaries	-	-	(7,159)	7,739	132	712
Dividends paid	-	-	-	-	(467,199)	(467,199)
Transactions with owners and other equity movements	-	-	(19,574)	7,739	(467,067)	(478,902)
At 31.12.16	3,014,185	2,536,065	30,164	(48,104)	2,959,477	8,491,787

[^] 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.

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016

	Group		Company	
	31.12.16	31.12.15 (Restated)	31.12.16	31.12.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	1,360,446	1,389,143	554,421	591,564
Add/(Less) adjustments for:				
Accretion of discount less amortisation of premium for securities	(80,565)	(105,472)	-	-
Allowance for losses on loans, advances and financing	317,802	321,451	-	-
Dividend income from investments	(35,277)	(30,583)	(611,309)	(661,989)
Net gain on revaluation of derivatives	(422,225)	(39,495)	-	-
Net loss on revaluation of financial assets held-for-trading	36,488	20,289	-	-
Net gain on sale of financial investments available-for-sale	(28,684)	(51,573)	-	-
Net (gain)/loss on sale of financial assets held-for-trading	(87,126)	9,735	-	-
Other non-operating and non-cash items	475,400	341,115	131	123
Operating profit/(loss) before working capital changes	1,536,259	1,854,610	(56,757)	(70,302)
<i>Decrease/(Increase) in operating assets:</i>				
Deposits and placements with banks and other financial institutions	502,125	1,171,153	-	-
Financial assets held-for-trading	(1,785,743)	(872,818)	(10,000)	-
Loans, advances and financing	(3,329,758)	459,376	-	-
Statutory deposits with Bank Negara Malaysia	(184,199)	150,325	-	-
Other assets	322,481	59,221	(12,951)	47,281
Reinsurance assets and other insurance receivables	91,440	(6,945)	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits and placements of banks and other financial institutions	1,304,671	383,150	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	(647,370)	1,174,295	-	-
Deposits from customers	(3,690,064)	(1,248,147)	-	-
Investment accounts of customers	4,199	-	-	-
Term funding	(503,817)	631,587	(30,000)	-
Other liabilities	(701,976)	216,916	6,036	(17,036)
Insurance contract liabilities and other insurance payables	(137,713)	51,116	-	-
Cash generated from/(used in) operations	(7,219,465)	4,023,839	(103,672)	(40,057)
Taxation and zakat refunded/(paid), net	(122,491)	(442,700)	(488)	3,797
Net cash generated from/(used in) operating activities	(7,341,956)	3,581,139	(104,160)	(36,260)
<i>Cash flows from investing activities</i>				
Purchase of shares for ESS	-	(3,004)	-	(3,004)
Dividends received from investments	44,452	30,952	608,927	659,877
Net cash outflow from disposal of subsidiaries	(3,894)	(40,221)	-	-
Proceeds from disposal of property and equipment	443	7,217	-	-
Disposal/(Purchase) of financial investments - net	2,911,466	(2,384,573)	(12,899)	(30,311)
Purchase of property and equipment and intangible assets	(138,026)	(190,867)	(10)	(8)
Purchase of receivables: investments not quoted in active markets	(1,074,461)	(10,000)	-	-
Proceeds from disposal of asset held for sale (net)	29,394	83,775	-	-
Net cash generated from/(used in) investing activities	1,769,374	(2,506,721)	596,018	626,554

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016 (CONT'D.)

	Group		Company	
	31.12.16	31.12.15 (Restated)	31.12.16	31.12.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
Dividends paid by Company to its shareholders	(467,199)	(611,880)	(467,199)	(611,880)
Dividends paid to non-controlling interests by subsidiaries	(2,957)	(196,225)	-	-
Redemption of shares in subsidiary by non-controlling interests	(3,470)	(3,372)	-	-
Repayment for Subordinated Sukuk	(480,000)	-	-	-
Issuance of Subordinated Notes, net of issuance expenses	9,884	-	9,674	-
Net cash used in financing activities	<u>(943,742)</u>	<u>(811,477)</u>	<u>(457,525)</u>	<u>(611,880)</u>
Net increase/(decrease) in cash and cash equivalents	(6,516,324)	262,941	34,333	(21,586)
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	426	(224)	-	-
Cash and cash equivalents at end of the financial period	<u>6,109,323</u>	<u>13,892,393</u>	<u>60,720</u>	<u>16,009</u>

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

	Group		Company	
	31.12.16	31.12.15 (Restated)	31.12.16	31.12.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	5,406,448	13,482,833	14,803	7,662
Deposits and placements with banks and other financial institutions	900,849	459,576	45,917	8,347
Less: Deposits with original maturity of more than three months	(197,974)	(50,016)	-	-
Cash and cash equivalents	<u>6,109,323</u>	<u>13,892,393</u>	<u>60,720</u>	<u>16,009</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 nine months ended 31 December 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 investment 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 investment 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 nine months ended 31 December 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. The 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
- Annual Improvements to MFRSs 2014-2016 Cycle (amendments to MFRS 12)	
- amendments to MFRS 12	31 March 2018
- amendments to MFRS 1 and MFRS 128	31 March 2019
- MFRS 15 Revenue from Contracts with Customers	31 March 2019
- MFRS 9 Financial Instruments	31 March 2019
- Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	31 March 2019
- Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	31 March 2019
- Amendments to MFRS 140 Transfers of Investment Property	31 March 2019
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	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 statement of financial position 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.

Annual Improvements to MFRSs 2014-2016 Cycle

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

(i) MFRS 12 Disclosure of Interests in Other Entities

The amendment clarified that the disclosure requirements of MFRS 12 are applicable to interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities classified as held for sale except for summarised financial information. Previously, it was unclear whether all other MFRS 12 requirements were applicable for these interests.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

Annual Improvements to MFRSs 2014-2016 Cycle

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting 3 MFRSs, in which 2 of them is effective for annual periods beginning on or after 1 January 2018, as summarised below:

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

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

(ii) MFRS 128 *Investments in Associates and Joint Ventures*

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

MFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

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 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

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

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

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

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.)

Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (cont'd.)

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

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 this, the amendments can be applied retrospectively provided that this is possible without hindsight.

Amendments to MFRS 140 Transfers of Investment Property

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

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

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

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

A1. BASIS OF PREPARATION (CONT'D.)

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

(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 31 December 2016.

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

1. Repayment of debt securities by its wholly-owned subsidiaries:

- a) During the financial period, AmBank (M) Berhad repaid Senior Notes with nominal value of RM325.0 million issued under its Senior Notes programme of up to RM7.0 billion on maturity date of 28 April 2016.
- b) On 30 September 2016, AmBank Islamic Berhad ("AmBank Islamic") early redeemed its Tier 2 Subordinated Sukuk Musharakah with nominal value of RM480.0 million on its first call date.

2. Issuance of debt securities

- a) During the current financial period, the Company established a new Subordinated Notes programme of RM10.0 billion. The objective of the programme is to enable the issuance of Tier 2 Capital from time to time, for the purpose of enhancing the Group's total capital position. The programme, as approved by Bank Negara Malaysia ("BNM") is set up in accordance to the requirements spelt out in the Capital Adequacy Framework (Capital Components) issued by BNM.

The programme has a tenure of thirty (30) years from the date of the first issuance under the programme. The proceeds from the securities will be for working capital, refinancing of the Company's existing borrowings, on-lending to its subsidiaries, investment into its subsidiaries and other corporate purposes. Each issuance of the Subordinated Notes under this programme shall have a tenure of at least five (5) years from the issue date, and is callable on any coupon payment date after a minimum period of five (5) years from the date of issuance of each tranche. The Subordinated Notes programme have been assigned a credit rating of A1/Stable by RAM Rating Services Berhad ("RAM").

On 30 December 2016, the Company issued the first tranche of the Subordinated Notes amounting to RM10.0 million for a tenure of 10 years. The interest rate of this tranche is 5.50% per annum, payable semi-annually. The full amount issued qualifies as Tier 2 Capital for the purpose of the Group capital adequacy ratio computation.

A6. ISSUANCE, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY SECURITIES (CONT'D.)

2. Issuance of debt securities (Cont'd.)

- b) On 30 December 2016, AmBank Islamic issued tranche 4 of Subordinated Sukuk amounting to RM10.0 million under its Subordinated Sukuk Murabahah programme of RM3.0 billion and has a tenure of ten (10) years. The profit rate of this tranche is 5.5% per annum, payable semi-annually. The full amount of this tranche issued qualifies for recognition as Tier 2 capital for the purpose of capital adequacy ratio computation.

Other than as disclosed above, there were no new shares and debentures, 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:

- (a) a final cash 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.
- (b) an interim cash dividend of 5.0% for the financial year ending 31 March 2017 amounting to approximately RM150,709,243 was paid on 21 December 2016 to shareholders whose name appear in the record of Depositors on 8 December 2016.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Treasury Bills	545,471	-
Islamic Treasury Bills	285,068	-
Malaysian Government Securities	1,047,239	287,528
Government Investment Issues	1,076,529	382,004
Foreign Government Investment Issues	36,007	-
Cagamas bonds	-	113,352
Bank Negara Monetary Notes	33,708	-
	<u>3,024,022</u>	<u>782,884</u>
Quoted Securities:		
In Malaysia:		
Shares	65,756	67,560
Unit trusts	58,314	131,961
Warrants	-	80
Corporate bonds and sukuk	38,088	38,962
Outside Malaysia:		
Shares	109,239	102,101
	<u>271,397</u>	<u>340,664</u>
Unquoted Securities:		
In Malaysia:		
Corporate bonds and sukuk	3,466,329	3,760,660
Outside Malaysia:		
Corporate bonds	9,991	36,410
	<u>3,476,320</u>	<u>3,797,070</u>
Total	<u>6,771,739</u>	<u>4,920,618</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	31.12.16 RM'000	31.03.16 RM'000	31.12.16 RM'000	31.03.16 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Government Securities	566,628	384,777	-	-
Government Investment Issues	986,315	1,048,494	-	-
Negotiable instruments of deposits	999,089	2,049,644	-	-
Islamic negotiable instruments of deposit	786,387	1,984,616	-	-
Islamic Treasury Bills	-	28,723	-	-
	<u>3,338,419</u>	<u>5,496,254</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	45,533	50,776	-	-
Unit trusts	1,016,560	1,041,844	137,141	121,860
Outside Malaysia:				
Shares	47	5,148	-	-
	<u>1,062,140</u>	<u>1,097,768</u>	<u>137,141</u>	<u>121,860</u>
Unquoted Securities:				
In Malaysia:				
Unit trusts	1,430	33,725	-	-
Corporate bonds and sukuk	4,775,398	4,620,364	-	-
Outside Malaysia:				
Corporate bonds and sukuk	213,261	312,739	-	-
	<u>4,990,089</u>	<u>4,966,828</u>	<u>-</u>	<u>-</u>
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	99,489	119,489	-	-
Outside Malaysia:				
Shares	192	181	-	-
	<u>99,681</u>	<u>119,670</u>	<u>-</u>	<u>-</u>
Total	<u>9,490,329</u>	<u>11,680,520</u>	<u>137,141</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 31 December 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 RM3,630,000 (31 March 2016: RM4,607,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Company	
	31.12.16 RM'000	31.03.16 RM'000	31.12.16 RM'000	31.03.16 RM'000
At Amortised Cost				
Money Market Instruments:				
Foreign Treasury Bills	-	780,153	-	-
Islamic Treasury Bills	29,296	-	-	-
Unquoted Securities:				
In Malaysia:				
Corporate Bonds and sukuk	3,423,057	3,390,349	10,000	-
	3,452,353	4,170,502	10,000	-
Less: Accumulated impairment losses	(3,008)	(3,008)	-	-
Total	3,449,345	4,167,494	10,000	-

A11. LOANS, ADVANCES AND FINANCING

	Group	
	31.12.16 RM'000	31.03.16 RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans	23,043,138	23,516,466
Revolving credit	13,482,281	12,705,796
Housing loans/financing	20,859,560	17,834,206
Hire-purchase receivables	20,716,963	22,289,047
Credit card receivables	1,653,727	1,565,150
Overdraft	3,471,249	3,362,823
Claims on customers under acceptance credits	4,060,658	4,068,149
Trust receipts	1,603,496	1,266,807
Bills receivables	1,467,861	948,127
Staff loans	112,280	117,824
Others	225,069	217,878
Gross loans, advances and financing	90,696,282	87,892,273
Allowance for impairment on loans, advances and financing:		
Individual allowance	(145,827)	(317,269)
Collective allowance	(1,025,246)	(1,061,750)
	(1,171,073)	(1,379,019)
Net loans, advances and financing	89,525,209	86,513,254

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

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

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Domestic banking institutions	208,431	160,533
Domestic non-bank financial institutions	3,107,406	2,136,480
Domestic business enterprises:		
Small and medium enterprises	13,754,366	12,433,469
Others	24,171,798	25,353,208
Government and statutory bodies	931,780	937,533
Individuals	47,100,729	45,384,258
Other domestic entities	118,486	152,388
Foreign individuals and entities	1,303,286	1,334,404
	<u>90,696,282</u>	<u>87,892,273</u>

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

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
In Malaysia	90,166,622	87,257,253
Outside Malaysia	529,660	635,020
	<u>90,696,282</u>	<u>87,892,273</u>

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

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Fixed rate:		
Housing loans/financing	540,062	581,597
Hire purchase receivables	19,193,062	20,842,691
Other loans/financing	9,643,565	9,312,703
	<u>29,376,689</u>	<u>30,736,991</u>
Variable rate:		
Base rate and lending/financing rate plus	32,754,399	29,915,438
Cost plus	25,176,989	24,467,953
Other variable rates	3,388,205	2,771,891
	<u>61,319,593</u>	<u>57,155,282</u>
	<u>90,696,282</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	
	31.12.16 RM'000	31.03.16 RM'000
Agriculture	3,844,136	4,127,749
Mining and quarrying	3,011,766	2,994,710
Manufacturing	8,948,012	9,002,061
Electricity, gas and water	432,436	496,654
Construction	4,067,157	4,148,298
Wholesale and retail trade and hotels and restaurants	4,832,943	4,348,936
Transport, storage and communication	2,150,862	1,791,661
Finance and insurance	3,315,837	2,336,283
Real estate	8,161,188	8,761,700
Business activities	1,535,144	1,285,646
Education and health	2,144,540	2,102,987
Household of which:	47,854,600	46,062,330
Purchase of residential properties	20,578,822	17,636,684
Purchase of transport vehicles	19,790,954	21,231,382
Others	7,484,824	7,194,264
Others	397,661	433,258
	90,696,282	87,892,273

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

	Group	
	31.12.16 RM'000	31.03.16 RM'000
Maturing within one year	26,966,622	24,074,634
Over one year to three years	7,344,861	10,009,904
Over three years to five years	13,985,938	13,085,051
Over five years	42,398,861	40,722,684
	90,696,282	87,892,273

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

	Group	
	31.12.16 RM'000	31.03.16 RM'000
Gross		
Balance at beginning of the financial year	1,700,855	1,572,730
Impaired during the financial period/year	717,647	1,417,669
Reclassified as non-impaired	(102,446)	(75,246)
Recoveries	(380,907)	(549,849)
Amount written off	(557,142)	(664,449)
Foreign exchange differences	15,173	-
Balance at end of the financial period/year	1,393,180	1,700,855
Gross impaired loans, advances and financing as % of gross loans, advances and financing	1.54%	1.94%
Loan loss coverage	84.06%	81.08%

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

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

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
In Malaysia	1,283,078	1,599,569
Outside Malaysia	110,102	101,286
	<u>1,393,180</u>	<u>1,700,855</u>

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

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Agriculture	1,219	2,422
Mining and quarrying	117,585	88,437
Manufacturing	30,297	185,051
Electricity, gas and water	8,022	16,498
Construction	21,854	50,433
Wholesale and retail trade and hotels and restaurants	41,858	33,682
Transport, storage and communication	10,723	25,270
Finance and insurance	164	477
Real estate	473,907	571,936
Business activities	13,506	10,751
Education and health	6,681	7,043
Household of which:	657,640	701,960
Purchase of residential properties	320,971	326,824
Purchase of transport vehicles	220,930	268,258
Others	115,739	106,878
Others	9,724	6,895
	<u>1,393,180</u>	<u>1,700,855</u>

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

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Individual allowance		
Balance at beginning of the financial year	317,269	235,823
Allowance made during the financial period/year, net	7,068	138,929
Amount written off	(180,507)	(57,483)
Foreign exchange differences	1,997	-
Balance at end of the financial period/year	<u>145,827</u>	<u>317,269</u>
Collective allowance		
Balance at beginning of the financial year	1,061,750	1,413,424
Allowance made during the financial period/year, net	310,735	264,121
Amount written off	(349,959)	(617,070)
Foreign exchange differences	2,720	1,275
Balance at end of the financial period/year	<u>1,025,246</u>	<u>1,061,750</u>
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	<u>1.21%</u>	<u>1.22%</u>

A12. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

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

A13. OTHER ASSETS

	Group		Company	
	31.12.16 RM'000	31.03.16 RM'000	31.12.16 RM'000	31.03.16 RM'000
Trade receivables	321,678	604,589	-	-
Other receivables, deposits and prepayments	808,634	662,685	4,066	2,873
Interest receivable	255,925	283,151	68	12
Fee receivable	32,939	36,114	-	-
Amount due from originators	285,245	432,594	-	-
Amount due from agents, brokers and reinsurers	64,983	26,443	-	-
Foreclosed properties	52,461	52,808	-	-
Tax recoverable (Note 1)	512,819	467,857	1,003	831
Collateral pledged for derivative transactions	622,170	670,715	-	-
	<u>2,956,854</u>	<u>3,236,956</u>	<u>5,137</u>	<u>3,716</u>
Allowance for impairment	(58,293)	(57,848)	-	-
	<u>2,898,561</u>	<u>3,179,108</u>	<u>5,137</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. AmBank's application to the special commissioners of Income Tax for the notice of assessment for the year of assessment 2009 is still pending and awaiting for court hearing.

A14. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		31.12.16 RM'000	31.03.16 RM'000
Reinsurance assets from general insurance business		351,795	423,931
Other insurance receivables	(i)	<u>71,168</u>	<u>89,624</u>
		<u>422,963</u>	<u>513,555</u>
(i) Other insurance receivables			
Due premiums including agents/brokers and co-insurers balances		85,717	85,967
Amount owing by reinsurance and cedants		18,480	20,719
Reinsurance deposit		-	16,815
Allowance for impairment		<u>(33,029)</u>	<u>(33,877)</u>
		<u>71,168</u>	<u>89,624</u>

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Licensed banks	1,460,001	334,831
Bank Negara Malaysia	44,343	44,411
Other financial institutions	1,544,096	1,364,527
	<u>3,048,440</u>	<u>1,743,769</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Demand deposits	13,252,949	13,448,089
Savings deposits	5,442,275	5,268,017
Term/Investment deposits	67,973,033	71,635,826
Negotiable instruments of deposits	255	6,644
	<u>86,668,512</u>	<u>90,358,576</u>

The deposits are sourced from the following types of customers:

Government and statutory bodies	8,198,907	11,335,303
Business enterprises	42,214,381	40,455,179
Individuals	32,899,333	34,889,340
Others	3,355,891	3,678,754
	<u>86,668,512</u>	<u>90,358,576</u>

A17. OTHER LIABILITIES

	Group		Company	
	31.12.16	31.03.16	31.12.16	31.03.16
	RM'000	RM'000	RM'000	RM'000
Trade payables	357,910	698,583	-	-
Other payables and accruals	1,498,578	1,568,877	20,395	21,427
Interest payable on deposits and borrowings	808,011	933,303	18,102	6,878
Lease deposits and advance rental	10,684	10,146	-	-
Provision for commitments and contingencies	68,254	116,161	-	-
Amount due to subsidiaries	-	-	4,521	8,954
Provision for taxation	41,005	13,843	-	-
Collateral received for derivative transactions	247,815	469,030	-	-
	<u>3,032,257</u>	<u>3,809,943</u>	<u>43,018</u>	<u>37,259</u>

A18. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	31.12.16 RM'000	31.03.16 RM'000
Insurance contract liabilities	(i)	2,546,609	2,643,896
Other insurance payables	(ii)	77,137	117,564
		<u>2,623,746</u>	<u>2,761,460</u>
 (i) Insurance contract liabilities			
		31.12.16 Gross contract liabilities RM'000	Reinsurance assets RM'000
General insurance business	2,546,609	(351,795)	2,194,814
		31.03.16 Gross contract liabilities RM'000	Reinsurance assets RM'000
General insurance business	2,643,896	(423,931)	2,219,965
 (ii) Other insurance payables			
		31.12.16 RM'000	31.03.16 RM'000
Amount due to agents and intermediaries		29,987	25,270
Amounts due to reinsurers and cedants		47,150	92,294
		<u>77,137</u>	<u>117,564</u>

A19. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Short-term funds and deposits and placements with banks and other financial institutions	19,808	58,898	69,164	151,169
Financial assets held-for-trading	55,741	47,699	163,513	138,134
Financial investments available-for-sale	65,736	64,334	209,587	200,475
Financial investments held-to-maturity	21,573	23,623	64,449	65,884
Loans and advances	815,121	820,379	2,419,570	2,480,169
Impaired loans and advances	1,850	2,016	5,664	6,640
Others	15,690	17,275	42,526	43,745
	<u>995,519</u>	<u>1,034,224</u>	<u>2,974,473</u>	<u>3,086,216</u>
 Company				
Short-term funds and deposits and placements with banks and other financial institutions	312	144	856	1,120
Financial investments held-to-maturity	3	-	3	-
	<u>315</u>	<u>144</u>	<u>859</u>	<u>1,120</u>

A20. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Group				
Deposits from customers	453,834	483,035	1,381,231	1,414,946
Deposit and placements of banks and other financial institutions	10,108	14,859	26,802	28,220
Senior notes	49,385	51,576	144,479	153,657
Credit-Linked Notes	1,854	4,002	7,656	11,990
Recourse obligation on loans sold to Cagamas Berhad	27,060	23,574	80,927	43,945
Term loans and revolving credit	10,360	8,750	29,219	24,238
Subordinated bonds and notes	5,259	5,280	15,737	15,782
Medium term notes	17,416	17,416	52,058	52,058
Tier 1 capital securities	21,427	27,153	64,050	80,189
Others	4,082	3,779	11,945	11,084
	<u>600,785</u>	<u>639,424</u>	<u>1,814,104</u>	<u>1,836,109</u>
Company				
Senior notes	11,091	11,091	33,151	33,151
Term loans and revolving credit	2,633	3,069	8,684	9,100
Subordinated notes	3	-	3	-
	<u>13,727</u>	<u>14,160</u>	<u>41,838</u>	<u>42,251</u>

A21. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		364,021	354,126	1,081,664	1,093,417
		<u>364,021</u>	<u>354,126</u>	<u>1,081,664</u>	<u>1,093,417</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		37,169	37,301	109,693	102,657
General insurance claims		243,551	235,832	662,329	699,548
		<u>280,720</u>	<u>273,133</u>	<u>772,022</u>	<u>802,205</u>
Total income from insurance business, net		<u>83,301</u>	<u>80,993</u>	<u>309,642</u>	<u>291,212</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		387,784	378,348	1,156,443	1,142,235
- change in unearned premium provision		10,100	8,797	22,498	52,402
		<u>397,884</u>	<u>387,145</u>	<u>1,178,941</u>	<u>1,194,637</u>
Premium ceded					
- insurance contract		(33,615)	(29,340)	(97,212)	(91,480)
- change in unearned premium provision		(248)	(3,679)	(65)	(9,740)
		<u>(33,863)</u>	<u>(33,019)</u>	<u>(97,277)</u>	<u>(101,220)</u>
		<u>364,021</u>	<u>354,126</u>	<u>1,081,664</u>	<u>1,093,417</u>
(b) Insurance claims					
- gross benefits and claims paid		252,894	222,490	828,134	653,005
- claims ceded to reinsurers		(21,279)	(11,876)	(163,086)	(57,701)
- change in contract liabilities - insurance contract		6,922	10,104	(74,791)	100,298
- change in contract liabilities ceded to reinsurers					
- insurance contract		5,014	15,114	72,072	3,946
		<u>243,551</u>	<u>235,832</u>	<u>662,329</u>	<u>699,548</u>

¹ Net of bancassurance commission paid/payable to subsidiaries of the Group of RM10,925,000 (31 December 2015: RM11,792,000) eliminated upon consolidation.

A22. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Fee and commission income:				
Fees on loans and securities	52,190	33,646	136,818	106,555
Corporate advisory	3,485	4,570	7,590	13,360
Guarantee fees	16,620	13,970	47,065	41,055
Underwriting commission	267	863	3,334	3,137
Portfolio management fees	8,934	8,956	25,432	26,868
Unit trust management fees	26,171	26,388	70,943	76,666
Property trust management fees	1,833	1,524	5,459	4,542
Brokerage fees and commission	9,117	13,331	29,584	40,177
Bancassurance commission	4,410	3,922	10,456	10,617
Wealth management fees	5,356	7,758	22,387	20,449
Remittances	5,151	5,475	15,274	16,411
Fees, service and commission charges	10,936	8,409	26,294	24,326
Other fee and commission income	5,360	4,009	21,128	19,843
	<u>149,830</u>	<u>132,821</u>	<u>421,764</u>	<u>404,006</u>
Investment and trading income:				
Net gain/(loss) from sale of financial assets held-for-trading	(20,215)	2,409	85,478	(7,619)
Net gain/(loss) from sale of financial investments available-for-sale	(515)	34,381	26,458	52,426
Net gain on redemption of financial investments held-to-maturity	-	-	47	-
Net gain/(loss) on revaluation of financial assets held-for-trading	(53,486)	15,891	(35,539)	(19,530)
Net foreign exchange gain ¹	47,681	25,983	48,073	80,952
Net (loss)/gain on derivatives	22,308	(25,193)	34,675	39,054
Gain on disposal of equity interests in subsidiaries ²	-	-	1,662	8,754
Dividend income from:				
Financial assets held-for-trading	6,003	3,463	7,017	4,876
Financial investments available-for-sale	8,104	8,348	28,260	25,707
Others	(5,347)	2,088	50	202
	<u>4,533</u>	<u>67,370</u>	<u>196,181</u>	<u>184,822</u>
Other income:				
Net non-trading foreign exchange loss	(208)	(2,921)	(1,837)	(2,325)
Net gain/(loss) on disposal of property and equipment ³	7	85	11,888	(906)
Rental income	1,060	914	3,447	3,001
Profit from sale of goods and services	2,481	10,425	16,329	29,009
Others	4,289	5,083	13,464	18,187
	<u>7,629</u>	<u>13,586</u>	<u>43,291</u>	<u>46,966</u>
	<u>161,992</u>	<u>213,777</u>	<u>661,236</u>	<u>635,794</u>

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

² Current period gain of RM1.7 million arose from disposal of subsidiary, MTrustee Berhad ("MTrustee") (formerly known as 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.

³ 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	
	31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Fee and commission income:				
Other fee and commission income	139	-	160	150
	<u>139</u>	<u>-</u>	<u>160</u>	<u>150</u>
Investment and trading income:				
Dividend income from:				
Subsidiaries	235,593	215,091	608,927	659,877
Financial investments available-for-sale	818	645	2,382	2,112
	<u>236,411</u>	<u>215,736</u>	<u>611,309</u>	<u>661,989</u>
Other income:				
Others	-	-	15	-
	<u>-</u>	<u>-</u>	<u>15</u>	<u>-</u>
	<u>236,550</u>	<u>215,736</u>	<u>611,484</u>	<u>662,139</u>

A23. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Personnel costs:				
Salaries, allowances and bonuses	220,060	208,066	676,882	612,813
Share/options granted under ESS				
- charge/(writeback)	8,152	4,148	(11,959)	6,157
Contributions to EPF	36,746	32,631	109,582	97,524
Social security cost	2,015	1,626	5,811	4,888
Other staff related expenses	27,065	32,378	82,542	85,692
	<u>294,038</u>	<u>278,849</u>	<u>862,858</u>	<u>807,074</u>
Establishment costs:				
Depreciation of property and equipment	13,926	13,639	42,489	38,625
Amortisation of intangible assets	25,710	22,738	75,498	66,356
Computerisation costs	40,892	48,118	137,565	142,746
Rental of premises	26,004	27,380	81,521	79,633
Cleaning, maintenance and security	6,846	7,130	21,389	24,130
Others	9,723	10,106	30,886	30,705
	<u>123,101</u>	<u>129,111</u>	<u>389,348</u>	<u>382,195</u>
Marketing and communication expenses:				
Sales commission	3,654	5,083	12,046	10,258
Advertising, promotional and other marketing activities	13,910	18,643	47,477	44,882
Telephone charges	5,416	5,865	14,390	18,045
Postage	2,941	104	9,161	8,492
Travelling and entertainment	3,847	4,497	11,836	11,999
Others	3,324	5,326	13,513	17,810
	<u>33,092</u>	<u>39,518</u>	<u>108,423</u>	<u>111,486</u>
Administration and general expenses:				
Professional services	29,034	34,983	84,120	92,613
Travelling	1,710	2,250	5,445	5,726
Insurance	968	2,743	4,394	4,807
Subscriptions and periodicals	3,143	5,028	11,659	12,296
Others ⁴	32,567	80,914	111,150	141,686
	<u>67,422</u>	<u>125,918</u>	<u>216,768</u>	<u>257,128</u>
	<u>517,653</u>	<u>573,396</u>	<u>1,577,397</u>	<u>1,557,883</u>

⁴ Included for the financial period ended 31 December 2015 of the Group was RM53.7 million administrative monetary penalty imposed by BNM pursuant to section 234 of the Financial Services Act ("FSA") 2013 and section 245 of the IFSA 2013 arising from non-compliance of the Group with certain regulations. The Group had committed to set aside an average of RM25 million per annum for four years for investment in system, infrastructure and training.

A23. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Personnel costs:				
Salaries, allowances and bonuses	3,401	3,331	10,115	11,422
Shares/options granted under ESS	477	-	477	-
Contributions to EPF	460	469	1,258	1,535
Social security cost	-	-	1	-
Others	202	63	551	351
	<u>4,540</u>	<u>3,863</u>	<u>12,402</u>	<u>13,308</u>
Establishment costs:				
Depreciation of property and equipment	44	43	131	123
Cleaning, maintenance and security	1	1	1	1
Others	5	3	14	11
	<u>50</u>	<u>47</u>	<u>146</u>	<u>135</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	68	261	446	315
Telephone charges	12	5	49	11
Travelling and entertainment	6	8	93	40
Others	(6)	21	157	182
	<u>80</u>	<u>295</u>	<u>745</u>	<u>548</u>
Administration and general expenses:				
Professional services	(55)	1,172	1,051	2,587
Travelling	120	2	250	17
Subscriptions and periodicals	36	35	40	39
Others	1,456	1,031	3,175	4,029
	<u>1,557</u>	<u>2,240</u>	<u>4,516</u>	<u>6,672</u>
Service transfer pricing (income)/expense, net	(454)	1,245	(1,725)	8,781
	<u>5,773</u>	<u>7,690</u>	<u>16,084</u>	<u>29,444</u>

A24. WRITEBACK FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Allowance for loans, advances and financing:				
Individual allowance, net	6,691	30,363	7,068	43,912
Collective allowance, net	85,422	21,574	310,735	277,539
Impaired loans, advances and financing:				
Recovered, net	(170,439)	(122,010)	(469,334)	(444,396)
Recovery from loans sold to Danaharta	-	(1,589)	-	(1,589)
	<u>(78,326)</u>	<u>(71,662)</u>	<u>(151,531)</u>	<u>(124,534)</u>

A25. BUSINESS SEGMENT ANALYSIS

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

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

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 31.12.16	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	2,146,759	1,677,946	393,167	212,193	96,281	1,234,843	379,415	6,140,604
Revenue from other segments	(254,188)	196,779	(212,814)	(7,632)	-	-	277,855	-
Total operating revenue	1,892,571	1,874,725	180,353	204,561	96,281	1,234,843	657,270	6,140,604
Net interest income	843,066	566,343	49,809	30,171	1,705	101,324	100,442	1,692,860
Other income	174,813	144,727	95,861	160,305	94,448	308,884	49,210	1,028,248
Gain on disposal of subsidiaries	-	-	-	-	-	-	1,662	1,662
Share in results of associates and joint ventures	2,814	-	-	-	-	27,692	5,608	36,114
Income	1,020,693	711,070	145,670	190,476	96,153	437,900	156,922	2,758,884
Other operating expenses	(691,792)	(185,483)	(55,729)	(96,607)	(55,009)	(250,180)	(243,129)	(1,577,929)
of which:								
<i>Depreciation of property and equipment</i>	(18,065)	(1,158)	(608)	(1,179)	(273)	(9,897)	(11,416)	(42,596)
<i>Amortisation of intangible assets</i>	(14,945)	(1,723)	(4,679)	(689)	(979)	(6,987)	(46,060)	(76,062)
Profit/(Loss) before impairment losses	328,901	525,587	89,941	93,869	41,144	187,720	(86,207)	1,180,955
(Allowance)/Writeback for impairment losses on loans, advances and financing	4,781	93,036	-	2,310	-	167	51,237	151,531
(Allowance)/Writeback for impairment losses on other assets	(11,427)	(592)	-	1,335	-	1,134	180	(9,370)
(Allowance)/Writeback of provision for commitments and contingencies	3,966	16,477	-	(2,129)	-	-	6,208	24,522
Other recoveries	3	12,068	-	-	-	-	737	12,808
Profit/(Loss) before taxation and zakat	326,224	646,576	89,941	95,385	41,144	189,021	(27,845)	1,360,446
Taxation and zakat	(77,244)	(147,623)	(21,586)	(22,851)	(9,284)	(33,598)	3,833	(308,353)
Profit/(Loss) for the period	248,980	498,953	68,355	72,534	31,860	155,423	(24,012)	1,052,093
Other information								
Total segment assets	48,599,740	42,154,609	10,844,635	2,277,781	118,042	5,497,530	19,712,286	129,204,623
Total segment liabilities	39,184,042	50,821,946	136,993	3,365,702	18,896	3,423,258	15,574,519	112,525,356
Cost to income ratio	67.8%	26.1%	38.3%	50.7%	57.2%	57.1%	154.9%	57.2%
Gross loans, advances and financing	47,803,397	41,488,280	-	1,460,071	-	2,444	(57,910)	90,696,282
Net loans, advances and financing	47,304,249	41,212,014	-	1,449,530	-	2,374	(442,958)	89,525,209
Impaired loans, advances and financing	686,823	704,170	-	2,187	-	-	-	1,393,180
Total deposits	38,427,873	48,212,769	339,048	829,751	-	-	1,907,511	89,716,952
Additions to:								
Property and equipment	20,899	496	-	1,315	375	5,087	18,165	46,337
Intangible assets	22,783	8,043	-	479	195	14,517	45,672	91,689

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 31.12.15 (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	2,242,026	1,709,899	341,733	176,578	103,999	1,193,961	545,329	6,313,525
Revenue from other segments	(202,859)	288,664	(208,512)	(2,022)	-	-	124,729	-
Total operating revenue	2,039,167	1,998,563	133,221	174,556	103,999	1,193,961	670,058	6,313,525
Net interest income	924,697	606,531	31,795	31,582	1,830	99,251	117,872	1,813,558
Other income	198,638	125,856	73,064	120,907	102,169	277,218	72,427	970,279
Gain/(Loss) on disposal of subsidiaries	-	-	-	9,030	-	-	(276)	8,754
Share in results of associates and joint ventures	3,180	-	-	-	-	(10,096)	5,596	(1,320)
Income	1,126,515	732,387	104,859	161,519	103,999	366,373	195,619	2,791,271
Other operating expenses	(689,319)	(167,209)	(53,901)	(102,138)	(53,006)	(216,167)	(271,949)	(1,553,689)
of which:								
Depreciation of property and equipment	(17,192)	(1,329)	(686)	(1,255)	(288)	(9,175)	(12,091)	(42,016)
Amortisation of intangible assets	(13,425)	(2,236)	(5,079)	(609)	(1,062)	(5,886)	(39,378)	(67,675)
Profit/(Loss) before impairment losses and provisions (Allowance)/Writeback for impairment losses on loans, advances and financing	437,196	565,178	50,958	59,381	50,993	150,206	(76,330)	1,237,582
(Allowance)/Writeback for impairment losses on other assets	9,313	50,299	-	1,242	-	-	63,680	124,534
(Allowance)/Writeback of provision for commitments and contingencies	35	10,759	(209)	(1,061)	-	(4,608)	5,177	10,093
Transfer to profit equalisation reserve	(3,122)	8,565	-	171	-	-	11,584	17,198
Other recoveries	-	-	-	-	-	-	(1,406)	(1,406)
Profit before taxation and zakat	-	-	-	-	-	-	1,142	1,142
Taxation and zakat	443,422	634,801	50,749	59,733	50,993	145,598	3,847	1,389,143
Profit for the period	(105,530)	(143,026)	(12,180)	(10,421)	(13,226)	(22,585)	6,078	(300,890)
	337,892	491,775	38,569	49,312	37,767	123,013	9,925	1,088,253
Other information								
Total segment assets	46,504,065	39,659,144	9,809,056	2,640,960	141,208	5,205,360	31,675,533	135,635,326
Total segment liabilities	41,530,352	52,332,124	3,506,492	1,273,703	29,726	3,355,171	17,801,500	119,829,068
Cost to income ratio	61.2%	22.8%	51.4%	63.2%	51.0%	59.0%	139.0%	55.7%
Gross loans, advances and financing	45,754,297	39,680,964	-	1,484,664	-	6,617	(51,848)	86,874,694
Net loans, advances and financing	45,228,739	39,050,345	-	1,477,938	-	6,357	(370,741)	85,392,638
Impaired loans, advances and financing	799,955	761,084	-	2,267	-	-	-	1,563,306
Total deposits	40,831,080	49,529,597	601,566	746,145	-	-	1,858,328	93,566,716
Additions to:								
Property and equipment	15,888	618	96	1,165	2,299	40,242	31,270	91,578
Intangible assets	8,777	1,657	95	1,134	266	13,749	73,611	99,289

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

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

- (i) On 30 June 2016, AmBank had fully withdrawn 100% equity interest in its investment in a collective investment scheme, AmCash Premium.
- (ii) AmBank's wholly-owned dormant subsidiaries, Everflow Credit & Leasing Corporation Sdn Bhd and Economical Enterprises Sendirian Berhad have been dissolved by way of member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965 on 13 September 2016 and 22 December 2016 respectively.

2. Commencement of member's voluntary winding-up

During the current financial quarter, the following subsidiaries commenced liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965:

- (a) AMFB Holdings Berhad
- (b) AmInvestment Management Sdn Bhd
- (c) AmPrivate Equity Sdn Bhd
- (d) Malaysian Ventures Management Incorporated Sdn Bhd and
- (e) AmResearch Sdn Bhd

These subsidiaries are non-operating companies and there is no plan for them to resume business. The member's voluntary winding-up will not have any material effect on the earnings and net assets of the Group for the current financial year. No losses are expected to arise from the above mentioned member's voluntary winding-up.

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	
		31.12.16	31.03.16
		RM'000	RM'000
<u>Assets held for sale</u>			
Proposed disposal of property and equipment	Note (a)	19,937	11,647
Proposed disposal of investment property	Note (a)	-	7,713
Proposed disposal of MTrustee	Note (b)	-	5,380
Proposed disposal of properties obtained from garnishee proceedings	Note (c)	4,069	-
		24,006	24,740
<u>Liabilities directly associated with assets held for sale</u>			
Proposed disposal of MTrustee	Note (b)	-	4,370
		-	4,370
Net assets held for sale		24,006	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 31 December, 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 RM18.1 million.

(b) Proposed disposal of MTrustee

During the current financial period the above disposal was completed as disclosed in Note B6.

(c) Proposed disposal of properties obtained from garnishee proceedings

This relates to disposal of properties obtained from garnishee proceedings initiated by AmBank pending completion of sale.

A30. COMMITMENTS AND CONTINGENCIES

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

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

	Group	
	31.12.16	31.03.16
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	18,693,551	14,691,791
over one year	4,769,549	4,703,052
Unutilised credit card lines	3,323,951	2,846,456
Forward asset purchases	69,562	866,986
	<u>26,856,613</u>	<u>23,108,285</u>
Contingent Liabilities		
Direct credit substitutes	2,516,551	2,267,415
Transaction related contingent items	5,955,467	5,047,478
Obligations under underwriting agreements	15,252	73,348
Short term self liquidating trade related contingencies	927,834	649,520
	<u>9,415,104</u>	<u>8,037,761</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	48,049,869	47,352,541
One year or less	9,707,199	8,175,391
Over one year to five years	30,971,367	30,103,999
Over five years	7,371,303	9,073,151
Foreign exchange related contracts:	43,248,412	45,631,935
One year or less	40,024,398	42,525,684
Over one year to five years	1,051,233	1,125,881
Over five years	2,172,781	1,980,370
Credit related contracts:	364,260	673,394
One year or less	-	337,027
Over one year to five years	364,260	336,367
Equity and commodity related contracts:	282,139	233,194
One year or less	197,555	159,622
Over one year to five years	84,584	73,572
	<u>91,944,680</u>	<u>93,891,064</u>
	<u>128,216,397</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 on behalf of AmInvestment Bank Berhad ("AmInvestment Bank") for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc. in respect of its futures trading activity with AmInvestment Bank.
- (b) Since the last financial year end until the reporting date, AmMetLife had received complaints from 63 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	31.12.16			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
Trading derivatives						
Interest/Profit rate related contracts:	41,844,869	172,262	172,278	41,047,541	276,216	288,903
- One year or less	8,227,199	4,348	5,992	7,825,391	3,517	2,438
- Over one year to three years	12,327,067	35,898	36,129	14,806,859	45,475	45,109
- Over three years	21,290,603	132,016	130,157	18,415,291	227,224	241,356
Foreign exchange related contracts:	43,248,412	1,277,477	999,593	45,631,935	1,544,842	1,674,274
- One year or less	40,024,398	799,755	527,895	42,525,684	1,224,960	1,399,483
- Over one year to three years	183,493	7,377	31,373	459,391	9,692	10,746
- Over three years	3,040,521	470,345	440,325	2,646,860	310,190	264,045
Credit related contracts:	364,260	17,692	5,901	673,394	19,978	9,679
- One year or less	-	-	-	337,027	485	176
- Over three years	364,260	17,692	5,901	336,367	19,493	9,503
Equity and commodity related contracts:	282,139	560	127	233,194	3,014	2,959
- One year or less	197,555	530	97	159,622	1,881	1,826
- Over one year to three years	84,584	30	30	-	-	-
- Over three years	-	-	-	73,572	1,133	1,133
	85,739,680	1,467,991	1,177,899	87,586,064	1,844,050	1,975,815
Hedging derivatives						
Interest rate related contracts -						
Interest rate swaps:						
Cash flow hedge	5,855,000	53,793	53,911	5,955,000	39,951	35,705
- One year or less	1,480,000	1,577	3,326	350,000	222	304
- Over one year to three years	1,635,000	11,020	8,532	2,435,000	6,129	3,762
- Over three years	2,740,000	41,196	42,053	3,170,000	33,600	31,639
Fair value hedge	350,000	-	7,351	350,000	-	11,287
- Over three years	350,000	-	7,351	350,000	-	11,287
Total	91,944,680	1,521,784	1,239,161	93,891,064	1,884,001	2,022,807

Purpose of engaging in financial derivatives

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

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

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

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

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

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

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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

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

General disclosure for derivatives and counterparty credit risk

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

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

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

Liquidity risk of derivatives

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

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

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

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

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

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

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

A32. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

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

Group

31.12.16	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	91	1,521,693	-	1,521,784
Financial assets held-for-trading				
- Money market securities	-	3,024,022	-	3,024,022
- Equities	233,309	-	-	233,309
- Quoted corporate bonds and sukuk	38,088	-	-	38,088
- Unquoted corporate bonds and sukuk	-	3,476,320	-	3,476,320
Financial investments available-for-sale				
- Money market securities	-	3,338,419	-	3,338,419
- Equities	1,062,140	1,430	-	1,063,570
- Unquoted corporate bonds and sukuk	-	4,988,659	-	4,988,659
	<u>1,333,628</u>	<u>16,350,543</u>	<u>-</u>	<u>17,684,171</u>
Derivative financial liabilities	<u>2,215</u>	<u>1,236,946</u>	<u>-</u>	<u>1,239,161</u>

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

31.12.16	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
Financial investments available-for-sale				
- Equities	137,141	-	-	137,141
	<u>137,141</u>	<u>-</u>	<u>-</u>	<u>137,141</u>

31.03.16

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
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 corporate bonds and sukuk	38,962	-	-	38,962
- Unquoted corporate bonds and sukuk	-	3,797,070	-	3,797,070
Financial investments available-for-sale				
- Money market securities	-	5,496,254	-	5,496,254
- Equities	1,097,768	33,725	-	1,131,493
- Unquoted corporate bonds and sukuk	-	4,933,103	-	4,933,103
	<u>1,438,465</u>	<u>16,927,004</u>	<u>-</u>	<u>18,365,469</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 other comprehensive income for financial instruments held at the end of reporting period:

	Group	
	31.12.16 RM'000	31.03.16 RM'000
Financial investments available-for-sale:		
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 VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONT'D.)

Movements in Level 3 financial instruments measured at fair value

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

	Financial investments available -for-sale	Financial investments available -for-sale
	Group	
	31.12.16	31.03.16
	RM'000	RM'000
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:

	31.12.16			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
CET1 Capital ratio	10.478%	10.474%	31.371%	11.309%
Tier 1 Capital ratio	11.861%	10.474%	31.371%	12.312%
Total Capital ratio	14.985%	15.020%	31.371%	15.805%

	31.03.16			
	AmBank (Restated) Note (4)(a)	AmBank Islamic	AmInvestment Bank (Restated) Note (4)(b)	Group * (Restated) Note (4)(c)
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.
- (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 ratios 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:

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

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

A33. CAPITAL ADEQUACY (CONT'D.)

- (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 :
- the transfer of card operations to AmBank from its wholly-owned subsidiary, AmCard Services Berhad.
 - 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.
 - 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:

	31.12.16			Group *
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<u>CET1 Capital</u>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	5,005,423	1,091,562	68,395	6,425,302
Available-for-sale reserve	(32,191)	(6,270)	-	(38,465)
Foreign exchange translation reserve	127,270	-	-	138,221
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	69,000	-	2,800	71,800
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	186,264
Cash flow hedging reserve	2,846	-	-	2,846
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(377,986)	(258)	(2,318)	(382,501)
Deferred tax assets	-	-	(5,216)	(7,360)
Cash flow hedging reserve	(2,846)	-	-	(2,846)
55% of cumulative gains of AFS financial instruments	-	-	-	-
Regulatory reserve	(69,000)	-	(2,800)	(71,800)
Investment in capital instruments of unconsolidated financial and insurance entities	(5,106)	-	(29,886)	-
Deduction in excess of Tier 2 capital**	-	-	(15,296)	-
CET1 Capital	7,461,587	2,755,486	415,679	11,102,463
<u>Additional Tier 1 Capital</u>				
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
Tier 1 Capital	8,446,587	2,755,486	415,679	12,087,468
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	610,000	-	1,010,000
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	647,865	266,154	4,628	918,664
Less: Regulatory adjustments applied on Tier 2 Capital	(3,404)	-	(4,628)	-
Tier 2 Capital	2,225,141	1,196,154	-	3,429,345
Total Capital	10,671,728	3,951,640	415,679	15,516,813

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:

	31.12.16			
	AmBank	AmBank	AmInvestment	Group *
	Islamic	Bank	Bank	
RM'000	RM'000	RM'000	RM'000	
Credit RWA	65,017,274	26,811,047	993,757	91,858,986
Less: Credit RWA absorbed by Restricted Investment Account	-	(2,006,013)	-	(2,006,013)
Total Credit RWA	65,017,274	24,805,034	993,757	89,852,973
Market RWA	1,893,274	59,506	40,541	2,011,488
Operational RWA	4,303,820	1,443,878	290,731	6,312,662
Total Risk Weighted Assets	71,214,368	26,308,418	1,325,029	98,177,123

- ** 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			
	AmBank	AmBank	AmInvestment	Group *
	Islamic	Bank	Bank	
(Restated) RM'000	RM'000	(Restated) RM'000	(Restated) RM'000	
<u>CET1 Capital</u>				
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	-	22,621	253,786
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)	-
CET1 Capital	7,432,359	2,650,904	504,365	11,045,692
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	985,000	-	-	985,000
Tier 1 Capital	8,417,359	2,650,904	504,365	12,030,692

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			Group * (Restated) RM'000
	AmBank (Restated) RM'000	AmBank Islamic RM'000	AmInvestment Bank (Restated) RM'000	
Tier 2 Capital				
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)	-
Tier 2 Capital	2,148,951	1,473,963	-	3,642,415
Total Capital	10,566,310	4,124,867	504,366	15,673,109

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
Total Risk Weighted Assets	66,908,036	26,924,057	1,468,696	95,180,818

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

A34. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	General insurance fund		Shareholders' fund and Others		Total	
	31.12.16 RM'000	31.03.16 RM'000	31.12.16 RM'000	31.03.16 RM'000	31.12.16* RM'000	31.03.16* RM'000
ASSETS						
Cash and short-term funds	107,515	273,201	197,401	571,308	304,916	844,510
Deposits and placements with banks and other financial institutions	12,403	10,098	388,446	1,086	400,849	11,185
Financial assets held-for-trading	2,353,441	2,886,136	3,268,273	2,873,953	3,060,650	2,873,953
Financial investments available-for-sale	5,005	37,354	1,160,907	554,058	49,892	85,356
Loans and advances	2,373	5,065	-	-	2,373	5,065
Deferred tax assets	11,392	21,326	1,773	-	13,165	21,326
Investment in subsidiary	-	-	2,108,733	2,108,733	-	-
Other assets	552,428	157,816	57,688	470,923	217,435	194,247
Reinsurance assets and other insurance receivables	422,963	513,555	-	-	422,963	513,555
Property and equipment	60,559	98,992	3,672	4,607	64,231	103,599
Intangible assets	59,728	28,323	75,927	78,960	914,581	886,210
Assets held for sale	18,907	18,398	1,029	961	19,937	19,359
TOTAL ASSETS	3,606,714	4,050,264	7,263,849	6,664,589	5,470,992	5,558,365
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	425,874	417,878	425,874	417,878
Deferred tax liabilities	-	-	82,354	89,060	84,230	89,144
Other liabilities	272,840	697,409	409,249	104,281	289,408	367,203
Insurance contract liabilities and other insurance payables	2,623,746	2,761,460	-	-	2,623,746	2,761,460
Total Liabilities	2,896,586	3,458,869	917,477	611,219	3,423,258	3,635,685
Share capital	-	-	4,836,064	4,540,874	499,148	499,148
Reserves	710,128	591,395	1,510,308	1,512,496	1,548,586	1,423,532
Total Equity	710,128	591,395	6,346,372	6,053,370	2,047,734	1,922,680
TOTAL LIABILITIES AND EQUITY	3,606,714	4,050,264	7,263,849	6,664,589	5,470,992	5,558,365

* after elimination on consolidation

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

A34. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

(II) CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016

Group	General insurance fund		Shareholders' fund and Others		Total	
	31.12.16	31.12.15	31.12.16	31.12.15	31.12.16*	31.12.15*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	3,485	2,796	111,835	110,046	115,320	112,842
Interest expense	-	-	(13,996)	(13,591)	(13,996)	(13,591)
Net interest income	3,485	2,796	97,839	96,455	101,324	99,251
Income from insurance business	1,081,664	1,093,417	-	-	1,081,664	1,093,417
Insurance claims and commissions**	(782,947)	(813,997)	-	-	(782,947)	(813,997)
Net income from insurance business	298,717	279,420	-	-	298,717	279,420
Other operating income	92,502	88,388	48,040	438,395	10,167	(2,202)
Net income	394,704	370,604	145,879	534,850	410,208	376,469
Other operating expenses	(242,526)	(200,750)	(7,654)	(8,890)	(250,180)	(209,640)
Acquisition and business efficiency expenses	-	(6,527)	-	-	-	(6,527)
Operating profit	152,178	163,327	138,225	525,960	160,028	160,302
Writeback of allowances for impairment on loans and financing	167	-	-	-	167	-
Net impairment gain/(loss) on:						
Financial investments	-	-	-	(359)	-	(359)
Doubtful sundry receivables	1,134	(4,249)	-	-	1,134	(4,249)
Profit before taxation	153,479	159,078	138,225	525,601	161,329	155,694
Taxation	(33,012)	(37,890)	(586)	15,305	(33,599)	(22,585)
Profit for the period	120,467	121,188	137,639	540,906	127,730	133,109

* after elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM10,925,000 (31 December 2015:RM11,792,000)

A35. OPERATIONS OF ISLAMIC BANKING

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,170,553	4,385,587
Deposits and placements with banks and other financial institutions	500,000	500,000
Derivative financial assets	72,686	57,272
Financial assets held-for-trading	192,080	174,550
Financial investments available-for-sale	1,899,682	3,177,516
Financial Investments held-to-maturity	1,274,618	1,263,639
Financing and advances	27,391,849	27,391,553
Receivables: Investments not quoted in active markets	464,081	468,141
Statutory deposit with Bank Negara Malaysia	838,000	842,000
Deferred tax assets	292	296
Other assets	341,443	348,234
Property and equipment	341	368
Intangible assets	258	14
TOTAL ASSETS	35,145,883	38,609,170
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	1,609,381	1,443,510
Recourse obligation on financing sold to Cagamas Berhad	620,326	1,127,824
Derivative financial liabilities	79,267	67,685
Deposits from customers	24,624,953	28,383,782
Investment accounts of customers	22,610	18,411
Investment account due to a licensed bank	2,000,000	1,000,000
Term funding	1,850,000	1,850,000
Subordinated Sukuk	929,641	1,399,528
Deferred tax liabilities	2,255	5,883
Other liabilities	406,493	470,486
TOTAL LIABILITIES	32,144,926	35,767,109
Share capital/Capital funds	492,922	492,922
Reserves	2,508,035	2,349,139
TOTAL ISLAMIC BANKING FUNDS	3,000,957	2,842,061
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	35,145,883	38,609,170
COMMITMENTS AND CONTINGENCIES	10,604,575	8,372,430

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

Group	Individual Quarter		Cumulative Quarter	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Income derived from investment of depositors' funds and others	395,870	467,864	1,261,130	1,361,070
Income derived from investment of investment account funds	16,384	18,001	45,460	52,567
Writeback/(Charge) for impairment on financing and advances	(16,175)	24,771	(27,867)	(20,248)
(Provision for)/writeback of provision for commitments and contingencies	(1,306)	(308)	(319)	2,140
Impairment for sundry debtors-writeback/(charge)	7	-	11	(10)
Transfer to profit equalisation reserve	-	-	-	(1,406)
Total distributable income	394,780	510,328	1,278,415	1,394,113
Income attributable to the depositors and others	(212,546)	(279,061)	(695,374)	(788,988)
Income attributable to the investment account holders	(14,600)	(16,037)	(40,497)	(46,933)
Profit attributable to the Group	167,634	215,230	542,544	558,192
Income derived from Islamic Banking Funds	22,856	40,945	80,392	93,346
Total net income	190,490	256,175	622,936	651,538
Other operating expenses	(98,782)	(148,906)	(308,964)	(319,604)
Finance cost	(31,798)	(34,147)	(105,525)	(101,269)
Profit before taxation and zakat	59,910	73,122	208,447	230,665
Taxation and zakat	(12,205)	(25,557)	(44,870)	(59,219)
Profit for the period	47,705	47,565	163,577	171,446

**UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

Group	Individual Quarter		Cumulative Quarter	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
Profit for the period	47,705	47,565	163,577	171,446
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss				
Net change in revaluation of financial investments available-for-sale	(20,875)	5,063	(6,159)	(10,375)
Income tax relating to the components of other comprehensive income/(loss)	5,010	(1,215)	1,478	2,490
Other comprehensive income/(loss) for the period, net of tax	(15,865)	3,848	(4,681)	(7,885)
Total comprehensive income for the period	31,840	51,413	158,896	163,561

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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	
At 1 April 2015	492,922	724,185	483,345	3,904	(6,592)	886,620	2,584,384
Profit for the period	-	-	-	-	-	171,446	171,446
Other comprehensive loss, net	-	-	-	-	(7,885)	-	(7,885)
Total comprehensive income/(loss) for the period	-	-	-	-	(7,885)	171,446	163,561
Utilisation of profit equalisation reserve for the financial period	-	-	-	(3,904)	-	3,904	-
Transfer to ESS shares recharged difference on purchase price of shares vested	-	-	-	-	-	(10)	(10)
At 31 December 2015	492,922	724,185	483,345	-	(14,477)	1,061,960	2,747,935
At 1 April 2016	492,922	724,185	483,345	-	(1,589)	1,143,198	2,842,061
Profit for the period	-	-	-	-	-	163,577	163,577
Other comprehensive income, net	-	-	-	-	(4,681)	-	(4,681)
Total comprehensive income for the period	-	-	-	-	(4,681)	163,577	158,896
At 31 December 2016	492,922	724,185	483,345	-	(6,270)	1,306,775	3,000,957

A35. 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
31.12.16							
At amortised cost:							
Cash lines	-	501	-	-	993,470	-	993,971
Term financing	2,055,240	2,754,090	11,142	-	3,577,470	74,823	8,472,765
Revolving credit	82,100	3,103,711	-	-	2,492,181	-	5,677,992
Housing financing	2,821,907	133,692	51,294	-	-	-	3,006,893
Hire purchase receivables	4	-	-	7,994,525	-	-	7,994,529
Bills receivables	-	-	-	-	-	11,388	11,388
Credit card receivables	-	-	-	-	-	288,529	288,529
Trust receipts	-	109,634	-	-	-	-	109,634
Claims on customers under acceptance credits	-	1,080,405	-	-	-	139,638	1,220,043
Gross financing and advances*	<u>4,959,251</u>	<u>7,182,033</u>	<u>62,436</u>	<u>7,994,525</u>	<u>7,063,121</u>	<u>514,378</u>	<u>27,775,744</u>
Allowance for impairment on financing and advances							
- Individual allowance							(65,687)
- Collective allowance							(318,208)
Net financing and advances							<u>27,391,849</u>

A35. 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
At amortised cost:							
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.

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

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

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

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Balance at beginning of the financial year	605,200	606,455
Impaired during the period/year	229,548	414,127
Reclassification to non-impaired financing	(64,830)	(59,820)
Recoveries	(92,361)	(126,010)
Amount written off	(127,335)	(229,552)
Balance at end of the financial period/year	<u>550,222</u>	<u>605,200</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>1.98%</u>	<u>2.18%</u>

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

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Individual allowance		
Balance at beginning of the financial year	63,715	66,075
Allowance made during the period/year	9,649	27,588
Amount written off	(7,677)	(29,948)
Balance at end of the financial period/year	<u>65,687</u>	<u>63,715</u>
Collective allowance		
Balance at beginning of the financial year	329,392	458,453
Allowance made during the period/year	108,196	77,975
Transferred from conventional commercial banking*	-	17
Foreign exchange differences	10	(5)
Amount written off	(119,390)	(207,048)
Balance at end of the financial period/year**	<u>318,208</u>	<u>329,392</u>
Collective allowance as % of gross financing and advances (excluding RIA financing) less individual allowance	<u>1.24%</u>	<u>1.25%</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 31 December 2016, the gross exposure and collective allowance relating to the RIA financing amounted to RM2,006.0 million and RM1.9 million respectively (31 March 2016: RM1,004.0 million and RM1.5 million respectively).

There was no individual allowance provided for the RIA financing.

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(b) Deposits From Customers

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Savings deposits		
<i>Wadiah</i>	2,058,408	1,950,534
Demand deposits		
<i>Wadiah</i>	4,028,995	3,911,360
Term deposits		
Commodity Murabahah	18,255,390	22,515,492
Qard	227,160	-
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	-	6,396
Structured deposits		
<i>Murabahah</i>	55,000	-
	<u>24,624,953</u>	<u>28,383,782</u>

(c) Investment Accounts Of Customers

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Without maturity:		
- Wakalah	22,610	18,411
	<u>22,610</u>	<u>18,411</u>
Investment asset:		
Interbank placement	22,610	18,411
Total investment	<u>22,610</u>	<u>18,411</u>

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

	Investment account holder			
	31.12.16			31.03.16
	Average rate of return (%)	Average Performance incentive fee (%)	Average rate of return (%)	Average Performance incentive fee (%)
Maturity:				
less than 3 months	0.05	3.07	0.05	3.18

A35. OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(d) Investment Account Due to A Licensed Bank

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
<u>Restricted investment account</u>		
- Mudarabah Muqayyadah	2,000,000	1,000,000
Investment asset:		
Financing	2,000,000	1,000,000
Total investment	2,000,000	1,000,000

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

	Investment account holder		
	31.12.16	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	5.03	4.56

(e) Other Liabilities

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
Other payables and accruals	275,161	343,221
Taxation and zakat payable	60,847	36,323
Provision for commitments and contingencies	11,881	11,603
Amount due to head office	56,753	77,525
Lease deposits and advance rental	1,851	1,814
	406,493	470,486

A35. 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

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Individual Quarter ended 31 December 2015			
Income derived from investment of depositors' funds and others	485,865	(18,001)	467,864
Income derived from investment of investment account funds	-	18,001	18,001
	<u> </u>	<u> </u>	<u> </u>
Income attributable to the depositors and others	(295,098)	16,037	(279,061)
Income attributable to investment account holders	-	(16,037)	(16,037)
	<u> </u>	<u> </u>	<u> </u>
Cumulative Quarter ended 31 December 2015			
Income derived from investment of depositors' funds and others	1,413,637	(52,567)	1,361,070
Income derived from investment of investment account funds	-	52,567	52,567
	<u> </u>	<u> </u>	<u> </u>
Income attributable to the depositors and others	(835,921)	46,933	(788,988)
Income attributable to investment account holders	-	(46,933)	(46,933)
	<u> </u>	<u> </u>	<u> </u>

A36. RESTATEMENT OF COMPARATIVE INFORMATION

For the purpose of the statements of cash flows, the Group and the Company have restated cash and cash equivalents to exclude deposits and placements with banks and other financial institutions with original maturity of more than 3 months to conform with current financial period basis of presentation.

Reconciliation of condensed statements of cash flows as at 31 December 2015

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Group			
Net change in operating assets			
Deposits and placements of banks and other financial institutions	3,610,013	(2,438,860)	1,171,153
Cash and cash equivalents at beginning of the financial year	10,781,256	2,848,420	13,629,676
Cash and cash equivalents at end of the financial period	<u>13,482,833</u>	<u>409,560</u>	<u>13,892,393</u>
Company			
Net change in operating assets			
Deposits and placements of banks and other financial institutions	16,784	(16,784)	-
Cash and cash equivalents at beginning of the financial year	12,464	25,131	37,595
Cash and cash equivalents at end of the financial period	<u>7,662</u>	<u>8,347</u>	<u>16,009</u>

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

Third Quarter Ended 31 December 2016 Year-on-Year (yoy) Performance

The Group recorded profit after tax ("PAT") of RM1,052.1 million for the period ended 31 December 2016, a reduction of RM36.2 million (3.3%) compared to the corresponding period ended 31 December 2015 of RM1,088.3 million. The Group's profit attributable to equity holders of the Company ("PATMI") reduced RM33.4 million to RM988.8 million.

The reduction is primarily due to lower net interest income (RM89.7 million), Islamic banking business (RM24.0 million) and higher other operating expenses (RM24.2 million).

This was mitigated by writebacks on impairment on loans, advances and financing of RM151.5 million for the period ended 31 December 2016 compared with RM124.5 million in the corresponding period ended 31 December 2015 and higher other operating income (RM25.4 million), net income from insurance business (RM18.4 million), share in results of associates and joint ventures (RM37.4 million) and other recoveries (RM11.7 million).

Gross loans, advances and financing increased to RM90.7 billion compared to RM87.9 billion as at 31 March 2016 due to growth in mortgages, overdrafts and trade facilities offset by decrease in auto finance.

As at 31 December 2016, the Group's total assets stood at RM129.2 billion. The Total Capital ratio from the aggregation of the capital positions and risk weighted assets of the regulated banking subsidiaries stood at 15.805%.

Retail Banking

Retail Banking recorded a total income of RM1,020.7 million for the 9 month period ended 31 December 2016.

Net interest income grew 3.9% QoQ from improved NIM and higher contribution from all major product lines with Cards business registering the highest quantum. On a YoY basis, net interest income fell 8.8% despite higher loans growth in Mortgage as margins remained compressed in key businesses.

Non-interest income grew 5.6% QoQ driven by higher fee income especially from the Cards business. On a YoY basis, total income was lower by 12.0% principally due to a one off gain on sale of an AFS investment in 9MFY2016.

YoY operating expenses remained relatively flat with savings from communication, administrative and general expenses negated by personnel costs.

PAT decreased 26.3% YoY to RM249.0 million.

Wholesale Banking

Wholesale Banking recorded a total income of RM1,143.4 million, an increase of 3.7% YoY.

Net interest income was up 7.8% QoQ from an increase in NIM derived from lower cost of funds whilst net interest income declined by 3.5 % YoY from industry margin compression.

Non-interest income's QoQ performance was affected by the higher base recorded in Q2 (sale of sukuk) plus weaker fixed income trading. On a YoY basis, non-interest income recorded an increase of 14.9%. The drivers for this increase are (1) trading gain from fixed income syndication, (2) stronger gains on securities and from fixed income trading (3) higher loan underwriting fee income and higher commission income from utilisation of trade facilities.

Operating expenses increased 4.4% primarily from personnel costs. Net write-back in provisions amounted to RM122.5 million or an increase of 75.6% YoY. PAT grew 8.8% YoY to RM671.1 million.

General Insurance

Net earned premiums increased 6.9% YoY to RM298.7 million largely from the release of prior year claims reserves. Softer national motor sales resulted in lower motor premium and lower commission. For the financial period under review, other income increased significantly as a result of the gain from disposal of properties. Expenses increased 15.7% YoY mainly due to computerisation costs. PAT decreased marginally by 4.1% YoY to RM127.7 million.

Life Assurance and Family Takaful

The joint ventures, AmMetLife Insurance Berhad and AmMetLife Takaful Berhad have registered PAT of RM63.4 million compared with a loss of RM2.3 million for YTD 31 December 2015 and a loss of RM8 million (loss of RM17.9 million YTD 31 December 2015) respectively for the 9 months ended 31 December 2016. The improvement in the results of the life assurance business was attributable to lower claims.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a lower profit before taxation of RM408.9 million for the third quarter ended 31 December 2016 as compared to RM472.2 million for the previous quarter ended 30 September 2016, a reduction of RM63.3 million.

The reduction in profit before taxation for the current quarter ended 31 December 2016 was mainly due to lower net income from Islamic Banking business (RM8.5 million) and other operating income (RM122.3 million). Lower recoveries of RM14.4 million also contributed to the reduction in profit before taxation.

This was partially offset by higher net interest income (RM21.4 million), share in results of associates and joint ventures (RM9.4 million). In addition higher writeback for impairment on loans, advances and financing (RM41.4 million), lower other operating expenses (RM6.6 million) and higher writeback of provision for commitments and contingencies (RM3.9 million) were reported for current reporting quarter.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2017

In the third quarter of 2016, the Malaysian economy registered 4.3% growth (2Q2016: 4.0%) supported by private consumption, which grew by 6.4% (2Q2016: 6.3%) reinforced by wage and employment growth as well as the increase in minimum wage with effect from 1 July 2016. Private investment moderated to 4.7% (2Q2016: 5.6%) led by capital spending in services and manufacturing. For the calendar year 2017, the Gross Domestic Product has been forecasted to grow at 4%–5% (2016: 4.2%) led by the domestic demand, primarily coming from the private sector while the public sector continues to consolidate. Exports will complement growth on the back of steady demand and stabilising commodity prices. Inflation is envisaged to average around 2%–3% in 2017.

For the banking system, margin compression is expected to continue due to deposit competition which will impact deposit rates, whilst the high loan to deposit ratio of the banks may lead to banks raising funding from longer term securities which could add upwards pressure on funding costs. The system's loans and deposits are expected to grow at a moderate pace on the back of a modest economic growth. We expect credit costs to normalise from lower recoveries, while some sectors may experience stress in asset quality.

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

We are making good progress on the initial phase of our "Top4", four year strategy plan. Retail Bank's strategic priorities will focus on mass affluent, affluent and SME propositions, supported by wealth management, merchant and cards solutions, and CASA growth via payroll. Wholesale Banking will continue its focus on expanding its transaction banking capabilities, and developing stronger client relationships with new innovative product solutions and services, particularly in the SME and mid corporate segments. The recent National Budget 2017's commitment to SME provides for higher market penetration opportunities for our new "SME" core segment. As of October 2016, the Group successfully converted all 175 of its Retail Branches to SME Ready Branches.

We are anticipating our loans growth to be slightly below system as we remain cautious on our growth in preferred sectors. With active recovery efforts, consistent credit underwriting standards and portfolio rebalancing strategy, our asset quality remains well positioned. CASA remains a core focus of the Group as we work towards enhancing customer experience with online deposit functionality and process simplification initiatives as part of our virtual banking aspirations.

Our General Insurance business aims to lead in motor, and select personal and commercial lines, via competitive underwriting and innovative product offerings. Our Life Assurance and Takaful businesses are leveraging on a customer-centric approach as the aim is to become the preferred life insurer.

The Group is well capitalised to support our strategic agenda and subject to market conditions, we will continuously strive to deliver optimal returns for our shareholders as we progress towards achieving our Top4 strategy plan.

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	
	31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Estimated current tax payable	33,047	152,002	111,737	293,683
Deferred tax	58,537	(70,679)	192,426	(6,403)
	<u>91,584</u>	<u>81,323</u>	<u>304,163</u>	<u>287,280</u>
Under provision of current taxation in respect of prior years	(439)	12,582	2,994	12,649
Taxation	<u>91,145</u>	<u>93,905</u>	<u>307,157</u>	<u>299,929</u>
Zakat	318	183	1,196	961
Taxation and zakat	<u>91,463</u>	<u>94,088</u>	<u>308,353</u>	<u>300,890</u>

The total tax charge of the Group for the financial period ended 31 December 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 31 December 2016, the trustee of the ESS held 7,452,200 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 RM48,103,651.
- 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 MTrustee.

The disposal involves the Vendors each disposing of their respective 20% equity stake in MTrustee (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 MTrustee. With the completion of the disposal, MTrustee 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

	Group	
	31.12.16	31.03.16
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	70,695,529	73,711,147
Over six months to one year	11,341,931	12,365,791
Over one year to three years	4,002,875	3,774,420
Over three years to five years	628,177	507,218
	<u>86,668,512</u>	<u>90,358,576</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	2,926,789	1,006,273
Over six months to one year	9,548	165,393
Over one year to three years	10,183	70,291
Over three years to five years	101,920	501,812
	<u>3,048,440</u>	<u>1,743,769</u>
(iii) Term funding (unsecured)		
(a) Senior notes		
Due within one year	1,075,000	327,124
More than one year	5,589,549	6,427,477
(b) Credit-Linked Notes		
Due within one year	-	149,546
More than one year	136,411	135,317
(c) Term loans and revolving credits		
Due within one year	1,745,097	1,373,050
More than one year	-	195,100
(d) Structured deposit		
Due within one year	1,183	-
	<u>8,547,240</u>	<u>8,607,614</u>
(iv) Debt capital		
(a) Unsecured notes/sukuk		
More than one year	1,329,191	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>3,624,191</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	
	31.12.16	31.03.16
	RM'000	RM'000
Total retained earnings		
- Realised	9,843,597	8,825,133
- Unrealised	1,395,934	1,965,338
Total share of retained earnings from associates and joint ventures		
- Realised	201,618	126,731
- Unrealised	(54,666)	(6,725)
Less: Consolidation adjustments	(3,424,495)	(3,371,385)
Total retained earnings as per consolidated financial statements	7,961,988	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

There is no dividend proposed for the current financial quarter.

B11. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.12.16	31.12.15	31.12.16	31.12.15
Net profit attributable to equity holders of the Company (RM'000)	313,167	300,153	988,793	1,022,182
Weighted average number of ordinary shares in issue (RM'000)	3,006,741	3,005,583	3,006,608	3,004,820
Basic earnings per share (Sen)	10.42	9.99	32.89	34.02

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	
	31.12.16	31.12.15	31.12.16	31.12.15
Net profit attributable to equity holders of the Company (RM'000)	313,167	300,153	988,793	1,022,182
Weighted average number of ordinary shares in issue (as in (a) above) (RM'000)	3,006,741	3,005,583	3,006,608	3,004,820
Effect of executives' share scheme (RM'000)	71	-	121	364
Adjusted weighted average number of ordinary shares in issue/issuable (RM'000)	3,006,812	3,005,583	3,006,729	3,005,184
Fully diluted earnings per share (Sen)	10.42	9.99	32.89	34.01