

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

AUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	Group		Company	
		31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
ASSETS					
Cash and short-term funds		8,337,200	11,988,321	2,051	21,033
Securities purchased under resale agreements		10,369	-	-	-
Deposits and placements with banks and other financial institutions		1,129,987	1,333,630	24,006	5,354
Derivative financial assets	A31	1,166,422	1,884,001	-	-
Financial assets held-for-trading	A8	9,533,088	4,920,618	-	-
Financial investments available-for-sale	A9	9,068,862	11,680,520	130,984	121,860
Financial investments held-to-maturity	A10	3,460,368	4,167,494	750,000	-
Loans, advances and financing	A11	89,865,085	86,513,254	-	-
Receivables: Investments not quoted in active markets		1,986,877	565,322	-	-
Statutory deposits with Bank Negara Malaysia	A12	2,575,444	2,590,145	-	-
Deferred tax assets		21,651	66,044	-	-
Investment in subsidiaries and other investments		-	-	9,506,300	9,507,225
Investment in associates and joint ventures		700,162	674,463	-	-
Other assets	A13	2,802,771	3,179,108	75,893	3,716
Reinsurance assets and other insurance receivables	A14	403,113	513,555	-	-
Property and equipment		234,619	292,787	900	377
Intangible assets		3,444,004	3,369,998	-	-
Assets held for sale	A29	27,593	24,740	-	-
TOTAL ASSETS		134,767,615	133,764,000	10,490,134	9,659,565
LIABILITIES AND EQUITY					
Deposits from customers	A15	94,071,513	90,358,576	-	-
Investment accounts of customers		24,374	18,411	-	-
Deposits and placements of banks and other financial institutions	A16	1,609,421	1,743,769	-	-
Securities sold under resale agreements		9,464	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,280,818	3,935,775	-	-
Derivative financial liabilities	A31	958,686	2,022,807	-	-
Term funding		7,176,024	8,607,614	1,176,000	1,206,000
Debt capital		4,174,086	4,094,077	749,491	-
Redeemable cumulative convertible preference share		210,965	204,760	-	-
Deferred tax liabilities		204,321	83,050	-	-
Other liabilities	A17	3,228,215	3,809,943	39,138	37,259
Insurance contract liabilities and other insurance payables	A18	2,666,844	2,761,460	-	-
Liabilities directly associated with assets held for sale	A29	-	4,370	-	-
Total Liabilities		117,614,731	117,644,612	1,964,629	1,243,259
Share capital		5,551,557	3,014,185	5,550,250	3,014,185
Reserves		10,475,511	12,154,293	2,975,255	5,402,121
Equity attributable to equity holders of the Company		16,027,068	15,168,478	8,525,505	8,416,306
Non-controlling interests		1,125,816	950,910	-	-
Total Equity		17,152,884	16,119,388	8,525,505	8,416,306
TOTAL LIABILITIES AND EQUITY		134,767,615	133,764,000	10,490,134	9,659,565
COMMITMENTS AND CONTINGENCIES	A30	134,563,308	125,037,110	-	-
NET ASSETS PER SHARE (RM)		5.32	5.03	2.83	2.79

The audited 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

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Operating revenue	A25	2,145,147	2,102,514	8,285,751	8,416,039
Interest income	A19	1,022,139	1,010,999	3,996,612	4,097,215
Interest expense	A20	(617,910)	(623,350)	(2,432,014)	(2,459,459)
Net interest income		404,229	387,649	1,564,598	1,637,756
Net income from Islamic banking		213,665	190,359	805,188	805,837
Income from insurance business		355,979	354,422	1,437,643	1,447,839
Insurance claims and commissions		(281,975)	(266,314)	(1,053,997)	(1,068,519)
Net income from insurance business	A21	74,004	88,108	383,646	379,320
Other operating income	A22	314,233	234,599	975,469	870,393
Share in results of associates and joint ventures		549	3,822	36,663	2,502
Net income		1,006,680	904,537	3,765,564	3,695,808
Other operating expenses	A23	(582,419)	(618,980)	(2,159,816)	(2,176,863)
Acquisition and business efficiency income/(expense), net		(131)	(1,636)	(663)	2,558
Operating profit before impairment losses		424,130	283,921	1,605,085	1,521,503
Writeback for impairment on loans, advances and financing	A24	21,979	39,558	173,510	164,092
Net impairment (loss)/writeback on:					
Financial investments		(1)	(1,863)	2,806	11,924
Doubtful sundry receivables		8,498	(2,222)	(4,168)	(5,178)
Foreclosed properties		(194)	(79)	(553)	(277)
Property and equipment		-	(700)	-	(700)
Intangible assets		(1,322)	(260)	(1,322)	(919)
Insurance receivables		233	(448)	1,081	(329)
Provision for commitments and contingencies - writeback/(charge)		(12,824)	23,643	11,698	40,841
Transfer to profit equalisation reserve		-	-	-	(1,406)
Other recoveries, net		245	319	13,053	1,461
Profit before taxation and zakat		440,744	341,869	1,801,190	1,731,012
Taxation and zakat	B5	(84,061)	(30,643)	(392,414)	(331,533)
Profit for the period/year		356,683	311,226	1,408,776	1,399,479
Attributable to:					
Equity holders of the Company		335,814	280,024	1,324,607	1,302,206
Non-controlling interests		20,869	31,202	84,169	97,273
Profit for the period/year		356,683	311,226	1,408,776	1,399,479
EARNINGS PER SHARE (SEN)	B11				
Basic		11.17	9.32	44.06	43.33
Fully diluted		11.16	9.31	44.03	43.29

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AMMB HOLDINGS BERHAD
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AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017

Group	Individual Quarter		Cumulative Quarter	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Profit for the period/year	356,683	311,226	1,408,776	1,399,479
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	(226)	781	(226)	781
	<u>(226)</u>	<u>781</u>	<u>(226)</u>	<u>781</u>
Items that may be reclassified to profit or loss				
Translation of foreign operations	(8,380)	(57,159)	69,069	21,993
Cash flow hedge	214	(8,197)	(582)	5,173
Financial investments available-for-sale	30,682	79,423	(63,143)	(10,223)
Income tax relating to the components of other comprehensive income/(loss)				
- Defined benefit liability	54	(154)	54	(154)
- Cash flow hedging	(51)	2,153	(44)	(1,056)
- Financial investments available-for-sale	(8,003)	(23,273)	8,727	(4,894)
Share of reserve movements in equity accounted joint ventures	1,720	3,814	(1,789)	2,926
	<u>24,356</u>	<u>14,219</u>	<u>12,292</u>	<u>13,765</u>
Other comprehensive income for the period/year, net of tax	24,130	15,000	12,066	14,546
Total comprehensive income for the period/year	<u>380,813</u>	<u>326,226</u>	<u>1,420,842</u>	<u>1,414,025</u>
Total comprehensive income for the period/year attributable to:				
Equity holders of the Company	358,779	294,225	1,336,807	1,315,459
Non-controlling interests	22,034	32,001	84,035	98,566
	<u>380,813</u>	<u>326,226</u>	<u>1,420,842</u>	<u>1,414,025</u>

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AMMB HOLDINGS BERHAD
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AUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017

Company	Note	Individual Quarter		Cumulative Quarter	
		31.03.17	31.03.16	31.03.17	31.03.16
		RM'000	RM'000	RM'000	RM'000
Operating revenue		62,393	999	674,736	664,258
Interest income	A19	2,184	120	3,043	1,240
Interest expense	A20	(15,263)	(14,026)	(57,101)	(56,277)
Net interest expense		(13,079)	(13,906)	(54,058)	(55,037)
Other operating income	A22	60,209	879	671,693	663,018
Net income		47,130	(13,027)	617,635	607,981
Other operating expenses - writeback/(charge)	A23	(7,391)	9,382	(23,475)	(20,062)
Profit before taxation		39,739	(3,645)	594,160	587,919
Taxation		(7,601)	(32)	(7,639)	(309)
Profit for the period/year representing total comprehensive income for the period/year		32,138	(3,677)	586,521	587,610

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AMMB HOLDINGS BERHAD
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AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017

Group	Attributable to Equity Holders of the Company												Total	Non-controlling interests	Total equity
	Non-Distributable						Distributable								
	Ordinary share capital	Share premium	Statutory reserve	Regulatory reserve	Profit equalisation reserve	AFS reserve	Cash flow hedging reserve/ (deficit)	Foreign currency translation reserve	Executives' share scheme reserve	Shares held in trust for ESS	Retained Earnings Non-participating funds	Retained Earnings			
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	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 year	-	-	-	-	-	-	-	-	-	-	-	1,302,206	1,302,206	97,273	1,399,479
Other comprehensive income/(loss), net	-	-	-	-	-	(13,187)	4,117	22,003	-	-	-	320	13,253	1,293	14,546
Total comprehensive income/(loss) for the financial year	-	-	-	-	-	(13,187)	4,117	22,003	-	-	-	1,302,526	1,315,459	98,566	1,414,025
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	-	-	-	-	-	-	(3,004)	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	10,722	-	-	-	10,722	-	10,722
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(30,977)	33,271	-	-	2,294	-	2,294
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(258)	(258)	(33)	(291)
Net utilisation of profit equalisation reserve	-	-	-	-	(3,904)	-	-	-	-	-	-	3,904	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	(8,460)	8,460	-	-	-
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,677)	(3,677)
Reclassification of foreign currency translation reserve	-	-	-	-	-	-	-	(6,160)	-	-	-	6,160	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(611,880)	(611,880)	(196,225)	(808,105)
Transactions with owners and other equity movements	-	-	-	-	(3,904)	-	-	(6,160)	(20,255)	30,267	(8,460)	(593,614)	(602,126)	(199,935)	(802,061)
At 31.03.16	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

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AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017

Group	Attributable to Equity Holders of the Company												Total equity RM'000	
	Non-Distributable									Distributable				
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	AFS reserve/ (deficit) RM'000	Cash flow hedging reserve RM'000	Foreign currency reserve RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained Earnings				
										Non- partici- pating funds RM'000	Total RM'000	Non- controlling interests RM'000		
												Total 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 year	-	-	-	-	-	-	-	-	-	-	1,324,607	1,324,607	84,169	1,408,776
Other comprehensive income/(loss), net	-	-	-	-	(56,155)	(626)	69,069	-	-	-	(88)	12,200	(134)	12,066
Total comprehensive income/(loss) the financial year	-	-	-	-	(56,155)	(626)	69,069	-	-	-	1,324,519	1,336,807	84,035	1,420,842
Share-based payment under ESS, net ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	(11,043)	-	-	-	(11,043)	-	(11,043)
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(7,697)	8,570	-	-	873	-	873
Transfer to regulatory reserve	-	-	-	222,250	-	-	-	-	-	-	(848)	(848)	(20)	(868)
Transfer to paid up share capital	2,537,372	(2,537,372)	-	-	-	-	-	-	-	-	(222,250)	-	-	-
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,470)	(3,470)
Additional investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000
Arising from disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,863)	(1,863)
Distribution payable	-	-	-	-	-	-	-	-	-	-	-	-	(294)	(294)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(467,199)	(467,199)	(3,482)	(470,681)
Transactions with owners and other equity movements	2,537,372	(2,537,372)	-	222,250	-	-	-	(18,740)	8,570	-	(690,297)	(478,217)	90,871	(387,346)
At 31.03.17	5,551,557	-	1,938,849	225,050	(47,520)	3,010	153,368	30,998	(47,273)	45,715	8,173,314	16,027,068	1,125,816	17,152,884

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

AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017 (CONT'D.)

Company	Attributable to Equity Holders of the Company					
	Non-Distributable				Distributable	
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.15	3,014,185	2,536,065	69,993	(86,110)	2,895,435	8,429,568
Profit for the financial year	-	-	-	-	587,610	587,610
Total comprehensive income for the financial year	-	-	-	-	587,610	587,610
Purchase of shares pursuant to ESS [^]	-	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net ESS shares vested to employees of subsidiaries	-	-	10,722	-	-	10,722
Dividends paid	-	-	(30,977)	33,271	996	3,290
Transactions with owners and other equity movements	-	-	-	-	(611,880)	(611,880)
	-	-	(20,255)	30,267	(610,884)	(600,872)
At 31.03.16	3,014,185	2,536,065	49,738	(55,843)	2,872,161	8,416,306
Attributable to Equity Holders of the Company						
Company	Non-Distributable				Distributable	
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.16	3,014,185	2,536,065	49,738	(55,843)	2,872,161	8,416,306
Profit for the financial year	-	-	-	-	586,521	586,521
Total comprehensive income for the financial year	-	-	-	-	586,521	586,521
Share-based payment under ESS, net ESS shares vested to employees of subsidiaries	-	-	(11,043)	-	-	(11,043)
Transfer to paid up share capital	-	-	(7,697)	8,570	47	920
Dividends paid	2,536,065	(2,536,065)	-	-	-	-
Transactions with owners and other equity movements	-	-	-	-	(467,199)	(467,199)
	2,536,065	(2,536,065)	(18,740)	8,570	(467,152)	(477,322)
At 31.03.17	5,550,250	-	30,998	(47,273)	2,991,530	8,525,505

[^] 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
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AUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017

	Group		Company	
	31.03.17	31.03.16	31.03.17	31.03.16
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	1,801,190	1,731,012	594,160	587,919
Add/(Less) adjustments for:				
Accretion of discount less amortisation of premium for securities	(108,304)	(135,673)	-	-
Allowance for losses on loans, advances and financing	508,146	403,050	-	-
Dividend income from investments	(42,780)	(46,961)	(671,518)	(662,867)
Net (gain)/loss on revaluation of derivatives	(343,702)	191,879	-	-
Net (gain)/loss on revaluation of financial assets held-for-trading	6,282	(1,865)	-	-
Net gain on sale of financial investments available-for-sale	(38,014)	(60,244)	-	-
Net gain on sale of financial assets held-for-trading	(90,745)	(12,812)	-	-
Other non-operating and non-cash items	180,007	263,094	202	167
Operating profit/(loss) before working capital changes	1,872,080	2,331,480	(77,156)	(74,781)
<i>Decrease/(Increase) in operating assets:</i>				
Securities purchased under resale agreements	(10,369)	-	-	-
Deposits and placements with banks and other financial institutions	609,832	538,814	-	-
Financial assets held-for-trading	(4,503,291)	(215,933)	-	-
Loans, advances and financing	(4,113,486)	(739,915)	-	-
Statutory deposits with Bank Negara Malaysia	14,701	624,446	-	-
Other assets	520,702	754,234	(83,131)	26,528
Reinsurance assets and other insurance receivables	111,523	(79,626)	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	3,712,937	(1,771,473)	-	-
Investment accounts of customers	5,963	18,411	-	-
Deposits and placements of banks and other financial institutions	(134,348)	(557,895)	-	-
Securities sold under resale agreements	9,464	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	(653,091)	1,167,838	-	-
Term funding	(1,829,607)	217,030	(30,000)	-
Other liabilities	(83,851)	17,630	732	(3,891)
Insurance contract liabilities and other insurance payables	(94,616)	216,811	-	-
Cash generated from/(used in) operations	(4,565,457)	2,521,852	(189,555)	(52,144)
Taxation and zakat refunded/(paid), net	(223,037)	(568,536)	(5,662)	4,117
Net cash generated (used in)/from operating activities	(4,788,494)	1,953,316	(195,217)	(48,027)
<i>Cash flows from investing activities</i>				
Purchase of shares for ESS	-	(3,004)	-	(3,004)
Dividends received from investments	39,578	44,001	668,316	659,908
Capital repayment from subsidiary	-	-	925	-
Dividend received from associate	9,174	8,202	-	-
Net cash outflow from disposal of subsidiaries	(3,894)	(40,221)	-	-
Proceeds from disposal of property and equipment	601	8,032	-	-
Disposal/(Purchase) of financial investments - net	3,383,300	(1,407,106)	(755,921)	(8,197)
Purchase of property and equipment and intangible assets	(211,089)	(244,594)	(725)	(8)
Purchase of receivables: investments not quoted in active markets	(1,424,976)	(10,000)	-	-
Net proceeds from disposal of asset held for sale (properties)	41,389	83,775	-	-
Subscription of shares in joint venture	-	(15,000)	-	-
Net cash generated from/(used in) investing activities	1,834,083	(1,575,915)	(87,405)	648,699

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AUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017 (CONT'D.)

	Group		Company	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 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	(3,482)	(196,225)	-	-
Additional investment by non-controlling interest	100,000	-	-	-
Redemption of shares in subsidiary by non-controlling interests	(3,470)	(3,677)	-	-
Repayment/(Proceeds) for Subordinated Sukuk	(670,000)	250,000	-	-
Issuance of Subordinated Notes, net of issuance expenses	749,701	-	749,491	-
Repayment of debt capital	-	(827,737)	-	-
Net cash used in financing activities	<u>(294,450)</u>	<u>(1,389,519)</u>	<u>282,292</u>	<u>(611,880)</u>
Net decrease in cash and cash equivalents	(3,248,861)	(1,012,118)	(330)	(11,208)
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	560	7,663	-	-
Cash and cash equivalents at end of the financial period	<u>9,376,920</u>	<u>12,625,221</u>	<u>26,057</u>	<u>26,387</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	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Cash and short-term funds	8,337,200	11,988,321	2,051	21,033
Deposits and placements with banks and other financial institutions	1,129,987	1,333,630	24,006	5,354
Included to assets held for sale	-	3,369	-	-
Less: Deposits with original maturity of more than three months	(90,267)	(700,099)	-	-
Cash and cash equivalents	<u>9,376,920</u>	<u>12,625,221</u>	<u>26,057</u>	<u>26,387</u>

The audited 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
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)
- Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)
- Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)
- Equity Method in Separate Financial Statements (Amendments to MFRS 127)
- Disclosure Initiative (Amendments to MFRS 101)
- 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:

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

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.

Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)

The amendments clarify that the exemption from presenting consolidated financial statements is also available to an intermediate parent entity that is a subsidiary of an investment entity. The amendments further clarify that an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. These amendments do not result in any impact as the Company is not an investment entity nor a subsidiary of an investment entity. Besides, the Group and the Company do not have any investment entity associate or joint venture.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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 financial year ended 31 March 2017.

Equity Method in Separate Financial Statements (Amendments to MFRS 127)

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.

Disclosure Initiative (Amendments to MFRS 101)

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 financial year ended 31 March 2017.

(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 annual periods beginning on or after
- Disclosure Initiative (Amendments to MFRS 107)	01 January 2017
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)	01 January 2017
- Annual Improvements to MFRSs 2014-2016 Cycle	
- amendments to MFRS 12	01 January 2017
- amendments to MFRS 1 and MFRS 128	01 January 2018
- MFRS 15 Revenue from Contracts with Customers	01 January 2018
- MFRS 9 Financial Instruments	01 January 2018
- Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)	01 January 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	01 January 2018
- Transfers of Investment Property (Amendments to MFRS 140)	01 January 2018
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
- MFRS 16 Leases	01 January 2019
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

The nature of the standards that are issued and relevant to the Group 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

Disclosure Initiative (Amendments to MFRS 107)

The amendments to MFRS 107 introduce an additional disclosure on changes in liabilities arising from financing activities. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

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

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

The amendments clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

The 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.

The Group and the Company are in the process of assessing the financial implication for adopting MFRS 15.

MFRS 9 *Financial Instruments*

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018. Retrospective application is required, but comparative information is not compulsory.

MFRS 9 will require all financial assets, other than equity instruments and derivatives, to be classified on the basis of two criteria, namely the entity's business model for managing the assets, as well as the instruments' contractual cash flow characteristics. Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest. If the financial assets are held within a business model whose objective is achieved by both selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, the assets shall be measured at fair value through other comprehensive income ("FVOCI"). Any financial assets that are not measured at amortised cost or FVOCI will be measured at fair value through profit or loss ("FVTPL"). MFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or FVOCI as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL; nevertheless entities are allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to the income statement.

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 9 Financial Instruments (Cont'd.)

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

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

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

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

The impairment requirements are expected to result in a higher allowance for impairment losses. The Group and the Company will perform a detailed assessment in the financial year ending 31 March 2018 to determine the extent of the impact.

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

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

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

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

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

Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

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

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

Transfers of Investment Property (Amendments to MFRS 140)

The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has 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.

(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. The Group and the Company are in the process of assessing the financial implication for adopting MFRS 16.

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

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

The amendments clarify that:

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

A1. BASIS OF PREPARATION (CONT'D.)

A1.2 Significant Changes in Regulatory Requirements - Companies Act 2016

Companies Act 2016 ("CA 2016") was enacted to replace Companies Act 1965 ("CA 1965"), and all of the provisions in CA 2016 other than Section 241 and Division 8 of Part III came into operations on 31 January 2017.

Amongst others, CA 2016 abolished the concept of par or nominal value of shares that was applied under CA 1965. Concepts tied to par value under CA 1965, such as authorised share capital, share premium and capital redemption reserve have similarly been abolished. Accordingly, the Group and the Company is no longer required to maintain a share premium account from 31 January 2017, and any amount standing to the credit of the share premium account as of that date has become part of the company's share capital, as presented in the statement of changes in equity.

In addition, the disclosure requirements under the Ninth Schedule of CA 1965 have also been removed upon the commencement of CA 2016. This change is applicable to all financial statements for the financial year ending on or after 31 January 2017. Nevertheless, this change will not result in any significant impact to the financial statements of the Group and the Company for the financial year ended 31 March 2017 as a majority of the disclosure requirements under the Ninth Schedule of CA 1965 are also required by the applicable approved accounting standards.

A1.3 Significant Accounting Judgements, Estimates and Assumptions

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

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

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

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

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 year ended 31 March 2017.

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

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

- a) During the financial year, 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 and another tranche with nominal value of RM190.0 million on its first call date of 31 January 2017.

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

2. Issuance of debt securities

- a) During the current financial year, 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.

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. On 15 March 2017, the Company issued tranche 2 of the Subordinated Notes amounting to RM540.0 million. The interest rate of this tranche is 5.20% per annum, payable semi-annually. The full amount of these two tranches issued qualify as Tier 2 Capital for the purpose of the Group's capital adequacy ratio computation.

- 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 10 years. The profit rate of this tranche is 5.5% per annum, payable semi-annually. On 15 March 2017, AmBank Islamic issued tranche 5 of Subordinated Sukuk amounting to RM240.0 million. The profit rate of this tranche is 5.2% per annum, payable semi-annually. The full amount of these tranches issued qualify for recognition as Tier 2 capital for the purpose of capital adequacy ratio computation.

- c) On 15 March 2017, AmBank issued tranche 2 of Subordinated Notes amounting to RM500.0 million under its Subordinated Notes programme of RM4.0 billion. The interest rate of this tranche is 5.2% per annum, payable semi-annually. The full amount of this tranche issued qualify 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 year.

A7. DIVIDENDS PAID

During the financial year:

- (a) a final cash dividend of 10.5 sen per share 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 sen per share for the financial year ended 31 March 2017 amounting to approximately RM150,709,243 was paid on 22 December 2016 to shareholders whose name appear in the record of Depositors on 8 December 2016.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	1,148,116	-
Malaysian Islamic Treasury Bills	166,198	-
Malaysian Government Securities	1,997,251	287,528
Malaysian Government Investment Issues	1,332,710	382,004
Cagamas bonds	111,712	113,352
Bank Negara Monetary Notes	333,562	-
	<u>5,089,549</u>	<u>782,884</u>
Quoted Securities:		
In Malaysia:		
Shares	115,600	67,560
Unit trusts	58,879	131,961
Warrants	-	80
Corporate bonds and sukuk	38,207	38,962
Outside Malaysia:		
Shares	114,596	102,101
	<u>327,282</u>	<u>340,664</u>
Unquoted Securities:		
In Malaysia:		
Corporate bonds and sukuk	4,106,259	3,760,660
Outside Malaysia:		
Corporate bonds	9,998	36,410
	<u>4,116,257</u>	<u>3,797,070</u>
Total	<u>9,533,088</u>	<u>4,920,618</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Government Securities	629,737	384,777	-	-
Malaysian Government Investment Issues	1,007,680	1,048,494	-	-
Negotiable instruments of deposits	-	2,049,644	-	-
Islamic negotiable instruments of deposit	1,096,546	1,984,615	-	-
Malaysian Islamic Treasury Bills	-	28,723	-	-
Foreign Government investment certificates	8,887	-	-	-
	<u>2,742,850</u>	<u>5,496,253</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	48,625	50,776	-	-
Unit trusts	1,061,444	1,041,844	130,984	121,860
Outside Malaysia:				
Shares	52	5,148	-	-
	<u>1,110,121</u>	<u>1,097,768</u>	<u>130,984</u>	<u>121,860</u>
Unquoted Securities:				
In Malaysia:				
Unit trusts	1,430	33,725	-	-
Corporate bonds and sukuk	4,919,596	4,620,364	-	-
Outside Malaysia:				
Corporate bonds and sukuk	195,183	312,739	-	-
	<u>5,116,209</u>	<u>4,966,828</u>	<u>-</u>	<u>-</u>
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	99,489	119,489	-	-
Outside Malaysia:				
Shares	193	182	-	-
	<u>99,682</u>	<u>119,671</u>	<u>-</u>	<u>-</u>
Total	<u>9,068,862</u>	<u>11,680,520</u>	<u>130,984</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 March 2017, the fair value gain that would have been recognised in other comprehensive income for the current financial year if the securities had not been reclassified amounted to RM4.87 million (31 March 2016: RM4.61 million).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Company	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
At Amortised Cost				
Money Market Instruments:				
Foreign Treasury Bills	-	780,153	-	-
Malaysian Islamic Treasury Bills	29,543	-	-	-
Unquoted Securities:				
In Malaysia:				
Corporate Bonds and sukuk	3,433,375	3,390,349	750,000	-
	3,462,918	4,170,502	750,000	-
Less: Accumulated impairment losses	(2,550)	(3,008)	-	-
Total	3,460,368	4,167,494	750,000	-

A11. LOANS, ADVANCES AND FINANCING

	Group	
	31.03.17 RM'000	31.03.16 RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans	22,373,363	23,516,466
Revolving credit	13,417,729	12,705,796
Housing loans/financing	21,914,049	17,834,206
Hire-purchase receivables	20,491,424	22,289,047
Credit card receivables	1,687,210	1,565,150
Overdraft	3,558,928	3,362,823
Claims on customers under acceptance credits	4,348,985	4,068,149
Trust receipts	1,572,217	1,266,807
Bills receivables	1,289,283	948,127
Staff loans	111,780	117,824
Others	220,964	217,878
Gross loans, advances and financing	90,985,932	87,892,273
Allowance for impairment on loans, advances and financing:		
Individual allowance	(258,997)	(317,269)
Collective allowance	(861,850)	(1,061,750)
	(1,120,847)	(1,379,019)
Net loans, advances and financing	89,865,085	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	
	31.03.17	31.03.16
		(Restated)
		(Note A11(h))
	RM'000	RM'000
Domestic banking institutions	5,861	156,016
Domestic non-bank financial institutions	3,071,482	1,711,246
Domestic business enterprises:		
Small and medium enterprises	14,010,071	11,935,795
Others	24,217,753	26,247,960
Government and statutory bodies	300,998	967,527
Individuals	48,009,010	45,387,667
Other domestic entities	107,700	36,189
Foreign individuals and entities	1,263,057	1,449,873
	<u>90,985,932</u>	<u>87,892,273</u>

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

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
In Malaysia	90,497,135	87,257,253
Outside Malaysia	488,797	635,020
	<u>90,985,932</u>	<u>87,892,273</u>

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

	Group	
	31.03.17	31.03.16
		(Restated)
		(Note A11(h))
	RM'000	RM'000
Fixed rate:		
Housing loans/financing	528,320	578,584
Hire purchase receivables	19,090,781	20,844,509
Other loans/financing	8,165,230	8,313,676
	<u>27,784,331</u>	<u>29,736,769</u>
Variable rate:		
Base rate and lending/financing rate plus	33,429,152	29,809,468
Cost plus	24,789,622	24,209,389
Other variable rates	4,982,827	4,136,647
	<u>63,201,601</u>	<u>58,155,504</u>
	<u>90,985,932</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	
	31.03.17	31.03.16 (Restated) (Note A11(h))
	RM'000	RM'000
Agriculture	3,860,902	3,787,543
Mining and quarrying	2,058,096	2,665,151
Manufacturing	9,310,382	8,823,969
Electricity, gas and water	481,602	509,256
Construction	3,830,582	4,109,987
Wholesale and retail trade and hotels and restaurants	5,327,262	4,790,660
Transport, storage and communication	2,886,890	2,036,110
Finance and insurance	3,077,343	1,906,532
Real estate	8,388,647	9,274,354
Business activities	1,510,442	1,244,164
Education and health	1,377,583	1,895,023
Household of which:	48,758,065	46,068,353
Purchase of residential properties	21,604,268	17,612,814
Purchase of transport vehicles	19,567,316	21,226,191
Others	7,586,481	7,229,348
Others	118,136	781,171
	<u>90,985,932</u>	<u>87,892,273</u>

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

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
Maturing within one year	26,517,772	24,074,634
Over one year to three years	7,263,471	10,009,904
Over three years to five years	13,552,068	13,085,051
Over five years	43,652,621	40,722,684
	<u>90,985,932</u>	<u>87,892,273</u>

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

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
Gross		
Balance at beginning of the financial year	1,700,855	1,572,730
Impaired during the financial year	1,329,846	1,417,669
Reclassified as non-impaired	(132,066)	(75,246)
Recoveries	(463,313)	(549,849)
Amount written off	(759,774)	(664,449)
Foreign exchange differences	13,778	-
Balance at end of the financial year	<u>1,689,326</u>	<u>1,700,855</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.86%</u>	<u>1.94%</u>
Loan loss coverage (including regulatory reserve)	<u>79.67%</u>	<u>81.24%</u>

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

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

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
In Malaysia	1,607,833	1,599,569
Outside Malaysia	81,493	101,286
	<u>1,689,326</u>	<u>1,700,855</u>

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

	Group	
	31.03.17	31.03.16
	RM'000	(Restated) (Note 1) RM'000
Agriculture	842	2,448
Mining and quarrying	153,931	88,437
Manufacturing	94,910	185,628
Electricity, gas and water	7,963	16,588
Construction	16,349	46,565
Wholesale and retail trade and hotels and restaurants	46,449	38,884
Transport, storage and communication	9,869	25,453
Finance and insurance	1	32
Real estate	707,073	571,936
Business activities	10,051	11,267
Education and health	8,562	7,196
Household of which:	629,037	701,999
Purchase of residential properties	316,681	325,216
Purchase of transport vehicles	202,284	268,484
Others	110,072	108,299
Others	4,289	4,422
	<u>1,689,326</u>	<u>1,700,855</u>

Note 1:

During the financial year, the Group had realigned its Financial Institutions Statistical System ("FISS") reporting of gross loans and advances analysed by sector, by type of customer and by interest rate sensitivity to BNM Central Credit Reference Information System ("CCRIS") reporting on loans and advances. Consequently, the Group had restated the abovementioned disclosures for gross loans and advances and impaired loans and advances to conform with current financial year's classification. This restatement did not have any effect on reported cashflows from operations, financial position and performance of the Group.

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

	Group	
	31.03.17	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 year, net	252,051	138,929
Amount written off	(312,025)	(57,483)
Foreign exchange differences	1,702	-
Balance at end of the financial year	<u>258,997</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 year, net	256,095	264,121
Amount written off	(458,251)	(617,070)
Foreign exchange differences	2,256	1,275
Balance at end of the financial year	<u>861,850</u>	<u>1,061,750</u>
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	<u>1.20%</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	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Trade receivables	375,983	604,589	-	-
Other receivables, deposits and prepayments	820,663	662,685	73,910	2,873
Interest receivable	323,119	283,151	1,983	12
Fee receivable	33,513	36,114	-	-
Amount due from originators (Note 1)	279,524	432,594	-	-
Amount due from agents, brokers and reinsurers	27,954	26,443	-	-
Foreclosed properties	14,146	52,808	-	-
Tax recoverable (Note 2)	500,281	467,857	-	831
Collateral pledged for derivative transactions	487,751	670,715	-	-
	<u>2,862,934</u>	<u>3,236,956</u>	<u>75,893</u>	<u>3,716</u>
Accumulated impairment losses	(60,163)	(57,848)	-	-
	<u>2,802,771</u>	<u>3,179,108</u>	<u>75,893</u>	<u>3,716</u>

Notes:

- Amount due from originators represents housing loans and personal loans/financing acquired from originators for onward sale to Cagamas Berhad with recourse.
- In financial year ended 31 March 2015, the Inland Revenue Board ("IRB") had issued notice of income tax assessments for the year of assessment 2008 and 2009 to AmBank. AmBank had appealed against the said notices by filing an application to the High Court for judicial review of the notice of assessment for the year of assessment 2008 and to the Special Commissioners of Income Tax for the notice of assessment for the year of assessment 2009. Included in the tax recoverable of the Group 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. During the current financial year, the said subsidiary was successful in its appeals for the majority of the tax matters under dispute and had received Notices of Reduced Assessment for year of assessment 2008 from the IRB. The subsidiary has submitted its settlement proposal to IRB for the latter to settle the tax dispute for the year of assessment 2009.

A14. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		31.03.17 RM'000	31.03.16 RM'000
Reinsurance assets from general insurance business		333,533	423,931
Other insurance receivables	(i)	69,580	89,624
		<u>403,113</u>	<u>513,555</u>
(i) Other insurance receivables			
Due premiums including agents/brokers and co-insurers balances		82,108	85,967
Amount owing by reinsurance and cedants		20,268	20,719
Reinsurance deposit		-	16,815
Accumulated impairment losses		(32,796)	(33,877)
		<u>69,580</u>	<u>89,624</u>

A15. DEPOSITS FROM CUSTOMERS

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
Demand deposits	14,288,129	13,448,089
Savings deposits	5,569,391	5,268,017
Term/Investment deposits	74,213,736	71,635,826
Negotiable instruments of deposits	257	6,644
	<u>94,071,513</u>	<u>90,358,576</u>

The deposits are sourced from the following types of customers:

Government and statutory bodies	8,154,193	11,335,303
Business enterprises	46,352,846	40,455,179
Individuals	34,476,466	34,889,340
Others	5,088,008	3,678,754
	<u>94,071,513</u>	<u>90,358,576</u>

A16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
Licensed banks	697,883	334,831
Licensed investment banks	49,926	-
Bank Negara Malaysia	43,009	44,411
Other financial institutions	818,603	1,364,527
	<u>1,609,421</u>	<u>1,743,769</u>

A17. OTHER LIABILITIES

	Group		Company	
	31.03.17	31.03.16	31.03.17	31.03.16
	RM'000	RM'000	RM'000	RM'000
Trade payables	401,209	698,583	-	-
Other payables and accruals	1,648,221	1,568,877	27,942	21,427
Interest payable on deposits and borrowings	850,507	933,303	8,687	6,878
Lease deposits and advance rental	11,093	10,146	-	-
Provision for commitments and contingencies	81,043	116,161	-	-
Amount due to subsidiaries	-	-	1,087	8,954
Provision for taxation	39,373	13,843	1,422	-
Collateral received for derivative transactions	196,769	469,030	-	-
	<u>3,228,215</u>	<u>3,809,943</u>	<u>39,138</u>	<u>37,259</u>

A18. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	31.03.17 RM'000	31.03.16 RM'000
Insurance contract liabilities	(i)	2,582,427	2,643,896
Other insurance payables	(ii)	84,417	117,564
		<u>2,666,844</u>	<u>2,761,460</u>
 (i) Insurance contract liabilities			
		31.03.17	31.03.16
		Gross contract liabilities RM'000	Reinsurance assets RM'000
			Net contract liabilities RM'000
General insurance business	2,582,427	(333,533)	2,248,894
 (ii) Other insurance payables			
		31.03.16	31.03.16
		Gross contract liabilities RM'000	Reinsurance assets RM'000
			Net contract liabilities RM'000
General insurance business	2,643,896	(423,931)	2,219,965
		31.03.17	31.03.16
		RM'000	RM'000
Amount due to agents and intermediaries		29,898	25,270
Amount due to reinsurers and cedants		54,519	92,294
		<u>84,417</u>	<u>117,564</u>

A19. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Short-term funds and deposits and placements with banks and other financial institutions	22,448	29,730	91,612	180,899
Financial assets held-for-trading	73,320	50,673	236,833	188,807
Financial investments available-for-sale	64,361	83,855	273,948	284,330
Financial investments held-to-maturity	21,230	21,411	85,679	87,295
Loans and advances	818,468	808,535	3,238,225	3,288,704
Impaired loans and advances	1,834	1,769	7,498	8,409
Others	20,478	15,026	62,817	58,771
	<u>1,022,139</u>	<u>1,010,999</u>	<u>3,996,612</u>	<u>4,097,215</u>
 Company				
Short-term funds and deposits and placements with banks and other financial institutions	256	120	1,112	1,240
Financial investments held-to-maturity	1,928	-	1,931	-
	<u>2,184</u>	<u>120</u>	<u>3,043</u>	<u>1,240</u>

A20. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Group				
Deposits from customers	470,373	474,943	1,851,604	1,889,889
Deposit and placements of banks and other financial institutions	7,988	7,562	39,559	35,782
Senior notes	46,993	50,298	191,472	203,955
Credit-Linked Notes	1,838	3,985	9,494	15,975
Recourse obligation on loans sold to Cagamas Berhad	26,577	26,897	107,504	70,842
Term loans and revolving credit	10,870	9,509	40,089	33,747
Subordinated bonds and notes	6,396	5,223	22,133	21,005
Medium term notes	17,037	17,226	69,095	69,284
Tier 1 capital securities	20,963	24,322	85,013	104,511
Others	8,875	3,385	16,051	14,469
	<u>617,910</u>	<u>623,350</u>	<u>2,432,014</u>	<u>2,459,459</u>
Company				
Senior notes	10,728	10,970	43,879	44,121
Term loans and revolving credit	2,585	3,056	11,269	12,156
Subordinated notes	1,950	-	1,953	-
	<u>15,263</u>	<u>14,026</u>	<u>57,101</u>	<u>56,277</u>

A21. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		355,979	354,422	1,437,643	1,447,839
		<u>355,979</u>	<u>354,422</u>	<u>1,437,643</u>	<u>1,447,839</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		39,753	38,804	149,447	141,461
General insurance claims		242,221	227,510	904,550	927,058
		<u>281,974</u>	<u>266,314</u>	<u>1,053,997</u>	<u>1,068,519</u>
Total income from insurance business, net		<u>74,005</u>	<u>88,108</u>	<u>383,646</u>	<u>379,320</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		423,140	425,152	1,579,583	1,567,387
- change in unearned premium provision		(30,589)	(38,224)	(8,091)	14,178
		<u>392,551</u>	<u>386,928</u>	<u>1,571,492</u>	<u>1,581,565</u>
Premium ceded					
- insurance contract		(43,046)	(35,768)	(140,258)	(127,248)
- change in unearned premium provision		6,474	3,262	6,409	(6,478)
		<u>(36,572)</u>	<u>(32,506)</u>	<u>(133,849)</u>	<u>(133,726)</u>
		<u>355,979</u>	<u>354,422</u>	<u>1,437,643</u>	<u>1,447,839</u>
(b) Insurance claims					
- gross benefits and claims paid		237,775	235,803	1,065,909	888,808
- claims ceded to reinsurers		(25,518)	(29,457)	(188,604)	(87,158)
- change in contract liabilities - insurance contract		5,227	90,272	(69,564)	190,570
- change in contract liabilities ceded to reinsurers					
- insurance contract		24,737	(69,108)	96,809	(65,162)
		<u>242,221</u>	<u>227,510</u>	<u>904,550</u>	<u>927,058</u>

¹ Net of bancassurance commission paid/payable to subsidiaries of the Group of RM14,716,000 (31 March 2016: RM17,190,000) eliminated upon consolidation.

A22. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Fee and commission income:				
Fees on loans and securities	38,139	31,979	174,957	138,534
Corporate advisory	2,006	2,414	9,596	15,774
Guarantee fees	15,126	14,466	62,191	55,521
Underwriting commission	1,008	267	4,342	3,404
Portfolio management fees	10,276	5,703	35,708	32,571
Unit trust management fees	21,051	26,469	91,994	103,135
Property trust management fees	1,854	1,781	7,313	6,323
Brokerage fees and commission	12,067	9,293	41,651	49,470
Bancassurance commission	4,569	3,185	15,025	13,802
Wealth management fees	(2,139)	4,910	20,248	25,359
Remittances	4,029	5,837	19,303	22,248
Fees, service and commission charges	7,570	7,904	33,864	32,230
Other fee and commission income	21,104	5,702	42,232	25,545
	<u>136,660</u>	<u>119,910</u>	<u>558,424</u>	<u>523,916</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	2,683	19,877	88,161	12,258
Net gain from sale of financial investments available-for-sale	9,101	8,671	35,558	61,097
Net gain on redemption of financial investments held-to-maturity	-	-	47	-
Net gain/(loss) on revaluation of financial assets held-for-trading	30,215	21,403	(5,324)	1,873
Net foreign exchange gain ¹	23,413	64,380	71,486	145,332
Net (loss)/gain on derivatives	(6,647)	(50,575)	28,028	(11,521)
Gain on disposal of equity interests in subsidiaries ²	-	3,211	1,662	11,965
Dividend income from:				
Financial assets held-for-trading	2	147	7,019	5,023
Financial investments available-for-sale	7,501	16,231	35,761	41,938
Others	592	(173)	642	29
	<u>66,860</u>	<u>83,172</u>	<u>263,040</u>	<u>267,994</u>
Other income:				
Net non-trading foreign exchange (loss)/gain	(147)	(15,636)	(1,984)	(17,961)
Gain on repayment of capital by a subsidiary	-	21,706	-	21,706
Net gain/(loss) on disposal of property and equipment ³	2,321	386	15,075	(520)
Rental income	1,254	1,036	4,701	4,037
Profit from sale of goods and services	(7,221)	12,220	9,108	41,229
Gain on disposal of foreclosed properties	108,061	-	108,061	-
Others	6,445	11,805	19,044	29,992
	<u>110,713</u>	<u>31,517</u>	<u>154,005</u>	<u>78,483</u>
	<u>314,233</u>	<u>234,599</u>	<u>975,469</u>	<u>870,393</u>

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

² Current year's gain of RM1.7 million arose from disposal of subsidiary, MTrustee. In prior year, the net gain of RM11.9 million was mainly due to 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.

³ Included gain of RM14.9 million upon completion of disposal for properties and investment property classified as Assets held for sale (Note A29).

A22. OTHER OPERATING INCOME (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Investment and trading income:				
Dividend income from:				
Subsidiaries	59,360	-	668,287	659,877
Financial investments available-for-sale	849	879	3,231	2,991
	<u>60,209</u>	<u>879</u>	<u>671,518</u>	<u>662,868</u>
Other income:				
Others	-	-	175	150
	<u>-</u>	<u>-</u>	<u>175</u>	<u>150</u>
	<u>60,209</u>	<u>879</u>	<u>671,693</u>	<u>663,018</u>

A23. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Personnel costs:				
Salaries, allowances and bonuses	242,475	235,168	927,394	856,171
Share/options granted under ESS				
- charge/(writeback)	1,353	4,879	(10,606)	11,036
Contributions to EPF/Private Retirement Scheme	37,967	37,075	147,549	134,599
Social security cost	2,020	1,622	7,831	6,510
Other staff related expenses	47,679	37,447	122,184	114,949
	<u>331,494</u>	<u>316,191</u>	<u>1,194,352</u>	<u>1,123,265</u>
Establishment costs:				
Depreciation of property and equipment	15,013	14,053	57,502	52,678
Amortisation of intangible assets	26,451	29,833	101,949	96,189
Computerisation costs	42,720	61,859	180,285	204,605
Rental of premises	27,863	27,755	109,384	107,388
Cleaning, maintenance and security	9,021	9,890	30,410	34,020
Others	10,888	11,816	41,774	42,521
	<u>131,956</u>	<u>155,206</u>	<u>521,304</u>	<u>537,401</u>
Marketing and communication expenses:				
Sales commission	4,843	5,626	16,889	15,884
Advertising, promotional and other marketing activities	19,818	25,469	67,295	70,351
Telephone charges	4,924	5,486	19,314	23,531
Postage	3,197	5,352	12,358	13,844
Travelling and entertainment	3,783	4,440	15,619	16,439
Others	7,989	8,352	21,502	26,162
	<u>44,554</u>	<u>54,725</u>	<u>152,977</u>	<u>166,211</u>
Administration and general expenses:				
Professional services	28,442	35,975	112,562	128,588
Travelling	1,649	(385)	7,094	5,341
Insurance	614	1,179	5,008	5,986
Subscriptions and periodicals	4,443	5,112	16,102	17,408
Others ⁴	39,267	50,977	150,417	192,663
	<u>74,415</u>	<u>92,858</u>	<u>291,183</u>	<u>349,986</u>
	<u>582,419</u>	<u>618,980</u>	<u>2,159,816</u>	<u>2,176,863</u>

⁴ Included for the financial year ended 31 March 2016 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	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Personnel costs:				
Salaries, allowances and bonuses	12,620	3,777	22,750	15,199
Shares/options granted under ESS	372	-	849	-
Contributions to EPF/Private Retirement Scheme	1,932	661	3,190	2,196
Social security cost	1	-	2	-
Others	4,667	196	5,203	547
	<u>19,592</u>	<u>4,634</u>	<u>31,994</u>	<u>17,942</u>
Establishment costs:				
Depreciation of property and equipment	71	44	202	167
Cleaning, maintenance and security	-	-	1	1
Others	3	3	17	14
	<u>74</u>	<u>47</u>	<u>220</u>	<u>182</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	10	4	450	319
Telephone charges	9	3	58	14
Travelling and entertainment	32	11	125	50
Others	(6)	6	157	189
	<u>45</u>	<u>24</u>	<u>790</u>	<u>572</u>
Administration and general expenses:				
Professional services	(91)	755	960	3,342
Travelling	72	27	322	44
Insurance	28	-	43	-
Subscriptions and periodicals	8	4	48	43
Others	1,268	668	4,428	4,697
	<u>1,285</u>	<u>1,454</u>	<u>5,801</u>	<u>8,126</u>
Service transfer pricing income, net	(13,605)	(15,541)	(15,330)	(6,760)
	<u>7,391</u>	<u>(9,382)</u>	<u>23,475</u>	<u>20,062</u>

A24. WRITEBACK FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Allowance for loans, advances and financing:				
Individual allowance, net	244,983	95,017	252,051	138,929
Collective allowance, net	(54,640)	(13,418)	256,095	264,121
Impaired loans, advances and financing:				
Recovered, net	(212,322)	(121,157)	(681,656)	(565,553)
Recovery from loans sold to Danaharta	-	-	-	(1,589)
	<u>(21,979)</u>	<u>(39,558)</u>	<u>(173,510)</u>	<u>(164,092)</u>

A25. BUSINESS SEGMENT ANALYSIS

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

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

Notes:

- (i) The revenue generated by a majority of the operating segments substantially comprise finance income. The Chief Operating Decision Maker relies primarily on the net finance income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.
- (ii) The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia. AmSecurities (H.K.) Limited and AmTrade Services Limited, are dormant overseas subsidiaries which have commenced member's voluntary winding-up during the current financial year.

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial year ended 31.03.17	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
External revenue	2,852,775	2,359,596	574,348	257,491	126,184	1,644,056	471,301	8,285,751
Revenue from other segments	(352,405)	282,536	(309,585)	(10,767)	-	-	390,221	-
Total operating revenue	2,500,370	2,642,132	264,763	246,724	126,184	1,644,056	861,522	8,285,751
Net interest income	1,139,662	758,124	69,326	39,036	1,978	137,716	146,368	2,292,210
Other income	221,594	306,062	156,897	189,969	123,989	391,856	44,662	1,435,029
Gain on disposal of subsidiaries	-	-	-	-	-	-	1,662	1,662
Share in results of associates and joint ventures	3,610	-	-	-	-	27,108	5,945	36,663
Income	1,364,866	1,064,186	226,223	229,005	125,967	556,680	198,637	3,765,564
Other operating expenses	(919,213)	(261,479)	(74,389)	(130,631)	(72,837)	(338,552)	(363,378)	(2,160,479)
of which:								
<i>Depreciation of property and equipment</i>	(24,230)	(1,522)	(769)	(1,558)	(367)	(13,262)	(15,942)	(57,650)
<i>Amortisation of intangible assets</i>	(20,361)	(2,179)	(5,828)	(920)	(1,303)	(9,464)	(62,642)	(102,697)
Profit/(Loss) before impairment losses	445,653	802,707	151,834	98,374	53,130	218,128	(164,741)	1,605,085
Writeback for impairment losses								
on loans, advances and financing	20,058	(57,511)	-	8,791	-	167	202,005	173,510
(Allowance)/Writeback for impairment losses:								
- on intangible assets	-	-	-	-	-	-	(1,322)	(1,322)
- on other assets	(900)	(786)	-	(831)	-	943	740	(834)
(Allowance)/Writeback of provision for commitments and contingencies	2,737	5,632	-	(2,157)	-	-	5,486	11,698
Other recoveries	4	12,068	-	-	-	-	981	13,053
Profit before taxation and zakat	467,552	762,110	151,834	104,177	53,130	219,238	43,149	1,801,190
Taxation and zakat	(110,967)	(173,279)	(36,440)	(24,748)	(10,426)	(22,591)	(13,963)	(392,414)
Profit for the financial year	356,585	588,831	115,394	79,429	42,704	196,647	29,186	1,408,776
Other information								
Total segment assets	49,389,917	41,688,435	13,449,203	2,387,880	115,284	5,714,999	22,021,897	134,767,615
Total segment liabilities	41,056,300	55,501,704	1,791,395	1,388,719	22,545	3,497,432	14,356,636	117,614,731
Cost to income ratio	67.3%	24.6%	32.9%	57.0%	57.8%	60.8%	182.9%	57.4%
Gross loans, advances and financing	48,782,534	40,773,497	-	1,485,662	-	2,128	(57,889)	90,985,932
Net loans, advances and financing	48,285,370	40,395,367	-	1,477,122	-	2,058	(294,832)	89,865,085
Impaired loans, advances and financing	649,148	1,038,015	-	2,163	-	-	-	1,689,326
Total deposits	40,438,517	52,905,366	335,664	788,843	-	-	1,212,544	95,680,934
Additions to:								
Property and equipment	38,816	660	-	1,989	471	6,689	22,918	71,543
Intangible assets	35,652	9,230	-	905	299	22,058	71,402	139,546

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial year ended 31.03.16	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
External revenue	2,976,145	2,271,544	487,067	225,638	134,727	1,588,124	732,794	8,416,039
Revenue from other segments	(248,034)	367,528	(279,718)	(24,474)	-	-	184,698	-
Total operating revenue	2,728,111	2,639,072	207,349	201,164	134,727	1,588,124	917,492	8,416,039
Net interest income	1,223,337	779,727	43,213	39,124	2,471	132,997	157,936	2,378,805
Other income	254,688	177,327	122,222	149,640	132,256	370,565	95,838	1,302,536
Gain on disposal of subsidiaries	-	-	-	11,935	-	-	30	11,965
Share in results of associates and joint ventures	3,536	-	-	-	-	(19,312)	18,278	2,502
Income	1,481,561	957,054	165,435	200,699	134,727	484,250	272,082	3,695,808
Other operating expenses of which:	(940,331)	(238,373)	(75,162)	(132,832)	(70,697)	(320,125)	(396,785)	(2,174,305)
<i>Depreciation of property and equipment</i>	(22,687)	(1,743)	(905)	(1,682)	(375)	(12,667)	(17,134)	(57,193)
<i>Amortisation of intangible assets</i>	(17,735)	(3,006)	(6,571)	(835)	(1,387)	(8,558)	(59,843)	(97,935)
Profit/(Loss) before impairment losses and provisions (Allowance)/Writeback for impairment losses on loans, advances and financing	541,230	718,681	90,273	67,867	64,030	164,125	(124,703)	1,521,503
(Allowance)/Writeback for impairment losses on other assets	71,247	94,889	-	(3,426)	-	(237)	1,619	164,092
Writeback of provision for commitments and contingencies	(1,260)	10,680	(209)	(6,153)	-	(3,207)	4,670	4,521
Transfer to profit equalisation reserve	2,878	26,285	-	101	-	-	11,577	40,841
Other recoveries	-	-	-	-	-	-	(1,406)	(1,406)
Profit/(Loss) before taxation and zakat	112	-	-	-	-	-	1,349	1,461
Taxation and zakat	614,207	850,535	90,064	58,389	64,030	160,681	(106,894)	1,731,012
Profit/(Loss) for the financial year	(146,979)	(196,037)	(21,615)	(9,179)	(14,914)	14,043	43,148	(331,533)
Profit/(Loss) for the financial year	467,228	654,498	68,449	49,210	49,116	174,724	(63,746)	1,399,479
Other information								
Total segment assets	46,656,442	40,305,784	9,660,265	2,508,973	144,881	5,537,944	28,949,711	133,764,000
Total segment liabilities	42,054,745	51,671,052	5,093,198	654,374	22,049	3,635,685	14,513,509	117,644,612
Cost to income ratio	63.5%	24.9%	45.4%	66.2%	52.5%	66.1%	145.8%	58.8%
Gross loans, advances and financing	46,302,620	40,247,126	-	1,391,646	-	5,301	(54,420)	87,892,273
Net loans, advances and financing	45,836,798	39,773,010	-	1,379,973	-	5,065	(481,592)	86,513,254
Impaired loans, advances and financing	775,690	922,913	-	1,782	-	-	470	1,700,855
Total deposits	41,519,878	49,077,918	697,757	-	-	-	806,792	92,102,345
Additions to:								
Property and equipment	23,301	490	388	1,692	2,321	47,844	38,204	114,240
Intangible assets	15,192	137	1,871	1,743	266	24,813	86,332	130,354

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. On 1 March 2017, AmGeneral Insurance Berhad, a subsidiary of the Group held approximately 58.2% holding in a collective investment scheme, AmCash Premium and is accounting for this investment as a joint-venture. As at 31 March 2017, the Group assessed its investment in AmCash Premium based on requirements of MFRS 10 Consolidated Financial Statements and had concluded that the Group has control over the collective investment scheme.

3. Commencement of member's voluntary winding-up

During the current financial year, 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
- (e) AmResearch Sdn Bhd
- (f) AMBB Capital (L) Limited
- (g) AmTrade Services Limited
- (h) AmSecurities (HK) Limited
- (i) AmGlobal Investments Pte Ltd

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	
		31.03.17	31.03.16
		RM'000	RM'000
<u>Assets held for sale</u>			
Proposed disposal of property and equipment	Note (a)	25,502	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)	2,091	-
		27,593	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		27,593	20,370

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

		31.03.17	31.03.16
		RM'000	RM'000
Balance at beginning of the financial year		19,360	-
Additions transferred from Property and Equipment		29,625	19,360
Incidental costs incurred		1,206	-
Disposal completed during the financial year		(24,689)	-
Balance at end of the financial year		25,502	19,360

The disposal during the year had resulted in gain of approximately RM14.9 million during the year as disclosed in Note A22.

(b) Proposed disposal of MTrustee

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

(c) Proposed disposal of properties obtained from garnishee proceedings

		31.03.17	31.03.16
		RM'000	RM'000
Balance at beginning of the financial year		-	-
Additions during the financial year		4,528	-
Incidental costs incurred		164	-
Disposal completed during the financial year		(2,601)	-
Balance at end of the financial year		2,091	-

This relates to disposal of properties obtained from garnishee proceedings initiated by AmBank pending completion of sale. The disposal during the year had resulted in gain of approximately RM0.3 million during the year as disclosed in Note A22.

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	
	31.03.17	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	16,910,052	14,691,791
over one year	3,925,299	4,703,052
Unutilised credit card lines	3,562,497	2,846,456
Forward asset purchases	680,643	866,986
	<u>25,078,491</u>	<u>23,108,285</u>
Contingent Liabilities		
Direct credit substitutes	2,045,786	2,267,415
Transaction related contingent items	5,903,536	5,047,478
Obligations under underwriting agreements	150,000	73,348
Short term self liquidating trade related contingencies	821,852	649,520
	<u>8,921,174</u>	<u>8,037,761</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	49,895,571	47,352,541
One year or less	9,810,942	8,175,391
Over one year to five years	30,635,849	30,103,999
Over five years	9,448,780	9,073,151
Foreign exchange related contracts:	49,993,797	45,631,935
One year or less	46,025,024	42,525,684
Over one year to five years	1,828,561	1,125,881
Over five years	2,140,212	1,980,370
Credit related contracts:	361,251	673,394
One year or less	-	337,027
Over one year to five years	361,251	336,367
Equity and commodity related contracts:	313,024	233,194
One year or less	229,628	159,622
Over one year to five years	83,396	73,572
	<u>100,563,643</u>	<u>93,891,064</u>
	<u>134,563,308</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 64 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. The Company and MetLife are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

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

- (c) On 15 March 2017, AmBank issued tranche 2 of Subordinated Notes amounting to RM500.0 million under its Subordinated Notes programme of RM4.0 billion. The interest rate of this tranche is 5.2% per annum, payable semi-annually. The full amount of this tranche issued qualify for recognition as Tier 2 capital for the purpose of capital adequacy ratio computation.

On 22 February 2017, MyCC issued a proposed decision against PIAM and 22 of its members for an alleged infringement of the CA 2010 (PD). The Proposed Decision ("PD") includes proposed financial penalties on all 22 general insurers, including AmGeneral Insurance. AmGeneral Insurance's share of the proposed infringement penalties amounted to RM45,156,098.

On 1 March 2017, Bank Negara Malaysia issued a press statement confirming that the arrangement which is the subject of MyCC's PD was put in place in response to a clear directive from Bank Negara Malaysia to the general insurers in 2011. AmGeneral Insurance has until 25 April 2017 to complete the submission of its written representations to MyCC to oppose the PD. AmGeneral Insurance has also asked for a date to be fixed for oral representations prior to the finalisation of the PD.

Apart from challenging the PD on its alleged liability, AmGeneral Insurance will also challenge the proposed infringement penalties, which are excessive. Up to the date of this report, the PD is not finalised. Even upon finalisation of the PD and the issuance of MyCC's decision, AmGeneral Insurance will appeal against any adverse finding of MyCC to the Competition Appeals Tribunal and thereafter challenge any adverse outcome via judicial review proceedings before the Malaysian courts.

AmGeneral Insurance, in consultation with its legal advisers, will continue to take any and all appropriate actions to defend its position that it has not infringed Section 4(2)(a) of the CA 2010 and that no infringement penalties should be imposed.

A31. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	31.03.17			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:	43,940,571	205,925	207,225	41,047,541	276,216	288,903
- One year or less	8,580,942	5,497	4,973	7,825,391	3,517	2,438
- Over one year to three years	10,675,092	30,875	32,464	14,806,859	45,475	45,109
- Over three years	24,684,537	169,553	169,788	18,415,291	227,224	241,356
Foreign exchange related contracts:	49,993,797	921,004	718,496	45,631,935	1,544,842	1,674,274
- One year or less	46,025,024	465,348	275,273	42,525,684	1,224,960	1,399,483
- Over one year to three years	253,960	4,909	28,653	459,391	9,692	10,746
- Over three years	3,714,813	450,747	414,570	2,646,860	310,190	264,045
Credit related contracts:	361,251	11,237	-	673,394	19,978	9,679
- One year or less	-	-	-	337,027	485	176
- Over three years	361,251	11,237	-	336,367	19,493	9,503
Equity and commodity related contracts:	313,024	2,421	3,055	233,194	3,014	2,959
- One year or less	229,628	2,417	3,051	159,622	1,881	1,826
- Over one year to three years	83,396	4	4	-	-	-
- Over three years	-	-	-	73,572	1,133	1,133
	94,608,643	1,140,587	928,776	87,586,064	1,844,050	1,975,815
Hedging derivatives						
Interest rate related contracts -						
Interest rate swaps:						
Cash flow hedge	5,605,000	25,835	21,946	5,955,000	39,951	35,705
- One year or less	1,230,000	713	1,100	350,000	222	304
- Over one year to three years	1,735,000	5,058	4,039	2,435,000	6,129	3,762
- Over three years	2,640,000	20,064	16,807	3,170,000	33,600	31,639
Fair value hedge	350,000	-	7,964	350,000	-	11,287
- Over three years	350,000	-	7,964	350,000	-	11,287
Total	100,563,643	1,166,422	958,686	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

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

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

31.03.17	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
Financial investments available-for-sale				
- Equities	130,984	-	-	130,984
	<u>130,984</u>	<u>-</u>	<u>-</u>	<u>130,984</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	-	5,496,253	-	5,496,253
- 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>16,927,003</u>	<u>-</u>	<u>18,365,468</u>
Derivative financial liabilities	1,992	2,020,815	-	2,022,807

Company

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

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

	Group	
	31.03.17 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 year 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	
	31.03.17	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 year	<u>-</u>	<u>-</u>

There were no transfers between Level 2 and Level 3 during the current financial year 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:

	31.03.17			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
CET1 Capital ratio	11.230%	10.498%	32.916%	11.917%
Tier 1 Capital ratio	12.478%	10.498%	32.916%	12.809%
Total Capital ratio	16.073%	15.069%	32.916%	16.658%
After deducting proposed dividends:				
CET1 Capital ratio	10.764%	10.498%	31.373%	11.563%
Tier 1 Capital ratio	12.012%	10.498%	31.373%	12.455%
Total Capital ratio	15.607%	15.069%	31.373%	16.304%
	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	11.083%	9.846%	34.341%	11.605%
Tier 1 Capital ratio	12.555%	9.846%	34.341%	12.640%
Total Capital ratio	15.767%	15.320%	34.341%	16.467%
After deducting proposed dividends:				
CET1 Capital ratio	10.642%	9.846%	32.026%	11.259%
Tier 1 Capital ratio	12.114%	9.846%	32.026%	12.294%
Total Capital ratio	15.326%	15.320%	32.026%	16.121%

Notes:

- (1) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued by the Prudential Financial Policy Department on 13 October 2015, which is based on the Basel III capital accord. The Group has adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets) and Capital Adequacy Frameworks for Islamic Banks (Basel II - Risk Weighted Assets).
- (2) Group* figures presented in this Report represent an **aggregation** of the capital positions and risk weighted assets ("RWA") of our three regulated banking institutions (consolidated for AmBank (M) Berhad ("AmBank") and AmInvestment Bank Berhad ("AmInvestment Bank")). The positions of each entity and group (where applicable) are published at www.ambankgroup.com.
- (3) Pursuant to BNM's guidelines on Capital Adequacy Framework for Banks (Capital Components) issued, 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. The Group's banking subsidiaries are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:
 - (a) a Capital Conservation Buffer ("CCB") of 2.5%; and
 - (b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institution has credit exposures.

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

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

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

A33. CAPITAL ADEQUACY (CONT'D.)

- (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:

	31.03.17			
	AmBank	AmBank	AmInvestment	Group *
	Islamic	Bank	Bank	Group *
	RM'000	RM'000	RM'000	RM'000
<u>CET1 Capital</u>				
Ordinary shares	1,763,208	1,187,107	200,000	3,150,315
Retained earnings	5,371,939	1,179,283	88,943	6,931,726
Available-for-sale deficit	(12,233)	(5,149)	-	(17,381)
Foreign exchange translation reserve	119,797	-	-	130,278
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	163,820	58,430	2,800	225,050
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	186,264
Cash flow hedging reserve	3,010	-	-	3,010
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(406,504)	(448)	(2,513)	(411,124)
Deferred tax assets	-	-	(7,153)	(9,158)
Cash flow hedging reserve	(3,010)	-	-	(3,010)
Regulatory reserve	(163,820)	(58,430)	(2,800)	(225,050)
Investment in capital instruments of unconsolidated financial and insurance entities	(6,808)	-	(39,847)	-
Deduction in excess of Tier 2 capital**	-	-	(6,458)	-
CET1 Capital	7,810,368	2,844,138	432,972	11,591,607
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	867,550	-	-	867,550
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	-	-	-	2
Tier 1 Capital	8,677,918	2,844,138	432,972	12,459,159
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	900,000	850,000	-	1,750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	983,900	130,000	-	1,113,900
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	618,212	258,458	3,504	880,197
Less: Regulatory adjustments applied on Tier 2 Capital	(1,702)	-	(3,504)	-
Tier 2 Capital	2,500,410	1,238,458	-	3,744,098
Total Capital	11,178,328	4,082,596	432,972	16,203,257

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:

	31.03.17			Group *
	AmBank Islamic RM'000	AmInvestment Bank RM'000	RM'000	
Credit RWA	63,094,846	27,107,178	1,015,958	90,235,160
Less: Credit RWA absorbed by Restricted Investment Account	-	(1,604,369)	-	(1,604,369)
Total Credit RWA	63,094,846	25,502,809	1,015,958	88,630,791
Market RWA	2,231,439	178,976	20,158	2,445,971
Operational RWA	4,190,538	1,410,237	279,251	6,160,989
Large exposure risk RWA for equity holdings	30,573	-	-	30,573
Total Risk Weighted Assets	69,547,396	27,092,022	1,315,367	97,268,324

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

	31.03.16			Group *
	AmBank (Restated) RM'000	AmInvestment Islamic RM'000	Bank (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	13,181	-	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)	(123,696)
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	7,415,497	2,650,904	504,365	11,045,693
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	985,000	-	-	985,000
Tier 1 Capital	8,400,497	2,650,904	504,365	12,030,693

A33. CAPITAL ADEQUACY (CONT'D.)

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

	31.03.16			
	AmBank (Restated)	AmBank Islamic	AmInvestment Bank (Restated)	Group *
	RM'000	RM'000	RM'000	(Restated) RM'000
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	10,549,448	4,124,867	504,365	15,673,108

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. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	31.03.17	31.03.16
Outstanding credit exposures with connected parties (RM'000)	<u>2,298,054</u>	<u>2,698,316</u>
Percentage of outstanding credit exposures to connected parties (%)		
- as a proportion of total credit exposures	2.15	2.61
- which is non-performing or in default	<u>0.01</u>	<u>0.10</u>

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

A35. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	General insurance fund		Shareholders' fund and Others		Total	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000	31.03.17* RM'000	31.03.16* RM'000
ASSETS						
Cash and short-term funds	163,661	273,201	374,089	347,891	537,749	621,093
Deposits and placements with banks and other financial institutions	13,435	10,098	488,553	224,503	501,987	234,602
Financial assets held-for-trading	2,412,260	2,886,136	2,988,171	2,873,953	2,988,171	2,873,953
Financial investments available-for-sale	-	37,354	1,391,318	554,058	50,867	85,356
Loans and advances	2,058	5,065	-	-	2,058	5,065
Deferred tax assets	14,025	21,326	74	-	14,099	21,326
Investment in subsidiary	-	-	2,108,733	2,108,733	-	-
Other assets	538,977	157,816	52,470	470,923	199,772	194,247
Reinsurance assets and other insurance receivables	403,113	513,555	-	-	403,113	513,555
Property and equipment	49,466	98,992	978	4,607	50,444	103,599
Intangible assets	61,423	28,323	74,933	78,960	915,283	886,210
Assets held for sale	22,256	18,398	3,246	961	25,502	19,359
TOTAL ASSETS	3,680,674	4,050,264	7,482,565	6,664,589	5,689,045	5,558,365
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	430,540	417,878	430,540	417,878
Deferred tax liabilities	-	-	79,029	89,060	80,011	89,144
Other liabilities	274,740	697,409	436,975	104,281	320,037	367,203
Insurance contract liabilities and other insurance payables	2,666,844	2,761,460	-	-	2,666,844	2,761,460
Total Liabilities	2,941,584	3,458,869	946,544	611,219	3,497,432	3,635,685
Share capital	-	-	6,318,429	4,539,515	1,399,148	499,148
Reserves	739,090	591,395	217,592	1,513,855	692,465	1,423,532
Equity attributable to equity holders of the Company	739,090	591,395	6,536,021	6,053,370	2,091,613	1,922,680
Non-controlling interests	-	-	-	-	100,000	-
Total Equity	739,090	591,395	6,536,021	6,053,370	2,191,613	1,922,680
TOTAL LIABILITIES AND EQUITY	3,680,674	4,050,264	7,482,565	6,664,589	5,689,045	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.

A35. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

(II) CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017

Group	General insurance fund		Shareholders' fund and Others		Total	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000	31.03.17* RM'000	31.03.16* RM'000
Interest income	4,557	3,985	153,855	147,132	156,378	151,118
Interest expense	-	-	(18,662)	(18,121)	(18,662)	(18,121)
Net interest income	4,557	3,985	135,193	129,011	137,716	132,997
Income from insurance business	1,437,643	1,447,839	-	-	1,437,643	1,447,839
Insurance claims and commissions**	(1,068,713)	(1,085,708)	-	-	(1,068,713)	(1,085,708)
Net income from insurance business	368,930	362,131	-	-	368,930	362,131
Other operating income	124,453	126,151	71,372	452,242	22,926	8,434
Net income	497,940	492,267	206,565	581,253	529,572	503,562
Other operating expenses	(327,217)	(297,629)	(11,416)	(14,049)	(338,552)	(311,680)
Acquisition and business efficiency expenses	-	(8,445)	-	-	-	(8,445)
Operating profit	170,723	186,193	195,149	567,204	191,020	183,437
Allowances for impairment on loans and advances-(charge)/writeback	167	(237)	-	-	167	(237)
Net impairment gain/(loss) on:						
Financial investments	-	-	-	(359)	-	(359)
Doubtful sundry receivables	(139)	(3,867)	-	-	(138)	(3,867)
Insurance receivables	1,081	-	-	-	1,081	-
Intangible assets	-	1,019	-	-	-	1,019
Profit before taxation	171,832	183,108	195,149	566,845	192,130	179,993
Taxation	(22,218)	(25,116)	(373)	39,159	(22,591)	14,043
Profit for the financial year	149,614	157,992	194,776	606,004	169,539	194,036

* after elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM14,716,000 (31 March 2016:RM17,190,000)

A36. OPERATIONS OF ISLAMIC BANKING

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,588,245	4,385,587
Deposits and placements with banks and other financial institutions	635,000	500,000
Derivative financial assets	42,381	57,272
Financial assets held-for-trading	681,465	174,550
Financial investments available-for-sale	2,435,724	3,177,516
Financial Investments held-to-maturity	1,278,221	1,263,639
Financing and advances	27,239,756	27,391,553
Receivables: Investments not quoted in active markets	814,720	468,141
Statutory deposit with Bank Negara Malaysia	810,000	842,000
Deferred tax assets	333	296
Other assets	317,800	348,234
Property and equipment	332	368
Intangible assets	448	14
TOTAL ASSETS	36,844,425	38,609,170
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	26,891,697	28,383,783
Investment accounts of customers	24,374	18,411
Deposits and placements of banks and other financial institutions	1,346,337	1,443,510
Investment account due to a licensed bank	1,600,000	1,000,000
Recourse obligation on financing sold to Cagamas Berhad	617,713	1,127,824
Derivative financial liabilities	47,870	67,685
Term funding	1,850,000	1,850,000
Subordinated Sukuk	979,679	1,399,528
Deferred tax liabilities	89	5,883
Other liabilities	379,288	470,485
TOTAL LIABILITIES	33,737,047	35,767,109
Share capital/Capital funds	1,217,107	492,922
Reserves	1,890,271	2,349,139
TOTAL ISLAMIC BANKING FUNDS	3,107,378	2,842,061
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	36,844,425	38,609,170
COMMITMENTS AND CONTINGENCIES	9,860,518	8,372,430

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

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017**

Group	Individual Quarter		Cumulative Quarter	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Income derived from investment of depositors' funds and others	404,265	452,041	1,665,395	1,813,111
Income derived from investment of investment account funds	22,547	16,987	68,007	69,554
Writeback/(Charge) for impairment on financing and advances	52,210	24,422	24,343	4,174
Writeback of provision for commitments and contingencies	360	1,678	41	3,818
Impairment for sundry debtors-writeback/(charge)	-	-	11	(10)
Transfer to profit equalisation reserve	-	-	-	(1,406)
Total distributable income	479,382	495,128	1,757,797	1,889,241
Income attributable to the depositors and others	(209,814)	(273,439)	(905,188)	(1,062,427)
Income attributable to the investment account holders	(20,146)	(15,291)	(60,643)	(62,224)
Profit attributable to the Group	249,422	206,398	791,966	764,590
Income derived from Islamic Banking Funds	22,504	30,328	102,896	123,674
Total net income	271,926	236,726	894,862	888,264
Operating expenses	(109,772)	(93,370)	(418,736)	(412,974)
Finance cost	(30,429)	(36,710)	(135,954)	(137,979)
Profit before taxation and zakat	131,725	106,646	340,172	337,311
Taxation and zakat	(26,425)	(25,409)	(71,295)	(84,628)
Profit for the period/year	105,300	81,237	268,877	252,683

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017**

Group	Individual Quarter		Cumulative Quarter	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Profit for the period/year	105,300	81,237	268,877	252,683
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss				
Net change in revaluation of financial investments available-for-sale	1,475	16,958	(4,684)	6,583
Income tax relating to the components of other comprehensive income/(loss)	(354)	(4,070)	1,124	(1,580)
Other comprehensive income/(loss) for the period/year, net of tax	1,121	12,888	(3,560)	5,003
Total comprehensive income for the period/year	106,421	94,125	265,317	257,686

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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017**

Group	Non-Distributable					Distributable		Total Equity RM'000
	Share capital/ Capital funds RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Profit equalisation reserve RM'000	Available- for- sale 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 financial year	-	-	-	-	-	-	252,683	252,683
Other comprehensive income, net	-	-	-	-	-	5,003	-	5,003
Total comprehensive income for the financial year	-	-	-	-	-	5,003	252,683	257,686
Utilisation of profit equalisation reserve for the financial year	-	-	-	-	(3,904)	-	3,904	-
Transfer to ESS shares recharged difference on purchase price of shares vested	-	-	-	-	-	-	(9)	(9)
At 31 March 2016	492,922	724,185	483,345	-	-	(1,589)	1,143,198	2,842,061
At 1 April 2016	492,922	724,185	483,345	-	-	(1,589)	1,143,198	2,842,061
Profit for the financial year	-	-	-	-	-	-	268,877	268,877
Other comprehensive loss, net	-	-	-	-	-	(3,560)	-	(3,560)
Total comprehensive income/(loss) for the financial year	-	-	-	-	-	(3,560)	268,877	265,317
Transfer to share capital	724,185	(724,185)	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	58,430	-	-	(58,430)	-
	724,185	(724,185)	-	58,430	-	-	(58,430)	-
At 31 March 2017	1,217,107	-	483,345	58,430	-	(5,149)	1,353,645	3,107,378

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

(a) Financing and Advances

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

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

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

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

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

Group 31.03.16	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai' (AITAB) RM'000	Bai' Al-Inah RM'000	Others RM'000	Total RM'000
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.

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

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

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

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
Balance at beginning of the financial year	605,200	606,455
Impaired during the financial year	265,280	414,127
Reclassified to non-impaired financing	(92,536)	(59,820)
Recoveries	(70,415)	(126,010)
Amount written off	(218,829)	(229,552)
Balance at end of the financial year	<u>488,700</u>	<u>605,200</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>1.78%</u>	<u>2.18%</u>
Financing loss coverage (including regulatory reserve)	<u>66.86%</u>	<u>64.95%</u>

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

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
Individual allowance		
Balance at beginning of the financial year	63,715	66,075
Allowance made during the year	16,108	27,588
Amount written off	(63,782)	(29,948)
Balance at end of the financial year	<u>16,041</u>	<u>63,715</u>
 Collective allowance		
Balance at beginning of the financial year	329,392	458,453
Allowance made during the year	78,288	77,975
Transferred from conventional commercial banking*	-	17
Foreign exchange differences	9	(5)
Amount written off	(155,409)	(207,048)
Balance at end of the financial year**	<u>252,280</u>	<u>329,392</u>
Collective allowance and Regulatory reserve as % of gross financing and advances (excluding RIA financing) less individual allowance	<u>1.20%</u>	<u>1.23%</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 March 2017, the gross exposure and collective allowance relating to RIA financing amounted to RM1,604.4 million and RM2.3 million respectively (31 March 2016: RM1,004.0 million and RM1.5 million respectively). There was no individual allowance provided for the RIA financing.

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

(b) Deposits From Customers

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
Savings deposits		
<i>Wadiah</i>	2,119,573	1,950,534
Demand deposits		
<i>Wadiah</i>	4,245,545	3,911,360
Term deposits		
Commodity Murabahah	20,008,971	21,802,175
Qard	462,608	713,318
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	-	6,396
Structured deposits		
<i>Murabahah</i>	55,000	-
	26,891,697	28,383,783

(c) Investment Accounts Of Customers

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
Without maturity:		
- Wakalah	24,374	18,411
	24,374	18,411
Investment asset:		
Interbank placement	24,374	18,411
Total investment	24,374	18,411

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

	31.03.17	31.03.16
	RM'000	RM'000
Business enterprises	443	198
Individuals	23,931	18,213
	24,374	18,411

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

	Investment account holder			
	31.03.17	Average Performance		31.03.16
	Average rate of return (%)	incentive fee (%)	Average rate of return (%)	Average Performance incentive fee (%)
Maturity:				
less than 3 months	0.05	3.03	0.05	3.18

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

(d) Investment Account Due to A Licensed Bank

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
<u>Restricted investment account</u>		
- Mudarabah Muqayyadah	1,600,000	1,000,000
Investment asset:		
Financing	1,600,000	1,000,000
Total investment	1,600,000	1,000,000

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

	Investment account holder		
	31.03.17	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	4.78	4.56

(e) Other Liabilities

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
Other payables and accruals	247,809	343,220
Taxation and zakat payable	19,659	36,323
Provision for commitments and contingencies	11,521	11,603
Amount owing to conventional banking	98,366	77,525
Lease deposits and advance rental	1,933	1,814
	379,288	470,485

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

Fourth Quarter Ended 31 March 2017 Year-on-Year (yoy) Performance

The Group recorded profit after tax ("PAT") of RM1,408.8 million for the financial year ended 31 March 2017, an improvement of RM9.3 million (0.7%) compared to the corresponding financial year ended 31 March 2016 of RM1,399.5 million. The Group's profit attributable to equity holders of the Company ("PATMI") increased RM22.4 million to RM1,324.6 million.

Improvement in earnings for current year ended 31 March 2017 was mainly attributed to other operating income (RM105.1 million), share in results of associates and joint ventures (RM34.2 million), lower other operating expenses (RM13.8 million), other recoveries (RM11.6 million), higher writeback for impairment on loans, advances and financing (RM9.4 million) and net income from insurance business (RM4.3 million).

This was partially offset by higher taxation and zakat (RM60.9 million), lower net interest income (RM73.2 million), lower writeback for provision for commitments and contingencies (RM29.1 million) and financial investments (RM9.1 million).

Gross loans, advances and financing increased to RM91.0 billion compared to RM87.9 billion as at 31 March 2016 due to growth in mortgages and trade facilities offset by decrease in hire-purchase receivables and term loans.

As at 31 March 2017, the Group's total assets stood at RM134.8 billion. The Total Capital ratio from the aggregation of the capital positions and risk weighted assets of the regulated banking subsidiaries stood at 16.304%.

Divisional performance for FY2017 compared to FY2016

Wholesale Banking

Wholesale Banking recorded a total income of RM1,645.4 million, an increase of 12.9% YoY.

Net interest income for the year ended marginally higher at RM868.5 million, an increase of 0.5% YoY.

Non-interest income of RM776.9 million reflects an increase of 30.9% YoY. Trading and investment income improved 46.9% YoY due to higher fixed income trading. Other income increased by more than 100% YoY supported by gain from the disposal of foreclosed property.

Operating expenses increased 4.3% YoY reflecting costs of senior management recruitment. Net allowance was higher at RM34.8 million reflecting impairment of large corporate accounts.

This resulted in overall profit after tax of RM826.4 million.

Retail Banking

Retail Banking's total income of RM1,364.9 million was 7.9% lower YoY.

Net interest income for the year was RM1,139.7 million. On a quarterly basis, net interest income was up 3.3% driven by margin improvement across all major product lines. On a YoY basis, net interest income decreased 6.8% as a result of YoY margin compression which was not fully mitigated by higher loans growth in mortgages.

Non-interest income declined 12.8% YoY to RM225.2 million largely due to lower other income.

Operating expenses reduced by 2.2% YoY as we remain steadfast in our drive to contain costs and to operate more efficiently. Impairment allowances were up 30.1% to RM497.8 million from the refinement of our impairment models whilst recoveries improved 14.1% to RM519.7 million.

Full year profit after tax was RM356.6 million.

General Insurance

The general insurance business recorded a higher net earned premiums of RM368.9 million, up 1.9% YoY supported by stronger growth in non-motor. The increase in other income reflects gains from the disposal of properties.

Expenses saw an uptick of 5.8% as the business reinvested efficiency gains.

Profit before tax of RM192.1 million was up 6.7% YoY while profit after tax of RM169.5 million was down 12.6% reflecting a tax benefit in FY2016.

Life Assurance and Family Takaful

The joint ventures, AmMetLife Insurance Berhad (AmMetLife) and AmMetLife Takaful Berhad (AmMetLife Takaful) showed improved results this financial year.

AmMetLife recorded profit after tax of RM63.6 million compared to the loss registered in the previous financial year of RM14.7 million.

AmMetLife Takaful on the other hand, registered a lower loss of RM9.4 million vs last year's loss of RM23.9 million.

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 higher profit before taxation of RM440.7 million for the fourth quarter ended 31 March 2017 as compared to RM408.9 million for the previous quarter ended 31 December 2016, improvement of RM31.8 million.

Improvement in profit before taxation for the current quarter ended 31 March 2017 was mainly contributed by other operating income (RM152.2 million), net income from Islamic Banking business (RM20.7 million), impairment writeback on doubtful sundry receivables (RM18.2 million) and net interest income (RM9.5 million).

This was partially offset by higher other operating expenses (RM64.8 million) and writeback for impairment on loans, advances and financing (RM56.3 million). In addition, lower share in results of associates and joint ventures (RM19.9 million), writeback of provision for commitments and contingencies (RM17.4 million) and net income from insurance business (RM9.3 million) were reported for current reporting quarter.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2018

Malaysia's Gross Domestic Product (GDP) is expected to grow by 4.3% - 4.8% in 2017 (2016: 4.2%) underpinned by continued expansion in domestic activities and stronger exports from improving global economy.

Domestic investment activity will continue to support GDP growth from capital expenditure in the export-oriented industries, particularly in the manufacturing sector together with continued roll-out of large-scale infrastructure projects. Private consumption is expected to grow on the back of consistent wage growth and recent pro-growth government measures.

Inflation is projected to be higher at 3.0% - 4.0% in 2017 (2016: 2.1%) reflecting the impact of persistent weakness of the ringgit and higher commodity prices, especially on retail fuel price.

The banking system's loans growth is expected to be between 5.0% and 6.0% in 2017, supported by modest growth in retail loans especially in mortgage loans for affordable homes and improvement in business loans from infrastructure, higher exports and firmer commodity prices.

We made solid progress in the first year of our AmBank Group "Top4" journey with early benefits reflected in our FY2017 results. As we enter the second year of our "Top4" journey, we will see more momentum building from initiatives rolled out in FY2017, contributing to higher income growth and strengthening of our funding and capital positions. Meanwhile, our digital banking transformation is set to gain momentum in FY2018 as we progressively materialise initiatives that will help improve customer experience and overall efficiency.

Wholesale Banking's strategic priorities for FY18 are growing payroll accounts, improving profitability and evolutionising the business through analytics and innovative financial solutioning. The business will heighten focus on the Mid Corporate segment, enhance foreign exchange across all customer segments, along with enhancing transaction banking solutions and developing digital capabilities. Transaction Banking continues to play the pivotal role in our CASA and deposit growth strategy. In addition to building a new platform with wider functionalities to facilitate liquidity management and foreign exchange business, it remains committed to innovating cash management and JomPay solutions and sourcing for avenues to intensify cross selling opportunities.

Our Business Banking is a new division established to provide greater focus to the small and medium-sized enterprise (SME) segment. It comprises of two lines of business; Enterprise Banking will drive programme lending and flow business such as foreign exchange and trade while Commercial Banking is based around liabilities and discretionary lending, along with ancillary solutions.

In FY2018, Retail Banking will continue to focus on growth in our mass affluent, affluent and retail SME segments, while strengthening our product market positions in cards and wealth management. These propositions are supported by enhanced sales and distribution capabilities, including via leveraging on advanced customer data analytics and improved efficiency through process reengineering and digitalisation.

The Group continues to harness opportunities in the Islamic Banking space by offering more distinct products to serve niche market segments. In its quest to tap into the underserved Islamic banking segment, the Group aims to strengthen its position as a reputable Shariah brand and a banking group with a conscience. The Group's Islamic Strategic drive will see it focusing on the B40 Affordable Home Financing scheme in line with our national aspiration to enhance the well-being of the rakyat, particularly the lower income group. The Group is also channeling its efforts to the Amanah Saham Bumiputera and Amanah Saham Bumiputera 2 financing to ensure that our incentives meet the growth targets. To widen the Group's outreach to SMEs, Government departments, religious bodies, Halal players, the Group will continue to introduce new Muslim-centric products and financial solutioning.

Our General Insurance business aims to lead in motor and select personal and commercial lines via competitive underwriting, innovative product offerings and digital transformation to increase presence and enhance customer engagement. Focusing on customer-centricity, our Life Assurance and Takaful businesses aspire to be the preferred life insurer in Malaysia.

Premised on the consistent growth in Malaysia's economy and our commitment to achieve our "Top4" aspirations, the Group remains focused in delivering optimal returns for our shareholders.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	31.03.17 RM'000	31.03.16 RM'000	31.03.17 RM'000	31.03.16 RM'000
Estimated current tax payable	118,106	84,898	229,843	378,581
Deferred tax	(18,010)	(16,185)	174,416	(22,588)
	<u>100,096</u>	<u>68,713</u>	<u>404,259</u>	<u>355,993</u>
Over provision of current taxation in respect of prior years	(16,344)	(38,688)	(13,350)	(26,039)
Taxation	<u>83,752</u>	<u>30,025</u>	<u>390,909</u>	<u>329,954</u>
Zakat	309	618	1,505	1,579
Taxation and zakat	<u>84,061</u>	<u>30,643</u>	<u>392,414</u>	<u>331,533</u>

The total tax charge of the Group for the financial year ended 31 March 2017 and 2016 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

B6. CORPORATE PROPOSALS

- As at 31 March 2017, the trustee of the ESS held 7,322,800 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 RM47,273,000.
- 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 million. 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>16,572</u>

B7. BORROWINGS

	Group	
	31.03.17	31.03.16
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	71,582,686	73,711,147
Over six months to one year	19,172,973	12,365,791
Over one year to three years	2,053,120	3,774,420
Over three years to five years	1,262,734	507,218
	<u>94,071,513</u>	<u>90,358,576</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	1,418,465	1,006,273
Over six months to one year	80,853	165,393
Over one year to three years	8,437	70,291
Over three years to five years	101,666	501,812
	<u>1,609,421</u>	<u>1,743,769</u>
(iii) Term funding (unsecured)		
(a) Senior notes/Sukuk		
Due within one year	2,374,965	327,124
More than one year	4,264,847	6,427,477
(b) Credit-Linked Notes		
Due within one year	-	149,546
More than one year	136,769	135,317
(c) Term loans and revolving credits		
Due within one year	397,150	1,373,050
More than one year	-	195,100
(d) Structured deposit		
Due within one year	2,293	-
	<u>7,176,024</u>	<u>8,607,614</u>
(iv) Debt capital		
(a) Unsecured notes/Sukuk		
More than one year	1,879,086	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>4,174,086</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	
	31.03.17	31.03.16
	RM'000	RM'000
Total retained earnings		
- Realised	10,010,107	8,825,133
- Unrealised	1,040,998	1,965,338
Total share of retained earnings from associates and joint ventures		
- Realised	166,785	126,731
- Unrealised	(19,296)	(6,725)
Less: Consolidation adjustments	(3,025,280)	(3,371,385)
Total retained earnings as per consolidated financial statements (excluding non-participating funds)	8,173,314	7,539,092

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

B9. MATERIAL LITIGATION

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

B10. DIVIDENDS

- (i) A proposed final single-tier ordinary dividend of 12.6% for the financial year ended 31 March 2017 has been recommended by the directors;
- (ii) Amount per share: 12.6 Sen;
- (iii) Previous corresponding year: 10.5 Sen;
- (iv) Payment date: To be determined and announced at a later date; and
- (v) In respect of ordinary share capital, entitlement to the dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

B11. 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	
	31.03.17	31.03.16	31.03.17	31.03.16
Net profit attributable to equity holders of the Company (RM'000)	335,814	280,024	1,324,607	1,302,206
Weighted average number of ordinary shares in issue (RM'000)	3,006,785	3,005,625	3,006,652	3,005,020
Basic earnings per share (Sen)	11.17	9.32	44.06	43.33

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	
	31.03.17	31.03.16	31.03.17	31.03.16
Net profit attributable to equity holders of the Company (RM'000)	335,814	280,024	1,324,607	1,302,206
Weighted average number of ordinary shares in issue (as in (a) above) (RM'000)	3,006,785	3,005,625	3,006,652	3,005,020
Effect of executives' share scheme (RM'000)	1,490	3,030	1,490	3,030
Adjusted weighted average number of ordinary shares in issue/issuable (RM'000)	3,008,275	3,008,655	3,008,142	3,008,050
Fully diluted earnings per share (Sen)	11.16	9.31	44.03	43.29