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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group			Company	
	Note	**31.12.17**	**31.03.17 (Restated)**	**01.04.16 (Restated)**	**31.12.17**	**31.03.17**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
ASSETS						
Cash and short-term funds		13,178,231	8,337,200	11,988,321	80,733	2,051
Securities purchased under resale agreements		-	10,369	-	-	-
Deposits and placements with banks and other financial institutions		529,899	1,129,987	1,333,630	-	24,006
Derivative financial assets	A31	1,185,841	1,166,422	1,884,001	-	-
Financial assets held-for-trading	A8	9,100,872	9,533,088	4,920,618	-	-
Financial investments available-for-sale	A9	10,621,458	9,068,862	11,680,520	1,000	130,984
Financial investments held-to-maturity	A10	3,021,556	3,460,368	4,167,494	750,000	750,000
Loans, advances and financing	A11	93,668,157	89,865,085	86,513,254	-	-
Receivables: Investments not quoted in active markets		1,940,668	1,986,877	565,322	-	-
Statutory deposits with Bank Negara Malaysia	A12	2,597,437	2,575,444	2,590,145	-	-
Deferred tax assets		58,769	21,651	66,044	-	-
Investment in subsidiaries and other investments		-	-	-	9,694,794	9,506,300
Investment in associates and joint ventures		689,762	700,162	674,463	-	-
Other assets	A13	2,141,535	2,802,771	3,179,108	14,303	75,893
Reinsurance assets and other insurance receivables	A14	398,833	403,113	513,555	-	-
Property and equipment		211,364	234,619	292,787	1,040	900
Intangible assets		3,443,462	3,444,004	3,369,998	-	-
Assets held for sale	A29	10,889	27,593	24,740	-	-
TOTAL ASSETS		142,798,733	134,767,615	133,764,000	10,541,870	10,490,134
LIABILITIES AND EQUITY						
Deposits from customers	A15	99,944,845	93,935,058	90,257,394	-	-
Investment accounts of customers		21,168	24,374	18,411	-	-
Deposits and placements of banks and other financial institutions	A16	4,554,921	1,529,421	1,213,769	-	-
Securities sold under resale agreements		-	9,464	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		4,400,837	3,280,818	3,935,775	-	-
Derivative financial liabilities	A31	1,290,617	958,686	2,022,807	-	-
Term funding		5,183,305	7,392,479	9,238,796	500,000	1,176,000
Debt capital		3,904,398	4,174,086	4,094,077	749,561	749,491
Redeemable cumulative convertible preference share		215,094	210,965	204,760	-	-
Deferred tax liabilities		122,127	204,321	83,050	-	-
Other liabilities	A17	3,184,825	3,228,215	3,809,943	227,952	39,138
Insurance contract liabilities and other insurance payables	A18	2,572,773	2,666,844	2,761,460	-	-
Liabilities directly associated with assets held for sale		-	-	4,370	-	-
Total Liabilities		125,394,910	117,614,731	117,644,612	1,477,513	1,964,629
Share capital		5,551,557	5,551,557	3,014,185	5,550,250	5,550,250
Reserves		10,752,241	10,475,511	12,154,293	3,514,107	2,975,255
Equity attributable to equity holders of the Company		16,303,798	16,027,068	15,168,478	9,064,357	8,525,505
Non-controlling interests		1,100,025	1,125,816	950,910	-	-
Total Equity		17,403,823	17,152,884	16,119,388	9,064,357	8,525,505
TOTAL LIABILITIES AND EQUITY		142,798,733	134,767,615	133,764,000	10,541,870	10,490,134
COMMITMENTS AND CONTINGENCIES	A30	136,508,052	134,563,308	125,037,110	-	-
NET ASSETS PER SHARE (RM)		5.41	5.32	5.03	3.01	2.83

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

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

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

		Individual Quarter		Cumulative Quarter	
Group	**Note**	**31.12.17 RM'000**	**31.12.16 RM'000**	**31.12.17 RM'000**	**31.12.16 RM'000**
Operating revenue	A25	2,159,629	1,977,925	6,365,400	6,140,604
Interest income	A19	1,088,399	995,519	3,195,587	2,974,473
Interest expense	A20	(680,594)	(600,785)	(1,956,537)	(1,814,104)
Net interest income		407,805	394,734	1,239,050	1,160,369
Net income from Islamic banking		239,874	192,955	691,000	591,523
Income from insurance business		345,050	364,021	1,050,986	1,081,664
Insurance claims and commissions		(259,968)	(280,720)	(734,163)	(772,022)
Net income from insurance business	A21	85,082	83,301	316,823	309,642
Other operating income	A22	218,552	161,992	667,090	661,236
Share in results of associates and joint ventures		8,004	20,436	(5,580)	36,114
Net income		959,317	853,418	2,908,383	2,758,884
Other operating expenses	A23	(576,659)	(517,884)	(1,692,439)	(1,577,929)
Operating profit before impairment losses		382,658	335,534	1,215,944	1,180,955
(Allowances)/Writeback for impairment on loans, advances and financing	A24	(75,922)	78,326	(27,963)	151,531
Net impairment (loss)/writeback on:					
Financial investments		(1,240)	1	(1,483)	2,807
Doubtful sundry receivables		1,056	(11,621)	(7,500)	(12,666)
Foreclosed properties		(5)	(71)	(35)	(359)
Property and equipment		-	-	369	-
Insurance receivables		(1,999)	1,880	(1,857)	848
Provision for commitments and contingencies - writeback/(charge)		(3,819)	4,624	4,257	24,522
Other recoveries, net		1,011	237	1,293	12,808
Profit before taxation and zakat		301,740	408,910	1,183,025	1,360,446
Taxation and zakat	B5	(71,641)	(91,463)	(231,273)	(308,353)
Profit for the financial period		**230,099**	**317,447**	**951,752**	**1,052,093**
Attributable to:					
Equity holders of the Company		218,978	313,167	878,717	988,793
Non-controlling interests		11,121	4,280	73,035	63,300
Profit for the financial period		230,099	317,447	951,752	1,052,093
EARNINGS PER SHARE (SEN)	B12				
Basic		7.28	10.42	29.22	32.89
Fully diluted		7.28	10.41	29.21	32.87

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

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

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

	Individual Quarter		Cumulative Quarter	
Group	**31.12.17 RM'000**	**31.12.16 RM'000**	**31.12.17 RM'000**	**31.12.16 RM'000**
Profit for the financial period	230,099	317,447	951,752	1,052,093
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss				
Translation of foreign operations	(30,636)	46,528	(63,400)	77,449
Cash flow hedge				
- gain/(loss) arising during the financial period	519	5,965	(1,645)	697
- reclassification adjustments for gain included in profit or loss	(931)	(2,306)	(760)	(1,493)
Financial investments available-for-sale				
- net unrealised gain/(loss) on changes in fair value	1,499	(134,529)	30,361	(65,552)
- net (gain)/loss reclassified to profit or loss	(1,479)	515	(25,661)	(28,684)
Income tax relating to the components of other comprehensive income/(loss)				
- cash flow hedging	99	(878)	577	7
- financial investments available-for-sale	(6)	32,160	(38)	16,188
Share of reserve movements in equity accounted joint ventures	7	(9,872)	3,218	(2,927)
	(30,928)	(62,417)	(57,348)	(4,315)
Other comprehensive income/(loss) for the financial period, net of tax	(30,928)	(62,417)	(57,348)	(4,315)
Total comprehensive income for the financial period	199,171	255,030	894,404	1,047,778
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	185,295	250,898	819,129	985,776
Non-controlling interests	13,876	4,132	75,275	62,002
	199,171	255,030	894,404	1,047,778

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

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

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

		Individual Quarter		Cumulative Quarter	
Company	**Note**	**31.12.17 RM'000**	**31.12.16 RM'000**	**31.12.17 RM'000**	**31.12.16 RM'000**
Operating revenue		207,352	236,865	1,156,120	612,343
Interest income	A19	9,858	315	30,377	859
Interest expense	A20	(16,864)	(13,727)	(58,817)	(41,838)
Net interest expense		(7,006)	(13,412)	(28,440)	(40,979)
Other operating income	A22	197,494	236,550	1,125,743	611,484
Net operating income		190,488	223,138	1,097,303	570,505
Other operating expenses	A23	1,060	(5,773)	(6,597)	(16,084)
Operating profit		191,548	217,365	1,090,706	554,421
Impairment of subsidiary		(11,506)	-	(11,506)	-
Profit before taxation		180,042	217,365	1,079,200	554,421
Taxation		(13)	85	(41)	(38)
Profit for the financial period representing total comprehensive income for the financial period		**180,029**	**217,450**	**1,079,159**	**554,383**

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

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

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

	Attributable to Equity Holders of the Company												
		Non-Distributable								Distributable			
									Retained Earnings				
Group	**Ordinary share capital RM'000**	**Statutory reserve RM'000**	**Regulatory reserve RM'000**	**AFS reserve/ (deficit) RM'000**	**Cash flow hedging reserve RM'000**	**Foreign currency translation reserve RM'000**	**Executives' share scheme reserve RM'000**	**Shares held in trust for ESS RM'000**	**Non-partici-pating funds RM'000**	**RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 01.04.17	5,551,557	1,938,849	225,050	(47,520)	3,010	153,368	30,998	(47,273)	45,715	8,173,314	16,027,068	1,125,816	17,152,884
Profit for the financial period	-	-	-	-	-	-	-	-	-	878,717	878,717	73,035	951,752
Other comprehensive income/(loss), net	-	-	-	5,640	(1,828)	(63,400)	-	-	-	-	(59,588)	2,240	(57,348)
Total comprehensive income/(loss) for the financial period	-	-	-	5,640	(1,828)	(63,400)	-	-	-	878,717	819,129	75,275	894,404
Purchase of shares pursuant to ESS^^	-	-	-	-	-	-	-	(370)	-	-	(370)	-	(370)
Share-based payment under ESS, net	-	-	-	-	-	-	(11,349)	-	-	-	(11,349)	-	(11,349)
ESS shares vested to employees	-	-	-	-	-	-	(3,846)	5,942	-	-	2,096	-	2,096
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	(2,280)	(2,280)	(55)	(2,335)
Transfer to regulatory reserve	-	-	479,184	-	-	-	-	-	-	(479,184)	-	-	-
Transfer to retained earnings	-	(1,938,849)	-	-	-	-	-	-	-	1,938,849	-	-	-
Arising from withdrawal of investment by the Group	-	-	-	-	-	-	-	-	-	-	-	(100,615)	(100,615)
Dividends paid	-	-	-	-	-	-	-	-	-	(530,496)	(530,496)	(396)	(530,892)
Transactions with owners and other equity movements	-	(1,938,849)	479,184	-	-	-	(15,195)	5,572	-	926,889	(542,399)	(101,066)	(643,465)
At 31.12.17	5,551,557	-	704,234	(41,880)	1,182	89,968	15,803	(41,701)	45,715	9,978,920	16,303,798	1,100,025	17,403,823

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

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

	Attributable to Equity Holders of the Company					
		Non-Distributable			Distributable	
Company	**Ordinary share capital RM'000**	**Share premium RM'000**	**Executives' share scheme reserve RM'000**	**Shares held in trust for ESS RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 01.04.17	5,550,250	-	30,998	(47,273)	2,991,530	8,525,505
Profit for the financial period	-	-	-	-	1,079,159	1,079,159
Total comprehensive income for the financial period	-	-	-	-	1,079,159	1,079,159
Purchase of shares pursuant to ESS^^	-	-	-	(370)	-	(370)
Share-based payment under ESS, net	-	-	(11,349)	-	-	(11,349)
ESS shares vested to employees	-	-	(3,846)	5,942	(188)	1,908
Dividends paid	-	-	-	-	(530,496)	(530,496)
Transactions with owners and other equity movements	-	-	(15,195)	5,572	(530,684)	(540,307)
At 31.12.17	5,550,250	-	15,803	(41,701)	3,540,005	9,064,357

^^ Represents the purchase of 71,550 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM5.17 per share.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

	Group		Company	
	31.12.17	31.12.16 (Restated)	31.12.17	31.12.16
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	1,183,025	1,360,446	1,079,200	554,421
Add/(Less) adjustments for:				
Accretion of discount less amortisation of premium for securities	(126,550)	(80,565)	-	-
Allowance for losses on loans, advances and financing	372,670	317,803	-	-
Dividend income from securities	(32,035)	(35,277)	(2,176)	(2,382)
Dividend income from subsidiaries	-	-	(1,123,426)	(608,927)
Net (gain)/loss on revaluation of derivatives	310,438	(422,225)	-	-
Net (gain)/loss on revaluation of financial assets held-for-trading	(34,606)	36,488	-	-
Net gain on sale of financial investments available-for-sale	(68,272)	(28,684)	-	-
Net gain on sale of financial assets held-for-trading	(30,641)	(87,126)	-	-
Other non-operating and non-cash items	(60,202)	475,399	11,861	131
Operating profit/(loss) before working capital changes	1,513,827	1,536,259	(34,541)	(56,757)
Decrease/(Increase) in operating assets:				
Securities purchased under resale agreements	10,369	-	-	-
Deposits and placements with banks and other financial institutions	90,266	502,125	-	-
Financial assets held-for-trading	538,489	(1,785,743)	-	-
Loans, advances and financing	(4,175,742)	(3,329,758)	-	-
Statutory deposits with Bank Negara Malaysia	(21,993)	(184,199)	-	-
Other assets	437,334	322,481	52,724	(12,951)
Reinsurance assets and other insurance receivables	2,423	91,440	-	-
Increase/(Decrease) in operating liabilities:				
Deposits from customers	6,009,787	(3,714,609)	-	-
Investment accounts of customers	(3,206)	4,199	-	-
Deposits and placements of banks and other financial institutions	3,025,499	1,754,671	-	-
Securities sold under resale agreements	(9,464)	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	1,118,747	(647,370)	-	-
Term funding	(2,054,555)	(929,272)	(676,000)	(30,000)
Other liabilities	(207,221)	(701,976)	190,238	6,036
Insurance contract liabilities and other insurance payables	(94,071)	(137,713)	-	-
Cash generated from/(used in) operations	6,180,489	(7,219,465)	(467,579)	(93,672)
Taxation and zakat refunded/(paid), net	4,574	(122,491)	(2,040)	(488)
Net cash generated from/(used in) operating activities	6,185,063	(7,341,956)	(469,619)	(94,160)
Cash flows from investing activities				
Purchase of shares for ESS	(370)	-	(370)	-
Dividends received from other investments	29,609	35,277	12	22
Dividend received from associate	7,798	9,175	-	-
Dividend received from subsidiaries	-	-	1,123,426	608,927
Net cash outflow from disposal of subsidiaries	-	(3,894)	-	-
Subscription of shares in subsidiary	-	-	(200,000)	-
Proceeds from disposal of property and equipment	3,874	443	-	-
Disposal/(Purchase) of financial investments - net	(956,559)	2,911,466	132,147	(22,921)
Purchase of property and equipment and intangible assets	(103,216)	(138,026)	(424)	(10)
Redemption/(Purchase) of receivables: investments not quoted in active markets	49,147	(1,074,461)	-	-
Net proceeds from disposal of assets held for sale (properties)	17,698	29,394	-	-
Net cash generated from/(used in) investing activities	(952,019)	1,769,374	1,054,791	586,018

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

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

	Group		Company	
	31.12.17	**31.12.16 (Restated)**	**31.12.17**	**31.12.16**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from financing activities				
Dividends paid by Company to its shareholders	(530,496)	(467,199)	(530,496)	(467,199)
Dividends paid to non-controlling interests by subsidiaries	(396)	(2,957)	-	-
Investment in subsidiary withdrawn - non-controlling interest portion	(100,615)	-	-	-
Redemption of shares in subsidiary by non-controlling interests	-	(3,470)	-	-
Repayment for Subordinated Sukuk and Medium Term Notes	(840,000)	(480,000)	-	-
Issuance of Subordinated Notes, net of issuance expenses	570,000	9,884	-	9,674
Net cash used in financing activities	(901,507)	(943,742)	(530,496)	(457,525)
Net increase/(decrease) in cash and cash equivalents	4,331,537	(6,516,324)	54,676	34,333
Cash and cash equivalents at beginning of the financial year	9,376,920	12,625,221	26,057	26,387
Effect of exchange rate changes	(327)	426	-	-
Cash and cash equivalents at end of the financial period	13,708,130	6,109,323	80,733	60,720

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

	Group		Company	
	31.12.17	**31.12.16**	**31.12.17**	**31.12.16**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and short-term funds	13,178,231	5,406,448	80,733	14,803
Deposits and placements with banks and other financial institutions	529,899	900,849	-	45,917
Less: Deposits with original maturity of more than three months	-	(197,974)	-	-
Cash and cash equivalents	13,708,130	6,109,323	80,733	60,720

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2017.

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

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Company for the financial year ended 31 March 2017 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

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

A1.1 Significant Accounting Policies

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

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

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

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

Disclosure Initiative (Amendments to MFRS 107)

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

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

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

Annual Improvements to MFRSs 2014-2016 Cycle

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

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

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
- Annual Improvements to MFRSs 2014-2016 Cycle - amendments to MFRS 1 and MFRS 128	01 January 2018
- MFRS 15 Revenue from Contracts with Customers	01 January 2018
- MFRS 9 Financial Instruments	01 January 2018
- Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)	01 January 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	01 January 2018
- Transfers of Investment Property (Amendments to MFRS 140)	01 January 2018
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
- MFRS 16 Leases	01 January 2019
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*	01 January 2019
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)	01 January 2019
- Long-term interests in Associates and Joint ventures (Amendments to MFRS 128)	01 January 2019
- Annual Improvements to MFRSs 2015-2017 Cycle	01 January 2019
- MFRS 17 Insurance Contracts	01 January 2021
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

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

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

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

(i) MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
The amendments deleted short-term exemptions covering transition provisions of MFRS 7, MFRS 10, and MFRS 119. These transition provisions were available to entities for past reporting periods and are therefore no longer applicable.

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

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

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

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

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

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

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

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

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

The initial assessment and analysis stage was completed during the financial year ended 31 March 2017. As the initial assessment was based on available information then, the outcome is subject to changes arising from further analysis or additional information being made available currently.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 9 Financial Instruments (Cont'd.)

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

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

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

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

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

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

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

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

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

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

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

Transfers of Investment Property (Amendments to MFRS 140)
The amendments clarified that to transfer to, or from, investment properties, there must be a change in use. To conclude if a property has a change in use, there should be an assessment of whether the property meets, or has ceased to meet, the definition of investment property. This change must be supported by evidence; a change in intention in isolation is not enough to support a transfer.

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

IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
The Interpretation provides guidance on how to determine the date of the transaction when applying MFRS 121 in situations where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. For the purpose of determining the exchange rate to use on initial recognition of the related item, the Interpretation states that the date of the transaction shall be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration.

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

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

MFRS 16 Leases

MFRS 16 ‘Leases’ supersedes MFRS 117 ‘Leases’ and the related interpretations.

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

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

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

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

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

IC Interpretation 23 Uncertainty over Income Tax Treatments
The Interpretation provides guidance on how to recognise and measure deferred and current income tax assets and liabilities in situations where there is uncertainty over whether the tax treatment applied by an entity will be accepted by the tax authority. If it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, the accounting for income taxes shall be determined consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made, by applying the most likely amount method or the expected value method.

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Under the current MFRS 9 requirements, the "solely payments of principal and interest on the principal amount outstanding" ("SPPI") condition is not met if the lender has to make a settlement payment in the event of early termination by the borrower. The existing requirements are amended to enable entities, to measure at amortised cost or at fair value through other comprehensive income (depending on the business model), some prepayable financial assets with negative compensation if the negative compensation is a reasonable compensation for early termination of the contract. An example of such reasonable compensation is an amount that reflects the effect of the change in the relevant benchmark rate of interest at the time of termination; the calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.

The amendments are effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The amendments shall be applied retrospectively.

Long-term Interests in associates and Joint Ventures (Amendments to MFRS 9)

The amendments clarify that MFRS 9 including its impairment requirements shall be applied to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The amendments shall be applied retrospectively.

Annual Improvements to MFRSs 2015-2017 Cycle

The Annual Improvements to MFRSs 2015-2017 Cycle include minor amendments affecting 4 MFRSs, which are effective for annual periods beginning on or after 1 January 2019, as summarised below:

(i) MFRS 3 *Business Combinations*

The amendments clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer shall remeasure its previously held interest in the joint operation at fair value at the acquisition date.

(ii) MFRS 11 *Joint Arrangements*

The amendments clarified that the party obtaining joint control of a business that is a joint operation shall not remeasure any previously held interest in the joint operation.

(iii) MFRS 112 *Income Taxes*

The amendments clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated the distributable amounts were recognised. Hence the tax consequences are recognised in profit or loss only when an entity determines payments on such instruments are distributions of profits.

(iv) MFRS 123 *Borrowing Costs*

The amendments clarified that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

(c) Standards effective for financial year ending 31 March 2022

MFRS 17 Insurance Contracts

MFRS 17 ‘Insurance Contracts’ supersedes MFRS 4 ‘Insurance Contracts’.

MFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

A1. BASIS OF PREPARATION (CONT'D.)

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

(c) Standards effective for financial year ending 31 March 2022 (Cont'd)

Changes in cash flows related to future services should be recognised against the CSM. The CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognised in profit or loss. Interest is accreted on the CSM at rates locked in at initial recognition of a contract. To reflect the service provided, the CSM is released to profit or loss in each period on the basis of passage of time. Entities have an accounting policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income.

MFRS 17 is effective for annual periods beginning on or after 1 January 2021, with early application permitted provided MFRS 9 and MFRS 15 are also applied. A full retrospective application is required; an entity is permitted to choose between a modified retrospective approach and the fair value approach if full retrospective application is impracticable. The Group is in the process of assessing the financial implication for adopting MFRS 17.

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

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

The amendments clarify that:

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

A1.2 Significant changes in Regulatory Requirements

(a) BNM Policy Document on capital funds

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

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

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

The Group had previously classified structured products issued to customers and other financial institutions which are principal protected if held to maturity as Deposits from customers and Deposits and placements of banks and other financial institutions respectively. Accordingly, during the current financial period, the Group had reclassified all structured products that do not fulfil the definition of the deposits under Section 2 of the FSA and IFSA to Term Funding. The comparatives were also restated as per Note A35 and Note A36(f) for the Group's Operations of Islamic banking.

A1.3 Significant Accounting Judgements, Estimates and Assumptions

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

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

A2. AUDIT QUALIFICATION

There was no audit qualification in the annual financial statements for the financial year ended 31 March 2017.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

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

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and period ended 31 December 2017.

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

Issuance of debt securities

On 16 October 2017, AmBank issued the third tranche of the Subordinated Notes amounting to RM570.0 million under its Subordinated Notes programme of RM4.0 billion. The interest rate of this tranche which has a tenure of 10 years is 4.90%, payable on a half-yearly basis.

Redemption of debt securities

(a) The Company redeemed Senior Notes with nominal value of RM500.0 million issued under its Senior Notes programme of up to RM2.0 billion on maturity date of 8 August 2017.

(b) AmBank (M) Berhad ("AmBank") redeemed Senior Notes with nominal value of RM225.0 million issued under its Senior Notes programme of up to RM7.0 billion on maturity date of 28 April 2017. On the first call date of 16 October 2017, AmBank redeemed Medium Term Notes with nominal amount of RM710.0 million issued under its Medium Term Notes programme of up to RM2.0 billion.

(c) On 6 September 2017, AmBank Islamic redeemed the third tranche of Senior Sukuk with nominal value of RM300.0 million. On 20 September 2017, AmBank Islamic redeemed the first tranche of Senior Sukuk with nominal value of RM550.0 million. These two tranches of Senior Sukuk were issued under the Senior Sukuk Musharakah programme with nominal value of up to RM3.0 billion. On first call date of 26 December 2017, AmBank Islamic redeemed the remaining nominal value of RM130.0 million Subordinated Sukuk Musharakah issued under its Subordinated Sukuk Musharakah programme of up to RM2.0 billion.

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

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

A7. DIVIDENDS PAID

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

An interim single tier dividend of 5.0 sen for the financial year ending 31 March 2018 which amounted to approximately RM150,709,242 was paid on 28 December 2017 to shareholders whose names appear in the record of Depositors on 15 December 2017.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	31.12.17	**31.03.17**
	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	649,868	1,997,251
Malaysian Government Investment Issues	1,113,586	1,332,710
Cagamas bonds	60,940	111,712
Bank Negara Monetary Notes	1,323,608	333,562
	3,148,002	5,089,549
Quoted Securities:		
In Malaysia:		
Shares	199,713	115,600
Unit trusts	60,779	58,879
Corporate bonds and sukuk	38,098	38,207
Outside Malaysia:		
Shares	132,842	114,596
	431,432	327,282
Unquoted Securities:		
In Malaysia:		
Unit trusts	157,108	-
Corporate bonds and sukuk	5,364,330	4,106,259
Outside Malaysia:		
Corporate bonds	-	9,998
	5,521,438	4,116,257
Total	9,100,872	9,533,088

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	31.12.17 RM'000	**31.03.17 RM'000**	**31.12.17 RM'000**	**31.03.17 RM'000**
At Fair Value				
Money Market Instruments:				
Malaysian Government Securities	489,787	629,737	-	-
Malaysian Government Investment Issues	806,149	1,007,680	-	-
Negotiable instruments of deposit	1,649,282	-	-	-
Islamic negotiable instruments of deposit	2,827,010	1,096,546	-	-
Foreign Government investment issues	-	8,887	-	-
	5,772,228	2,742,850	-	-
Quoted Securities:				
In Malaysia:				
Shares	207,936	48,625	-	-
Unit trusts	17,409	1,061,444	1,000	130,984
Outside Malaysia:				
Shares	43	52	-	-
	225,388	1,110,121	1,000	130,984
Unquoted Securities:				
In Malaysia:				
Shares	46,677	-	-	-
Unit trusts	113,822	1,430	-	-
Corporate bonds and sukuk	4,231,233	4,919,596	-	-
Outside Malaysia:				
Corporate bonds and sukuk	135,059	195,183	-	-
	4,526,791	5,116,209	-	-
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	96,853	99,489	-	-
Outside Malaysia:				
Shares	198	193	-	-
	97,051	99,682	-	-
Total	10,621,458	9,068,862	1,000	130,984

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

As at 31 December 2017, the fair value gain that would have been recognised in other comprehensive income for the current financial period if the securities had not been reclassified amounted to RM3.83 million (31 March 2017: RM4.87 million).

The Company's wholly-owned subsidiaries, AmBank and AmBank Islamic are appointed as Principal Dealer ("PD") and Islamic Principal Dealer ("iPD") respectively for specified securities issued by the Government, BNM and BNM Sukuk Berhad for the period 1 January 2017 to 31 December 2018.

As PD and iPD, both subsidiaries are required to undertake certain obligations and are also accorded incentives. One of the incentives accorded is the eligibility to maintain specified amounts of the Statutory Reserve Requirements ("SRR") balances in the form of MGS and/or MGII instead of cash. As at 31 December 2017, the Group maintained a total carrying amount of RM260.90 million in the form of MGS and MGII for SRR purposes. (31 March 2017: RM259.54 million)

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Company	
	31.12.17	**31.03.17**	**31.12.17**	**31.03.17**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At Amortised Cost				
Money Market Instruments:				
Malaysian Government Securities	60,670	-	-	-
Malaysian Islamic Treasury Bills	-	29,543	-	-
Unquoted Securities:				
In Malaysia:				
Corporate Bonds and sukuk	2,963,436	3,433,375	750,000	750,000
	3,024,106	3,462,918	750,000	750,000
Less: Accumulated impairment losses	(2,550)	(2,550)	-	-
Total	3,021,556	3,460,368	750,000	750,000

A11. LOANS, ADVANCES AND FINANCING

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
At Amortised Cost:		
Loans, advances and financing:		
Term loans	23,153,167	22,373,363
Revolving credit	13,079,687	13,417,729
Housing loans/financing	25,497,880	21,914,049
Hire-purchase receivables	19,635,256	20,491,424
Credit card receivables	1,912,279	1,687,210
Overdraft	3,744,005	3,558,928
Claims on customers under acceptance credits	4,428,279	4,348,985
Trust receipts	1,785,926	1,572,217
Bills receivables	1,026,659	1,289,283
Staff loans	112,078	111,780
Others	295,727	220,964
Gross loans, advances and financing	94,670,943	90,985,932
Allowance for impairment on loans, advances and financing:		
Individual allowance	(234,568)	(258,997)
Collective allowance	(768,218)	(861,850)
	(1,002,786)	(1,120,847)
Net loans, advances and financing	93,668,157	89,865,085

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

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

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
Domestic banking institutions	1,874	5,861
Domestic non-bank financial institutions	2,778,790	3,071,482
Domestic business enterprises:		
Small and medium enterprises	15,753,323	14,010,071
Others	22,893,509	24,217,753
Government and statutory bodies	548,308	300,998
Individuals	51,350,412	48,009,010
Other domestic entities	8,398	107,700
Foreign individuals and entities	1,336,329	1,263,057
	94,670,943	90,985,932

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

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
In Malaysia	94,353,022	90,497,135
Outside Malaysia	317,921	488,797
	94,670,943	90,985,932

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

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
Fixed rate:		
Housing loans/financing	501,746	528,320
Hire purchase receivables	18,208,066	19,090,781
Other loans/financing	8,060,994	8,165,230
	26,770,806	27,784,331
Variable rate:		
Base rate and lending/financing rate plus	38,357,036	33,429,152
Cost plus	23,646,702	24,789,622
Other variable rates	5,896,399	4,982,827
	67,900,137	63,201,601
	94,670,943	90,985,932

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

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

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
Agriculture	3,462,133	3,860,902
Mining and quarrying	2,094,941	2,058,096
Manufacturing	9,284,679	9,310,382
Electricity, gas and water	1,038,397	481,602
Construction	3,670,410	3,830,582
Wholesale and retail trade and hotels and restaurants	5,600,066	5,327,262
Transport, storage and communication	2,682,857	2,886,890
Finance and insurance	2,797,798	3,077,343
Real estate	8,416,242	8,388,647
Business activities	1,637,490	1,510,442
Education and health	1,580,117	1,377,583
Household of which:	52,315,118	48,758,065
Purchase of residential properties	24,997,686	21,604,268
Purchase of transport vehicles	18,541,354	19,567,316
Others	8,776,078	7,586,481
Others	90,695	118,136
	94,670,943	90,985,932

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

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
Maturing within one year	25,054,753	26,517,772
Over one year to three years	8,292,114	7,263,471
Over three years to five years	12,284,484	13,552,068
Over five years	49,039,592	43,652,621
	94,670,943	90,985,932

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

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
Gross		
Balance at beginning of the financial year	1,689,326	1,700,855
Impaired during the financial period/year	957,682	1,329,846
Reclassified as non-impaired	(77,298)	(132,066)
Recoveries	(408,376)	(463,313)
Amount written off	(471,520)	(759,774)
Foreign exchange differences	(10,478)	13,778
Balance at end of the financial period/year	1,679,336	1,689,326
Gross impaired loans, advances and financing ("GIL") as % of gross loans, advances and financing	1.77%	1.86%
Loan loss coverage (including regulatory reserve)	101.65%	79.67%

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

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

	Group 31.12.17 RM'000	Group 31.03.17 RM'000
In Malaysia	1,570,207	1,607,833
Outside Malaysia	109,129	81,493
	1,679,336	1,689,326

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

	Group 31.12.17 RM'000	Group 31.03.17 RM'000
Agriculture	903	842
Mining and quarrying	130,157	153,931
Manufacturing	82,642	94,910
Electricity, gas and water	7,143	7,963
Construction	35,090	16,349
Wholesale and retail trade and hotels and restaurants	42,491	46,449
Transport, storage and communication	95,216	9,869
Finance and insurance	11	1
Real estate	601,069	707,073
Business activities	16,317	10,051
Education and health	22,795	8,562
Household of which:	643,294	629,037
Purchase of residential properties	325,320	316,681
Purchase of transport vehicles	208,048	202,284
Others	109,926	110,072
Others	2,208	4,289
	1,679,336	1,689,326

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

	Group 31.12.17 RM'000	Group 31.03.17 RM'000
Individual allowance		
Balance at beginning of the financial year	258,997	317,269
Allowance made during the financial period/year, net	121,663	252,051
Amount written off	(141,102)	(312,025)
Foreign exchange differences	(4,990)	1,702
Balance at end of the financial period/year	234,568	258,997
Collective allowance		
Balance at beginning of the financial year	861,850	1,061,750
Allowance made during the financial period/year, net	251,007	256,095
Amount written off	(343,214)	(458,251)
Foreign exchange differences	(1,425)	2,256
Balance at end of the financial period/year	768,218	861,850
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	1.56%	1.20%

A12. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

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

A13. OTHER ASSETS

	Group		Company	
	31.12.17	**31.03.17**	**31.12.17**	**31.03.17**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	296,163	375,983	-	-
Other receivables, deposits and prepayments	798,617	793,866	2,341	73,910
Interest receivable	280,151	323,119	11,386	1,983
Fee receivable	32,766	33,513	-	-
Amount due from originators (Note 1)	147,614	279,524	-	-
Amount due from agents, brokers and reinsurers	21,957	27,954	-	-
Foreclosed properties	4,471	40,943	-	-
Tax recoverable (Note 2)	255,335	500,281	576	-
Collateral pledged for derivative transactions	342,023	487,751	-	-
	2,179,097	2,862,934	14,303	75,893
Accumulated impairment losses	(37,562)	(60,163)	-	-
	2,141,535	2,802,771	14,303	75,893

Notes:

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

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

A14. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

		Group	
		31.12.17	**31.03.17**
	Note	**RM'000**	**RM'000**
Reinsurance assets from general insurance business		334,903	333,533
Other insurance receivables	(i)	63,930	69,580
		398,833	403,113

(i) Other insurance receivables

Due premiums including agents/brokers and co-insurers' balances	83,039	82,108
Amount owing by reinsurance and cedants	15,544	20,268
Accumulated impairment losses	(34,653)	(32,796)
	63,930	69,580

A15. DEPOSITS FROM CUSTOMERS

	Group	
	31.12.17	**31.03.17 (Restated)**
	RM'000	**RM'000**
Demand deposits	14,751,953	14,288,130
Savings deposits	5,272,048	5,569,391
Term/Investment deposits	75,838,576	74,077,280
Negotiable instruments of deposits	4,082,268	257
	99,944,845	93,935,058

The deposits are sourced from the following types of customers:

Government and statutory bodies	5,911,089	8,154,193
Business enterprises	46,240,744	46,230,050
Individuals	40,807,016	34,462,807
Others	6,985,996	5,088,008
	99,944,845	93,935,058

A16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.12.17	**31.03.17 (Restated)**
	RM'000	**RM'000**
Licensed banks	2,170,692	697,883
Licensed investment banks	234,258	49,926
Bank Negara Malaysia	27,832	43,009
Other financial institutions	2,122,139	738,603
	4,554,921	1,529,421

A17. OTHER LIABILITIES

	Group		Company	
	31.12.17	**31.03.17**	**31.12.17**	**31.03.17**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	264,555	401,209	-	-
Other payables and accruals	1,608,667	1,648,221	204,345	27,942
Interest payable on deposits and borrowings	853,404	850,507	21,661	8,687
Lease deposits and advance rental	15,604	11,093	-	-
Provision for commitments and contingencies	75,101	81,043	-	-
Amount due to subsidiaries	-	-	1,946	1,087
Provision for taxation	144,644	39,373	-	1,422
Collateral received for derivative transactions	222,850	196,769	-	-
	3,184,825	3,228,215	227,952	39,138

A18. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group

	Note	31.12.17 RM'000	31.03.17 RM'000
Insurance contract liabilities	(i)	2,498,709	2,582,427
Other insurance payables	(ii)	74,064	84,417
		2,572,773	2,666,844

(i) Insurance contract liabilities

	31.12.17 Gross contract liabilities RM'000	31.12.17 Reinsurance assets RM'000	31.12.17 Net contract liabilities RM'000
General insurance business	2,498,709	(334,903)	2,163,806

	31.03.17 Gross contract liabilities RM'000	31.03.17 Reinsurance assets RM'000	31.03.17 Net contract liabilities RM'000
General insurance business	2,582,427	(333,533)	2,248,894

(ii) Other insurance payables

	31.12.17 RM'000	31.03.17 RM'000
Amount due to agents and intermediaries	26,694	29,898
Amount due to reinsurers and cedants	47,370	54,519
	74,064	84,417

A19. INTEREST INCOME

	Individual Quarter		Cumulative Quarter	
	31.12.17 RM'000	31.12.16 RM'000	31.12.17 RM'000	31.12.16 RM'000
Group				
Short-term funds and deposits and placements with banks and other financial institutions	34,061	19,808	72,044	69,164
Financial assets held-for-trading	82,326	55,741	266,864	163,513
Financial investments available-for-sale	56,804	65,376	168,852	209,587
Financial investments held-to-maturity	19,898	21,573	63,566	64,449
Loans and advances	868,488	815,121	2,541,350	2,419,570
Impaired loans and advances	4,759	1,850	18,102	5,664
Others	22,063	16,050	64,809	42,526
	1,088,399	995,519	3,195,587	2,974,473
Company				
Short-term funds and deposits and placements with banks and other financial institutions	26	312	976	856
Financial investments held-to-maturity	9,832	3	29,401	3
	9,858	315	30,377	859

A20. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	31.12.17	31.12.16 (Restated)	31.12.17	31.12.16 (Restated)
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits from customers	522,183	452,461	1,486,875	1,376,304
Deposit and placements of banks and other financial institutions	25,948	10,108	67,960	25,336
Senior notes	37,779	49,385	123,548	144,479
Credit linked Notes	1,864	1,854	5,643	7,656
Recourse obligation on loans sold to Cagamas Berhad	33,923	27,060	91,873	80,927
Term loans and revolving credit	(25)	10,360	4,282	29,219
Subordinated bonds and notes	21,033	5,259	51,157	15,737
Medium term notes	10,751	17,416	45,393	52,058
Tier 1 capital securities	21,427	21,427	64,050	64,050
Other structured products and others	5,711	5,455	15,756	18,338
	680,594	600,785	1,956,537	1,814,104
Company				
Senior notes	5,672	11,091	24,610	33,151
Term loans and revolving credit	1,336	2,633	4,736	8,684
Subordinated notes	9,856	3	29,471	3
	16,864	13,727	58,817	41,838

A21. NET INCOME FROM INSURANCE BUSINESS

	Note	Individual Quarter 31.12.17 RM'000	Individual Quarter 31.12.16 RM'000	Cumulative Quarter 31.12.17 RM'000	Cumulative Quarter 31.12.16 RM'000
Group					
Income from insurance business:	(a)				
Premium income from general insurance business		345,050	364,021	1,050,986	1,081,664
		345,050	364,021	1,050,986	1,081,664
Insurance claims and commissions:	(b)				
Insurance commission [1]		32,365	37,169	94,538	109,693
General insurance claims		227,603	243,551	639,625	662,329
		259,968	280,720	734,163	772,022
Total income from insurance business, net		85,082	83,301	316,823	309,642
(a) Income from insurance business					
Gross Premium					
- insurance contract		358,792	387,784	1,073,976	1,156,443
- change in unearned premium provision		21,014	10,100	78,036	22,498
		379,806	397,884	1,152,012	1,178,941
Premium ceded					
- insurance contract		(30,305)	(33,615)	(92,914)	(97,212)
- change in unearned premium provision		(4,451)	(248)	(8,112)	(65)
		(34,756)	(33,863)	(101,026)	(97,277)
		345,050	364,021	1,050,986	1,081,664
(b) Insurance claims					
- gross benefits and claims paid		256,415	252,894	715,144	828,134
- claims ceded to reinsurers		(39,949)	(21,279)	(60,357)	(163,086)
- change in contract liabilities - insurance contract		29,762	6,922	(5,681)	(74,791)
- change in contract liabilities ceded to reinsurers - insurance contract		(18,625)	5,014	(9,481)	72,072
		227,603	243,551	639,625	662,329

[1] Net of bancassurance commission paid/payable to subsidiaries of the Group of RM14,280,000 (31 December 2016: RM10,925,000) eliminated upon consolidation.

A22. OTHER OPERATING INCOME

	Individual Quarter		Cumulative Quarter	
	31.12.17	**31.12.16**	**31.12.17**	**31.12.16**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Fee and commission income:				
Fees on loans and securities	38,744	52,190	120,876	136,818
Corporate advisory	2,425	3,485	6,990	7,590
Guarantee fees	15,008	16,620	46,239	47,065
Underwriting commission	(1)	267	151	3,334
Portfolio management fees	3,826	8,934	21,081	25,432
Unit trust fees, commission and charges	41,285	29,450	99,927	82,782
Property trust management fees	1,871	1,833	5,565	5,459
Brokerage fees and commission	10,719	9,117	33,601	29,584
Bancassurance commission	2,911	4,410	9,032	10,456
Wealth management fees	4,454	5,356	16,311	22,387
Remittances	5,290	5,151	15,064	15,274
Fees, service and commission charges	8,501	10,936	26,211	26,294
Other fees	3,883	2,081	10,950	9,289
	138,916	149,830	411,998	421,764
Investment and trading income:				
Net gain/(loss) from sale of financial assets held-for-trading	(970)	(20,215)	28,091	85,478
Net gain/(loss) from sale of financial investments available-for-sale	804	(515)	65,864	26,458
Net gain on redemption of financial investments held-to-maturity	-	-	-	47
Net gain/(loss) on revaluation of financial assets held-for-trading	1,519	(53,486)	33,443	(35,539)
Net foreign exchange gain/(loss)[1]	(13,561)	47,681	3,764	48,073
Net gain on derivatives	35,266	22,308	9,646	34,675
Gain on disposal of equity interests in subsidiaries	-	-	-	1,662
Dividend income from:				
Financial assets held-for-trading	5,747	6,003	10,052	7,017
Financial investments available-for-sale	2,817	8,104	21,983	28,260
Others	(679)	(5,347)	(76)	50
	30,943	4,533	172,767	196,181
Other income:				
Net non-trading foreign exchange (loss)/gain	353	(208)	597	(1,837)
Gain on repayment of capital by a subsidiary	7,672	-	7,672	-
Net gain/(loss) on disposal of property and equipment[2]	(151)	7	3,208	11,888
Rental income	1,041	1,060	3,783	3,447
Profit from sale of goods and services	4,620	2,481	7,184	16,329
Gain on disposal of foreclosed properties	30,679	-	30,680	-
Others	4,479	4,289	29,201	13,464
	48,693	7,629	82,325	43,291
	218,552	161,992	667,090	661,236

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

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

A22. OTHER OPERATING INCOME (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	31.12.17	**31.12.16**	**31.12.17**	**31.12.16**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Company				
Investment and trading income:				
Dividend income from:				
Subsidiaries	197,077	235,593	1,123,426	608,927
Financial investments available-for-sale	391	818	2,176	2,382
	197,468	236,411	1,125,602	611,309
Other income:				
Others	26	139	141	175
	26	139	141	175
	197,494	236,550	1,125,743	611,484

A23. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	31.12.17	**31.12.16**	**31.12.17**	**31.12.16**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Personnel costs:				
Salaries, allowances and bonuses	244,466	222,808	715,236	684,919
Share/options granted under ESS				
- (writeback)/charge	1,024	8,152	(11,120)	(11,959)
Contributions to EPF/Private Retirement Scheme	37,812	36,746	117,954	109,582
Social security cost	2,142	2,015	6,361	5,811
Other staff related expenses	33,484	24,317	107,609	74,505
	318,928	294,038	936,040	862,858
Establishment costs:				
Depreciation of property and equipment	14,676	13,967	43,800	42,596
Amortisation of intangible assets	25,529	25,899	77,132	76,062
Computerisation costs	47,806	40,892	132,752	137,565
Rental of premises	26,054	26,004	80,795	81,521
Cleaning, maintenance and security	6,073	6,846	19,257	21,389
Others	9,459	9,724	25,071	30,747
	129,597	123,332	378,807	389,880
Marketing and communication expenses:				
Sales commission	2,096	3,654	2,213	12,046
Advertising, promotional and other marketing activities	16,430	13,910	34,336	47,477
Telephone charges	5,250	5,416	14,003	14,390
Postage	3,917	2,941	10,043	9,161
Travelling and entertainment	3,788	3,847	10,649	11,836
Others	5,314	3,324	12,703	13,513
	36,795	33,092	83,947	108,423
Administration and general expenses:				
Professional services	38,034	29,034	112,886	84,120
Travelling	1,727	1,710	5,062	5,445
Insurance	629	968	2,665	4,394
Subscriptions and periodicals	2,795	3,143	9,854	11,659
Others	48,154	32,567	163,178	111,150
	91,339	67,422	293,645	216,768
	576,659	517,884	1,692,439	1,577,929

A23. OTHER OPERATING EXPENSES (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	31.12.17	**31.12.16**	**31.12.17**	**31.12.16**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Company				
Personnel costs:				
Salaries, allowances and bonuses	114	3,404	8,187	10,130
Shares/options granted under ESS				
- (writeback)/charge	(74)	477	(39)	477
Contributions to EPF/Private Retirement Scheme	273	460	1,221	1,258
Social security cost	2	-	5	1
Others	24	199	344	536
	339	4,540	9,718	12,402
Establishment costs:				
Depreciation of property and equipment	102	44	285	131
Cleaning, maintenance and security	1	1	4	1
Others	2	5	9	14
	105	50	298	146
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	170	56	427	440
Telephone charges	10	12	35	49
Travelling and entertainment	44	6	142	93
Others	1	6	124	163
	225	80	728	745
Administration and general expenses:				
Professional services	413	(55)	1,300	1,051
Travelling	64	120	282	250
Insurance	16	-	41	15
Subscriptions and periodicals	3	36	39	40
Others	2,017	1,456	3,904	3,160
	2,513	1,557	5,566	4,516
Service transfer pricing income, net	(4,242)	(454)	(9,713)	(1,725)
	(1,060)	5,773	6,597	16,084

A24. ALLOWANCE/(WRITEBACK) FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Individual Quarter		Cumulative Quarter	
	31.12.17	**31.12.16**	**31.12.17**	**31.12.16**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Allowance for loans, advances and financing:				
Individual allowance, net	56,536	6,691	121,663	7,068
Collective allowance, net	116,779	85,422	251,007	310,735
Impaired loans, advances and financing:				
Recovered, net	(97,393)	(170,439)	(344,707)	(469,334)
	75,922	(78,326)	27,963	(151,531)

A25. BUSINESS SEGMENT ANALYSIS

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

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

(b) Wholesale Banking
Wholesale Banking comprises Corporate and Commercial Banking, Global Markets, Investment Banking and Fund Management.

(i) Corporate and Commercial Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients;
(ii) Global Markets includes proprietary trading as well as providing full range of products and services relating to treasury activities, including foreign exchange, derivatives, fixed income and structured warrants;
(iii) Investment Banking offers investment banking solutions and services, encompassing capital markets (primary) activities, broking, private banking services, corporate advisory and fund raising services (equity and debt capital); and
(iv) Fund Management comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.

(c) Insurance
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and takaful products namely wealth protection/savings, health and medical protection and family takaful solutions provided through our joint venture operations.

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

Note:

(i) The revenue generated by a majority of the operating segments substantially comprise finance income. The Chief Operating Decision Maker relies primarily on the net finance income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.
(ii) The comparatives have been restated to conform with current business realignment and restatement as per note A35.

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

		Wholesale Banking						
For the financial period ended 31.12.17	**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**	**Group Funding and Others RM'000**	**Total RM'000**
External revenue	2,275,613	1,780,787	543,284	176,544	88,422	1,184,459	316,291	6,365,400
Revenue from other segments	(256,667)	(870,840)	755,537	(9,417)	-	-	381,387	-
Total operating revenue	2,018,946	909,947	1,298,821	167,127	88,422	1,184,459	697,678	6,365,400
Net interest income	861,463	614,284	53,410	30,583	842	102,683	178,559	1,841,824
Other income	231,573	175,161	116,890	124,599	87,305	332,081	4,530	1,072,139
Share in results of associates and joint ventures	1,421	-	-	-	-	(13,177)	6,176	(5,580)
Income	1,094,457	789,445	170,300	155,182	88,147	421,587	189,265	2,908,383
Other operating expenses	(751,363)	(235,532)	(60,189)	(95,241)	(53,087)	(258,153)	(238,874)	(1,692,439)
of which:								
Depreciation of property and equipment	(18,648)	(860)	(413)	(911)	(294)	(9,791)	(12,883)	(43,800)
Amortisation of intangible assets	(12,599)	(1,346)	(2,995)	(603)	(990)	(12,546)	(46,053)	(77,132)
Profit/(Loss) before impairment losses	343,094	553,913	110,111	59,941	35,060	163,434	(49,609)	1,215,944
Impairment losses on loans, advances and financing-writeback/(charge)	(31,069)	(83,142)	-	1,271	-	-	84,977	(27,963)
Net impairment (loss)/writeback on other assets	(8,549)	(35)	-	496	(24)	(3,340)	946	(10,506)
Provision for commitments and contingencies-writeback/(charge)	(2,028)	6,338	-	(49)	-	-	(4)	4,257
Other recoveries	5	-	56	-	-	524	708	1,293
Profit before taxation and zakat	301,453	477,074	110,167	61,659	35,036	160,618	37,018	1,183,025
Taxation and zakat	(71,972)	(120,534)	(25,022)	(11,418)	(7,132)	(26,767)	31,572	(231,273)
Profit for the financial period	229,481	356,540	85,145	50,241	27,904	133,851	68,590	951,752
Other information:								
Total segment assets	53,627,986	41,018,867	13,973,212	2,407,551	94,118	5,685,649	25,991,350	142,798,733
Total segment liabilities	47,667,960	10,000,963	45,645,869	1,134,344	15,094	3,457,493	17,473,187	125,394,910
Cost to income ratio	68.7%	29.8%	35.3%	61.4%	60.2%	61.2%	126.2%	58.2%
Gross loans, advances and financing	52,879,536	40,259,085	-	1,619,881	-	1,717	(89,276)	94,670,943
Net loans, advances and financing	52,392,384	39,903,817	-	1,611,601	-	1,647	(241,292)	93,668,157
Impaired loans, advances and financing	672,561	1,004,684	-	2,091	-	-	-	1,679,336
Total deposits	46,938,661	7,474,635	41,569,208	827,900	-	-	7,689,362	104,499,766
Additions to:								
Property and equipment	8,088	1,797	-	950	224	2,063	6,816	19,938
Intangible assets	19,212	4,543	-	251	321	18,484	40,467	83,278

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 31.12.16 (Restated)	Retail Banking RM'000	Wholesale Banking: Corporate and Commercial Banking RM'000	Wholesale Banking: Global Markets RM'000	Wholesale Banking: Investment Banking RM'000	Wholesale Banking: Fund Management RM'000	Insurance RM'000	Group Funding and Others RM'000	Total RM'000
External revenue	2,145,610	1,676,967	393,166	211,948	96,281	1,234,844	381,788	6,140,604
Revenue from other segments	(270,478)	(851,193)	851,694	(7,653)	-	-	277,630	-
Total operating revenue	1,875,132	825,774	1,244,860	204,295	96,281	1,234,844	659,418	6,140,604
Net interest income	842,512	561,580	55,375	30,129	1,705	101,324	100,237	1,692,862
Other income	173,664	143,748	95,861	160,078	94,448	308,884	51,563	1,028,246
Gain on disposal of subsidiaries	-	-	-	-	-	-	1,662	1,662
Share in results of associates and joint ventures	2,814	-	-	-	-	27,692	5,608	36,114
Income	1,018,990	705,328	151,236	190,207	96,153	437,900	159,070	2,758,884
Other operating expenses	(692,437)	(180,324)	(62,247)	(95,460)	(55,009)	(250,180)	(242,272)	(1,577,929)
of which:								
Depreciation of property and equipment	(17,897)	(1,039)	(618)	(1,029)	(273)	(9,897)	(11,843)	(42,596)
Amortisation of intangible assets	(14,622)	(1,732)	(4,682)	(624)	(979)	(6,987)	(46,436)	(76,062)
Profit/(Loss) before impairment losses	326,553	525,004	88,989	94,747	41,144	187,720	(83,202)	1,180,955
Writeback for impairment losses on loans, advances and financing	4,781	93,036	-	2,310	-	167	51,237	151,531
(Allowance)/Writeback for impairment losses on other assets	(11,427)	(359)	-	1,335	-	1,134	(53)	(9,370)
(Allowance)/Writeback of provision for commitments and contingencies	3,966	16,477	-	(2,129)	-	-	6,208	24,522
Other recoveries	3	12,068	-	-	-	-	737	12,808
Profit/(Loss) before taxation and zakat	323,876	646,226	88,989	96,263	41,144	189,021	(25,073)	1,360,446
Taxation and zakat	(76,681)	(148,701)	(20,195)	(23,056)	(9,284)	(33,598)	3,162	(308,353)
Profit/(Loss) for the period	247,195	497,525	68,794	73,207	31,860	155,423	(21,911)	1,052,093
Other information:								
Total segment assets	48,585,002	42,154,421	10,844,899	2,274,708	118,042	5,497,530	19,730,021	129,204,623
Total segment liabilities	38,681,326	9,147,506	44,297,260	1,374,235	18,896	3,423,258	15,582,875	112,525,356
Cost to income ratio	68.0%	25.6%	41.2%	50.2%	57.2%	57.1%	152.3%	57.2%
Gross loans, advances and financing	47,803,397	41,488,280	-	1,460,071	-	2,444	(57,910)	90,696,282
Net loans, advances and financing	47,304,249	41,212,014	-	1,449,530	-	2,374	(442,958)	89,525,209
Impaired loans, advances and financing	686,823	704,170	-	2,187	-	-	-	1,393,180
Total deposits	37,928,064	6,879,670	41,966,229	829,751	-	-	1,907,511	89,511,225
Additions to:								
Property and equipment	20,899	496	-	1,315	375	5,087	18,165	46,337
Intangible assets	22,783	8,043	-	479	195	14,517	45,672	91,689

A26. VALUATION OF PROPERTY AND EQUIPMENT

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

A27. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 31 December 2017, the Group has offered its eligible employees in the Banking group a Mutual Separation Scheme ("MSS"). The MSS exercise is fully voluntary and is aimed to right size the Group whilst providing employees the opportunity to pursue personal goals as an option.

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

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

1. During the financial period,

(a) AmGeneral Holdings Berhad and its subsidiary, AmGeneral Insurance Berhad ("AmGeneral") invested in a collective investment scheme ("CIS"), AmCash Plus. The Group's effective equity interest in AmCash Plus is 51% and this CIS is consolidated in accordance with MFRS 10 Consolidated Financial Statements ("MFRS 10").

(b) AmGeneral withdrew its investment in AmCash Premium and AmCash Institutional 1, two collective investment schemes which were consolidated in accordance with MFRS 10.

2. Changes in subsidiaries:

(a) Capital reduction of subsidiaries of AmBank

On 9 October 2017 and 23 October 2017, AmCard Services Berhad ("AmCard"), MBF Information Sdn. Bhd. ("MBF Information") and AmLabuan Holdings (L) Ltd ("AmLabuan") respectively, had obtained Capital Reduction Order from the High Court pursuant to Section 116 of the Companies Act 2016. On 26 October 2017, 7 November 2017 and 28 December 2017, AmCard, MBF Information and AmLabuan respectively, had returned paid-up share capital in excess of the subsidiaries' needs which amounted to a total equivalent to approximately RM343.7 million to AmBank.

(b) Dissolution of a wholly-owned dormant subsidiary of AmBank

AmBank's wholly-owned dormant subsidiary, AmTrade Services Limited (incorporated in Hong Kong), has been dissolved by way of member's voluntary liquidation pursuant to Section 548 of the Companies Ordinance (Chapter 622) of Hong Kong on 3 January 2018.

(c) Capital reduction of AmInvestment Group Berhad ("AIGB")

On 26 January 2018, AIGB had obtained Capital Reduction Order from the High Court pursuant to Section 116 of the Companies Act 2016. AIGB had returned paid-up share capital in excess of its needs which amounted to approximately RM195.4 million to the Company.

The capital repayment of the above subsidiaries did not have any effect on the reported cashflows from operations, financial position and performance of the Group.

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

A29. ASSETS HELD FOR SALE

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
<u>Assets held for sale</u>		
Proposed disposal of property and equipment	10,889	25,502
Proposed disposal of properties obtained from garnishee proceedings	-	2,091
	10,889	27,593

A30. COMMITMENTS AND CONTINGENCIES

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

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

	Group	
	31.12.17	**31.03.17**
	Principal/ Notional Amount RM'000	**Principal/ Notional Amount RM'000**
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	18,753,783	16,910,052
over one year	4,816,175	3,925,299
Unutilised credit card lines	4,914,859	3,562,497
Forward asset purchases	324,293	680,643
	28,809,110	25,078,491
Contingent Liabilities		
Direct credit substitutes	2,432,928	2,045,786
Transaction related contingent items	5,643,414	5,903,536
Obligations under underwriting agreements	415,000	150,000
Short term self liquidating trade related contingencies	1,034,132	821,852
	9,525,474	8,921,174
Derivative Financial Instruments		
Interest/Profit rate related contracts:	51,467,567	49,895,571
One year or less	11,177,093	9,810,942
Over one year to five years	30,991,406	30,635,849
Over five years	9,299,068	9,448,780
Foreign exchange related contracts:	45,733,865	49,993,797
One year or less	41,341,543	46,025,024
Over one year to five years	2,842,249	1,828,561
Over five years	1,550,073	2,140,212
Credit related contracts:	343,317	361,251
Over one year to five years	343,317	361,251
Equity and commodity related contracts:	628,719	313,024
One year or less	488,655	229,628
Over one year to five years	140,064	83,396
	98,173,468	100,563,643
	136,508,052	134,563,308

A30. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

(a) The Company has given an unsecured guarantee amounting to RM70.0 million (31 March 2017: RM150.0 million) on behalf of AmInvestment Bank Berhad ("AmInvestment Bank") for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc. in respect of its futures trading activity with AmInvestment Bank.

(b) Since the financial year ended 31 March 2017 until the reporting date, AmMetLife had received complaints from 64 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. The Company and MetLife are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

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

(c) **The Malaysia Competition Commission ("MyCC")'s Proposed Decision against PIAM and its 22 members (including AmGeneral, a subsidiary)**

On 25 April 2017, AmGeneral had completed the submission of its written representations to MyCC. AmGeneral had also indicated its request for oral representations.

AmGeneral, in consultation with its legal advisers, will continue to take any and all appropriate actions to defend its position that it has not infringed Section 4(2)(a) of the CA 2010 and that no infringement penalties should be imposed. Should MyCC proceed with imposing financial penalty, AmGeneral will appeal to the Competition Appeals Tribunal and thereafter request for a judicial review should the outcome of the case turned adverse for AmGeneral.

A31. DERIVATIVE FINANCIAL INSTRUMENTS

	31.12.17			31.03.17		
	Contract/ Notional	Fair Value		Contract/ Notional	Fair Value	
Group	**Amount RM'000**	**Assets RM'000**	**Liabilities RM'000**	**Amount RM'000**	**Assets RM'000**	**Liabilities RM'000**
Trading derivatives						
Interest/Profit rate related contracts:	48,767,567	208,734	185,228	43,940,571	205,925	204,590
- One year or less	10,607,093	8,888	7,249	8,580,942	5,497	4,973
- Over one year to three years	13,345,192	56,663	41,281	10,675,092	30,875	32,464
- Over three years	24,815,282	143,183	136,698	24,684,537	169,553	167,153
Foreign exchange related contracts:	45,733,865	940,976	1,046,890	49,993,797	921,004	718,496
- One year or less	41,341,543	583,204	708,321	46,025,024	465,348	275,273
- Over one year to three years	820,616	23,334	41,230	253,960	4,909	28,653
- Over three years	3,571,706	334,438	297,339	3,714,813	450,747	414,570
Credit related contracts:	343,317	8,133	-	361,251	11,237	-
- Over three years	343,317	8,133	-	361,251	11,237	-
Equity and commodity related contracts:	628,719	27,998	27,550	313,024	2,421	3,055
- One year or less	488,655	22,150	21,702	229,628	2,417	3,051
- Over one year to three years	140,064	5,848	5,848	83,396	4	4
	95,473,468	1,185,841	1,259,668	94,608,643	1,140,587	926,141
Hedging derivatives						
Interest rate related contracts -						
Interest rate swaps:						
Cash flow hedge	2,350,000	-	21,967	5,605,000	25,835	24,581
- One year or less	570,000	-	1,024	1,230,000	713	1,100
- Over one year to three years	1,055,000	-	10,180	1,735,000	5,058	4,039
- Over three years	725,000	-	10,763	2,640,000	20,064	19,442
Fair value hedge	350,000	-	8,982	350,000	-	7,964
- Over three years	350,000	-	8,982	350,000	-	7,964
Total	98,173,468	1,185,841	1,290,617	100,563,643	1,166,422	958,686

A31. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

During the current financial quarter, pursuant to a review of the Group's hedging strategy, the Group recognised a gain of RM0.3 million in the statement of profit or loss arising from unwinding of hedge on its variable rate housing loan portfolio using interest rate swaps with a total notional value of RM2.4 billion. The remaining unamortised fair value gain will be amortised to the statement of profit or loss over the remaining life of the hedged forecast transactions.

A32. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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

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

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

About 0.2% (31 March 2017: Nil) of the Group's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

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

Group

31.12.17	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Derivative financial assets	358	1,185,483	-	1,185,841
Financial assets held-for-trading				
- Money market securities	-	3,148,002	-	3,148,002
- Equities	393,334	157,108	-	550,442
- Quoted corporate bonds and sukuk	38,098	-	-	38,098
- Unquoted corporate bonds and sukuk	-	5,364,330	-	5,364,330
Financial investments available-for-sale				
- Money market securities	-	5,772,228	-	5,772,228
- Equities	225,388	113,822	46,677	385,887
- Unquoted corporate bonds and sukuk	-	4,366,292	-	4,366,292
	657,178	20,107,265	46,677	20,811,120
Derivative financial liabilities	2,983	1,287,634	-	1,290,617

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

31.12.17	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Company				
Financial investments available-for-sale				
- Equities	1,000	-	-	1,000
	1,000	-	-	1,000

31.03.17

Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Derivative financial assets	91	1,166,331	-	1,166,422
Financial assets held-for-trading				
- Money market securities	-	5,089,549	-	5,089,549
- Equities	289,075	-	-	289,075
- Quoted corporate bonds and sukuk	38,207	-	-	38,207
- Unquoted corporate bonds and sukuk	-	4,116,257	-	4,116,257
Financial investments available-for-sale				
- Money market securities	-	2,742,850	-	2,742,850
- Equities	1,110,121	1,430	-	1,111,551
- Unquoted corporate bonds and sukuk	-	5,114,779	-	5,114,779
	1,437,494	18,231,196	-	19,668,690
Derivative financial liabilities	3,491	955,195	-	958,686
Company				
Financial investments available-for-sale				
- Equities	130,984	-	-	130,984
	130,984	-	-	130,984

Movements in Level 3 financial instruments measured at fair value

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

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

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

A33. CAPITAL ADEQUACY

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

		31.12.17		
	AmBank	**AmBank Islamic**	**AmInvestment Bank**	**Group ***
Common Equity Tier 1 ("CET1") Capital ratio	10.827%	11.063%	41.944%	11.333%
Tier 1 Capital ratio	12.008%	11.063%	41.944%	12.193%
Total Capital ratio	15.855%	15.437%	41.944%	16.148%

		31.03.17		
	AmBank	**AmBank Islamic**	**AmInvestment Bank**	**Group ***
Before deducting proposed dividends:				
CET1 Capital ratio	11.230%	10.498%	32.916%	11.917%
Tier 1 Capital ratio	12.478%	10.498%	32.916%	12.809%
Total Capital ratio	16.073%	15.069%	32.916%	16.658%
After deducting proposed dividends:				
CET1 Capital ratio	10.764%	10.498%	31.373%	11.563%
Tier 1 Capital ratio	12.012%	10.498%	31.373%	12.455%
Total Capital ratio	15.607%	15.069%	31.373%	16.304%

Notes:

(1) The Group has adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets) and Capital Adequacy Frameworks for Islamic Banks (Basel II - Risk Weighted Assets).

(2) Group* figures presented in this Report represent an **aggregation** of the capital positions and risk weighted assets ("RWA") of our three regulated banking institutions (consolidated for AmBank and AmInvestment Bank). The positions of each entity and group (where applicable) are published at www.ambankgroup.com.

(3) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued by the Prudential Financial Policy Department on 13 October 2015, which is based on the Basel III capital accord. Pursuant to BNM's guideline, the minimum capital adequacy ratios to be maintained are 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. The Group's banking subsidiaries are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

(a) a Capital Conservation Buffer ("CCB") of 2.5%; and
(b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institution has credit exposures.

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

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

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

A33. CAPITAL ADEQUACY (CONT'D.)

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

	31.12.17			
	AmBank RM'000	**AmBank Islamic RM'000**	**AmInvestment Bank RM'000**	**Group * RM'000**
CET1 Capital				
Ordinary share capital	1,763,208	1,387,107	200,000	3,350,315
Retained earnings	6,588,047	1,558,491	307,234	8,346,970
Available-for-sale deficit	(17,609)	(4,421)	-	(21,903)
Foreign exchange translation reserve	75,280	-	-	73,919
Regulatory reserve	378,133	323,183	2,918	704,234
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	186,264
Cash flow hedging reserve	1,182	-	-	1,182
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(407,524)	(958)	(2,110)	(411,410)
Deferred tax assets	(42,220)	(2,135)	(3,152)	(49,685)
Cash flow hedging reserve	(1,182)	-	-	(1,182)
Regulatory reserve	(378,133)	(323,183)	(2,918)	(704,234)
Investment in capital instruments of unconsolidated financial and insurance entities	(6,790)	-	(39,847)	-
Deduction in excess of Tier 2 capital**	-	-	(6,085)	-
CET1 Capital	**7,952,392**	**2,938,084**	**456,040**	**11,440,843**
Additional Tier 1 Capital				
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
Less : Regulatory adjustments applied on T1 capital	-	-	-	-
Tier 1 Capital	**8,819,942**	**2,938,084**	**456,040**	**12,308,395**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,470,000	850,000	-	2,320,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	600,000	-	-	600,000
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	756,970	311,844	3,877	1,072,717
Less: Regulatory adjustments applied on Tier 2 Capital	(1,698)	-	(3,877)	-
Tier 2 Capital	**2,825,272**	**1,161,844**	**-**	**3,992,718**
Total Capital	**11,645,214**	**4,099,928**	**456,040**	**16,301,113**

A33. CAPITAL ADEQUACY (CONT'D.)

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

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

	31.12.17			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group * RM'000
Credit RWA	66,100,893	27,917,743	786,783	94,358,979
Less: Credit RWA absorbed by Restricted Investment Account	-	(2,970,216)	-	(2,970,216)
Total Credit RWA	66,100,893	24,947,527	786,783	91,388,763
Market RWA	3,265,145	227,483	27,353	3,541,072
Operational RWA	4,006,504	1,383,830	273,130	5,943,926
Large exposure risk RWA for equity holdings	76,772	-	-	76,772
Total Risk Weighted Assets	**73,449,314**	**26,558,840**	**1,087,266**	**100,950,533**

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

	31.03.17			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group * RM'000
CET1 Capital				
Ordinary share capital	1,763,208	1,187,107	200,000	3,150,315
Retained earnings	5,371,939	1,179,283	88,943	6,931,726
Available-for-sale deficit	(12,233)	(5,149)	-	(17,381)
Foreign exchange translation reserve	119,797	-	-	130,278
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	163,820	58,430	2,800	225,050
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	186,264
Cash flow hedging reserve	3,010	-	-	3,010
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(406,504)	(448)	(2,513)	(411,124)
Deferred tax assets	-	-	(7,153)	(9,158)
Cash flow hedging reserve	(3,010)	-	-	(3,010)
Regulatory reserve	(163,820)	(58,430)	(2,800)	(225,050)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(6,808)	-	(39,847)	-
Deduction in excess of Tier 2 Capital**	-	-	(6,458)	-
CET1 Capital	**7,810,368**	**2,844,138**	**432,972**	**11,591,607**
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	867,550	-	-	867,550
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	-	-	-	2
Tier 1 Capital	**8,677,918**	**2,844,138**	**432,972**	**12,459,159**

A33. CAPITAL ADEQUACY (CONT'D.)

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

	31.03.17			
	AmBank RM'000	**AmBank Islamic RM'000**	**AmInvestment Bank RM'000**	**Group * RM'000**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	900,000	850,000	-	1,750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	983,900	130,000	-	1,113,900
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	618,212	258,458	3,504	880,197
Less: Regulatory adjustments applied on Tier 2 capital	(1,702)	-	(3,504)	-
Tier 2 Capital	**2,500,410**	**1,238,458**	**-**	**3,744,098**
Total Capital	**11,178,328**	**4,082,596**	**432,972**	**16,203,257**

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

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

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

A34. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

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

	General insurance fund		Shareholders' fund and Others		Total	
	31.12.17 RM'000	31.03.17 RM'000	31.12.17 RM'000	31.03.17 RM'000	31.12.17* RM'000	31.03.17* RM'000
ASSETS						
Cash and short-term funds	142,494	163,661	507,401	374,089	649,895	537,749
Deposits and placements with banks and other financial institutions	15,625	13,435	-	488,553	15,625	501,987
Financial assets held-for-trading	2,548,587	2,412,260	2,913,177	2,988,171	3,070,284	2,988,171
Financial investments available-for-sale	-	-	1,400,021	1,391,318	338,479	50,867
Loans and advances	1,648	2,058	-	-	1,648	2,058
Deferred tax assets	15,866	14,025	-	74	15,866	14,099
Investment in subsidiary	-	-	2,108,733	2,108,733	-	-
Other assets	523,973	538,977	101,005	52,470	234,769	199,772
Reinsurance assets and other insurance receivables	398,833	403,113	-	-	398,833	403,113
Property and equipment	42,062	49,466	978	978	43,040	50,444
Intangible assets	69,831	61,423	71,894	74,933	920,652	915,283
Assets held for sale	8,504	22,256	2,385	3,246	10,889	25,502
TOTAL ASSETS	3,767,423	3,680,674	7,105,594	7,482,565	5,699,980	5,689,045
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	438,967	430,540	438,967	430,540
Deferred tax liabilities	-	-	77,591	79,029	78,118	80,011
Other liabilities	336,700	274,740	421,143	436,975	367,634	320,037
Insurance contract liabilities and other insurance payables	2,572,773	2,666,844	-	-	2,572,773	2,666,844
Total Liabilities	2,909,473	2,941,584	937,701	946,544	3,457,492	3,497,432
Share capital**	-	-	5,916,968	6,318,429	1,399,148	1,399,148
Reserves	857,950	739,090	250,925	217,592	843,340	692,465
Equity attributable to equity holders of the Company	857,950	739,090	6,167,893	6,536,021	2,242,488	2,091,613
Non-controlling interests	-	-	-	-	-	100,000
Total Equity	857,950	739,090	6,167,893	6,536,021	2,242,488	2,191,613
TOTAL LIABILITIES AND EQUITY	3,767,423	3,680,674	7,105,594	7,482,565	5,699,980	5,689,045

* after elimination on consolidation

** Comprising:		
Ordinary share capital	1,230,000	1,230,000
Preference share capital	169,148	169,148
	1,399,148	1,399,148

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

A34. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

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

	General insurance fund		**Shareholders' fund and Others**		**Total**	
Group	**31.12.17 RM'000**	**31.12.16 RM'000**	**31.12.17 RM'000**	**31.12.16 RM'000**	**31.12.17* RM'000**	**31.12.16* RM'000**
Interest income	1,360	3,485	115,751	111,835	117,111	115,320
Interest expense	-	-	(14,428)	(13,996)	(14,428)	(13,996)
Net interest income	1,360	3,485	101,323	97,839	102,683	101,324
Income from insurance business	1,050,986	1,081,664	-	-	1,050,986	1,081,664
Insurance claims and commissions**	(748,443)	(782,947)	-	-	(748,443)	(782,947)
Net income from insurance business	302,543	298,717	-	-	302,543	298,717
Other operating income	85,046	92,502	82,480	48,040	29,539	10,167
Net income	388,949	394,704	183,803	145,879	434,765	410,208
Other operating expenses	(249,163)	(242,526)	(8,990)	(7,654)	(258,153)	(250,180)
Operating profit	139,787	152,178	174,813	138,225	176,612	160,028
Allowances for impairment on						
loans and advances-writeback	-	167	-	-	-	167
Net impairment writeback/(charge) on:						
Financial investments	-	-	(1,483)	-	(1,483)	-
Insurance receivables	(1,857)	848	-	-	(1,857)	848
Other recoveries, net	524	286	-	-	524	286
Profit before taxation	138,454	153,479	173,330	138,225	173,796	161,329
Taxation	(19,485)	(33,012)	(7,282)	(586)	(26,767)	(33,599)
Profit for the financial period	**118,969**	**120,467**	**166,048**	**137,639**	**147,029**	**127,730**
Attributable to:						
Equity holders of the Company					146,414	127,730
Non-controlling interests					615	-
Profit for the financial period					**147,029**	**127,730**

* after elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM14,280,000 (31 December 2016: RM10,925,000)

A35. RESTATEMENT OF COMPARATIVES

Certain comparative figures were restated arising from clarification provided in the BNM circular on Classification and Regulatory Treatment for structured products under the Financial Services Act 2013 and Islamic Financial Services Act 2013 as disclosed in Note A1.2(b).

(i) Reconciliation of statement of financial position

Group	**As previously reported**	**Reclassification**	**As restated**
As at 1 April 2016	**RM'000**	**RM'000**	**RM'000**
Deposits from customers	90,358,576	(101,182)	90,257,394
Deposits and placements of banks and other financial institutions	1,743,769	(530,000)	1,213,769
Term funding	8,607,614	631,182	9,238,796
As at 31 March 2017			
Deposits from customers	94,071,513	(136,455)	93,935,058
Deposits and placements of banks and other financial institutions	1,609,421	(80,000)	1,529,421
Term funding	7,176,024	216,455	7,392,479

(ii) Reconciliation of statement of profit or loss

Individual Quarter ended 31 December 2016			
Interest expense:			
Deposits from customers	453,834	(1,373)	452,461
Other structured products and others	4,082	1,373	5,455
Cumulative Quarter ended 31 December 2016			
Interest expense:			
Deposits from customers	1,381,231	(4,927)	1,376,304
Deposits and placements of banks and other financial institutions	26,802	(1,466)	25,336
Other structured products and others	11,945	6,393	18,338

(iii) Reconciliation of condensed statement of cash flows for the financial quarter ended 31 December 2016

Increase/(Decrease) in operating liabilities:			
Deposits from customers	(3,690,064)	(24,545)	(3,714,609)
Deposits and placements of banks and other financial institutions	1,304,671	450,000	1,754,671
Term funding	(503,817)	(425,455)	(929,272)

A36. OPERATIONS OF ISLAMIC BANKING

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

		Group		
		31.12.17	31.03.17 (Restated)	01.04.16 (Restated)
	Note	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds		3,793,070	2,588,245	4,385,587
Deposits and placements with banks and other financial institutions		150,000	635,000	500,000
Derivative financial assets		91,933	42,381	57,272
Financial assets held-for-trading		999,774	681,465	174,550
Financial investments available-for-sale		4,187,300	2,435,724	3,177,516
Financial Investments held-to-maturity		1,088,030	1,278,221	1,263,639
Financing and advances	(a)	27,361,735	27,239,756	27,391,553
Receivables: Investments not quoted in active markets		791,563	814,720	468,141
Statutory deposit with Bank Negara Malaysia		766,000	810,000	842,000
Deferred tax assets		2,429	333	296
Other assets		585,823	317,800	348,234
Property and equipment		454	332	368
Intangible assets		958	448	14
TOTAL ASSETS		39,819,069	36,844,425	38,609,170
LIABILITIES AND ISLAMIC BANKING FUNDS				
Deposits from customers	(b)	28,779,291	26,836,697	28,383,783
Investment accounts of customers	(c)	21,168	24,374	18,411
Deposits and placements of banks and other financial institutions		1,521,752	1,266,337	993,510
Investment account due to a licensed bank	(d)	2,959,806	1,600,000	1,000,000
Recourse obligation on financing sold to Cagamas Berhad		609,493	617,713	1,127,824
Derivative financial liabilities		98,723	47,870	67,685
Term funding		1,080,000	1,985,000	2,300,000
Subordinated Sukuk		849,798	979,679	1,399,528
Deferred tax liabilities		-	89	5,883
Other liabilities	(e)	404,743	379,288	470,485
TOTAL LIABILITIES		36,324,774	33,737,047	35,767,109
Share capital/Capital funds		1,417,107	1,217,107	492,922
Reserves		2,077,188	1,890,271	2,349,139
TOTAL ISLAMIC BANKING FUNDS		3,494,295	3,107,378	2,842,061
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		39,819,069	36,844,425	38,609,170
COMMITMENTS AND CONTINGENCIES		11,844,050	9,860,517	8,372,430

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

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

Group	Individual Quarter		Cumulative Quarter	
	31.12.17 RM'000	31.12.16 RM'000	31.12.17 RM'000	31.12.16 RM'000
Income derived from investment of depositors' funds	433,695	395,870	1,279,224	1,261,130
Income derived from investment of investment account funds	27,971	16,384	66,986	45,460
Impairment on financing and advances	(32,907)	(16,168)	(56,136)	(27,856)
Provision for commitments and contingencies	(496)	(1,306)	(251)	(319)
	428,263	394,780	1,289,823	1,278,415
Income attributable to the depositors and others	(240,451)	(218,558)	(693,228)	(713,926)
Income attributable to the investment account holders	(25,031)	(14,600)	(59,831)	(40,497)
Profit attributable to the Group	162,781	161,622	536,764	523,992
Income derived from Islamic Banking Funds	37,966	22,856	111,125	80,392
Total net income	200,747	184,478	647,889	604,384
Operating expenses	(101,882)	(98,782)	(325,003)	(308,964)
Finance cost	(23,728)	(25,786)	(87,776)	(86,973)
Profit before taxation and zakat	75,137	59,910	235,110	208,447
Taxation and zakat	(16,005)	(12,205)	(48,889)	(44,870)
Profit for the financial period	59,132	47,705	186,221	163,577

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

Group	Individual Quarter		Cumulative Quarter	
	31.12.17 RM'000	31.12.16 RM'000	31.12.17 RM'000	31.12.16 RM'000
Profit for the financial period	62,908	47,705	186,221	163,577
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss				
Financial investments available-for-sale:				
- net unrealised gain/(loss) in changes in fair value	(1,221)	(20,875)	3,365	(3,933)
- net gain reclassified to profit or loss	(676)	-	(2,408)	(2,226)
- Income tax effect	455	5,010	(230)	1,478
Other comprehensive income/(loss) for the financial period, net of tax	(1,442)	(15,865)	727	(4,681)
Total comprehensive income for the financial period	61,466	31,840	186,948	158,896

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

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

		Non-Distributable				Distributable	
Group	**Share capital/ Capital funds RM'000**	**Share premium RM'000**	**Statutory reserve RM'000**	**Regulatory reserve RM'000**	**Available-for-sale deficit RM'000**	**Retained earnings RM'000**	**Total Equity RM'000**
At 1 April 2016	492,922	724,185	483,345	-	(1,589)	1,143,198	2,842,061
Profit for the financial period	-	-	-	-	-	163,577	163,577
Other comprehensive loss, net	-	-	-	-	(4,681)	-	(4,681)
Total comprehensive income/(loss) for the financial period	-	-	-	-	(4,681)	163,577	158,896
At 31 December 2016	492,922	724,185	483,345	-	(6,270)	1,306,775	3,000,957
At 1 April 2017	1,217,107	-	483,345	58,430	(5,149)	1,353,645	3,107,378
Profit for the financial period	-	-	-	-	-	186,221	186,221
Other comprehensive income, net	-	-	-	-	727	-	727
Total comprehensive income for the financial period	-	-	-	-	727	186,221	186,948
Issuance of ordinary shares	200,000						200,000
Transfer to retained earnings	-	-	(483,345)	-	-	483,345	-
Transfer to regulatory reserve	-	-	-	264,753	-	(264,753)	-
Transfer of ESS shares recharged							
- difference on purchase price of shares vested	-	-	-		-	(31)	(31)
	200,000	-	(483,345)	264,753	-	218,561	199,969
At 31 December 2017	1,417,107	-	-	323,183	(4,422)	1,758,427	3,494,295

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

(a) Financing and Advances

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

Group 31.12.17	**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	-	170,363	-	-	1,034,985	-	1,205,348
Term financing	1,379,952	4,200,665	10,689	-	3,125,955	66,740	8,784,001
Revolving credit	72,104	2,733,892	-	-	1,964,328	-	4,770,324
Housing financing	3,031,522	1,361,988	51,237	-	-	-	4,444,747
Hire purchase receivables	4	-	-	6,524,282	-	-	6,524,286
Bills receivables	-	20,804	-	-	-	270	21,074
Credit card receivables	-	-	-	-	-	383,835	383,835
Trust receipts	-	99,790	-	-	-	-	99,790
Claims on customers under acceptance credits	-	1,227,200	-	-	-	170,274	1,397,474
Gross financing and advances*	4,483,582	9,814,702	61,926	6,524,282	6,125,268	621,119	27,630,879
Allowance for impairment on financing and advances							
- Individual allowance							(25,300)
- Collective allowance							(243,844)
Net financing and advances							27,361,735

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 31.03.17	**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	-	12,471	-	-	1,054,583	-	1,067,054
Term financing	2,022,144	2,917,793	11,005	-	3,491,124	72,791	8,514,857
Revolving credit	72,161	2,704,642	-	-	2,494,580	-	5,271,383
Housing financing	2,917,596	379,211	52,052	-	-	-	3,348,859
Hire purchase receivables	4	-	-	7,595,444	-	-	7,595,448
Bills receivables	-	-	-	-	-	9,293	9,293
Credit card receivables	-	-	-	-	-	297,225	297,225
Trust receipts	-	93,655	-	-	-	-	93,655
Claims on customers under acceptance credits	-	1,160,474	-	-	-	149,829	1,310,303
Gross financing and advances*	5,011,905	7,268,246	63,057	7,595,444	7,040,287	529,138	27,508,077
Allowance for impairment on financing and advances							
- Individual allowance							(16,041)
- Collective allowance							(252,280)
Net financing and advances							27,239,756

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

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

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

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

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
Balance at beginning of the financial year	488,700	605,200
Impaired during the financial period/year	293,337	265,280
Reclassified to non-impaired financing	(15,910)	(92,536)
Recoveries	(58,122)	(70,415)
Amount written off	(122,761)	(218,829)
Balance at end of the financial period/year	585,244	488,700
Gross impaired financing and advances as % of total gross financing and advances	2.12%	1.78%
Financing loss coverage (including regulatory reserve)	101.21%	66.86%

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

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
Individual allowance		
Balance at beginning of the financial year	16,041	63,715
Allowance made during the financial period/year, net	25,393	16,108
Amount written off	(16,134)	(63,782)
Balance at end of the financial period/year	25,300	16,041
Collective allowance		
Balance at beginning of the financial year	252,280	329,392
Allowance made during the fiancial period/year	109,454	78,288
Transferred to AmBank*	(1,856)	-
Foreign exchange differences	(4)	9
Amount written off	(116,030)	(155,409)
Balance at end of the financial period/year**	243,844	252,280
Collective allowance and Regulatory reserve as % of gross financing and advances (excluding RIA financing) less individual allowance	2.30%	1.20%

* During the financial period, AmBank Islamic entered into two new RIA contracts which amounted to a total sum of RM1,387.0 million with AmBank. Arising from these contracts, AmBank Islamic transferred collective allowance of approximately RM1.9 million for the financing funded to AmBank.

** As at 31 December 2017, the gross exposure (including profit receivable) and collective allowance relating to RIA financing amounted to RM2,970.2 million and RM2.8 million respectively (31 March 2017: RM1,604.4 million and RM2.3 million respectively). There was no individual allowance provided for all the RIA financing.

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

(b) Deposits From Customers

	Group	
	31.12.17	**31.03.17 (Restated)**
	RM'000	**RM'000**
Savings deposits		
Wadiah	-	2,119,573
Commodity Murabahah	1,977,787	-
Qard	9,462	-
Demand deposits		
Wadiah	-	4,245,545
Commodity Murabahah	4,767,358	-
Qard	30,326	-
Term deposits		
Commodity Murabahah	21,441,777	20,008,971
Qard	552,581	462,608
	28,779,291	26,836,697

(c) Investment Accounts Of Customers

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
Unrestricted investment account without maturity:		
- Wakalah	21,168	24,374
	21,168	24,374
Investment asset:		
- Interbank placement	21,168	24,374
Total investment	21,168	24,374

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

	31.12.17	**31.03.17**
	RM'000	**RM'000**
Business enterprises	238	443
Individuals	20,930	23,931
	21,168	24,374

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

	Investment account holder			
	31.12.17		**31.03.17**	
	Average rate of return (%)	**Average Performance incentive fee (%)**	**Average rate of return (%)**	**Average Performance incentive fee (%)**
Maturity:				
less than 3 months	0.05	2.99	0.05	3.03

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

(d) Investment Account Due to A Licensed Bank

	Group	
	31.12.17 RM'000	**31.03.17 RM'000**
Restricted investment account		
- Mudarabah Muqayyadah	2,959,806	1,600,000
Investment asset:		
Financing	2,959,806	1,600,000
Total investment	2,959,806	1,600,000

During the current financial period, AmBank Islamic entered into two new RIA contracts which amounted to a total sum of RM1,387.0 million with AmBank. The first contract is for a period of 367 days and will mature on 1 October 2018. The second contract's tenure is based on the contractual maturity of the financing funded which ranges between 3 months to 14 years from the day the second contract was entered into.

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

	Investment account holder		
		31.12.17	**31.03.17**
	Profit sharing ratio (%)	**Average rate of return (%)**	**Average rate of return (%)**
Maturity:			
up to 1 year	90	4.50	-
between 1 year to 2 years	90	4.48	-
over 2 years to 5 years	90	4.35	4.8
more than 5 years	90	4.65	-

(e) Other Liabilities

	Group	
	31.12.17 RM'000	**31.03.17 RM'000**
Other payables and accruals	269,734	247,809
Taxation and zakat payable	21,979	19,659
Provision for commitments and contingencies	11,755	11,521
Amount owing to conventional banking	98,990	98,366
Lease deposits and advance rental	2,285	1,933
	404,743	379,288

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

(f) Restatement of Comparatives

Certain comparative figures were restated arising from clarification provided in the BNM circular on Classification and Regulatory Treatment for structured products under the Financial Services Act 2013 and Islamic Financial Services Act 2013 as disclosed in Note A1.2(b).

For condensed interim financial statements, the profit payable to the customers for these funding in the statement of profit or loss is disclosed as part of Income attributable to the depositors and others.

Reconcilation of statement of financial position

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
As at 1 April 2016			
Deposits and placements of banks and other financial institutions	1,443,510	(450,000)	993,510
Term Funding	1,850,000	450,000	2,300,000
As at 31 March 2017			
Deposits from customers	26,891,697	(55,000)	26,836,697
Deposits and placements of banks and other financial institutions	1,346,337	(80,000)	1,266,337
Term Funding	1,850,000	135,000	1,985,000

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

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

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

	Group				Group			
	Individual Quarter		Changes		Cumulative Quarter		Changes	
	31.12.17 RM'000	31.12.16 RM'000	Amount RM'000	%	31.12.17 RM'000	31.12.16 RM'000	Amount RM'000	%
Operating revenue	2,159,629	1,977,925	181,704	9.2	6,365,400	6,140,604	224,796	3.7
Operating profit before impairment losses	382,658	335,534	47,124	14.0	1,215,944	1,180,955	34,989	3.0
Profit before taxation and zakat	301,740	408,910	(107,170)	(26.2)	1,183,025	1,360,446	(177,421)	(13.0)
Profit for the financial period	230,099	317,447	(87,348)	(27.5)	951,752	1,052,093	(100,341)	(9.5)
Profit/(Loss) attributable to equity holders of the Company	218,978	313,167	(94,189)	(30.1)	878,717	988,793	(110,076)	(11.1)

Financial year to date - Cumulative period ended 31 December 2017 compared to 31 December 2016

For the financial period under review, the Group generated revenue of RM6,365.4 million, a growth of RM224.8 million (3.7%) compared to the same period last year. Fund based income from interest bearing assets increased by RM262.1 million (6.1%) mainly from interest on fixed income securities and customer lending. Markets based revenue (Trading and Investment income) suffered from the volatility in the market and recorded a reduction of RM12.2 million over the same period last year.

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

Funding costs namely interest from customer deposits and financial institutions deposits increased due to the increase in average deposit balances. As part of funding costs management, the Group settled all short-term borrowings in Term Funding and redeemed debt securities on the first call date. Overall, there is an increase of RM113.2 million (4.3%) in interest expense. Net interest margin ("NIM") improved to 1.98% compared to 1.96% for the corresponding period last year.

Compared to a year ago, overall other operating income (fee income, markets based trading and investment and other income) increased by RM35.0 million. Fee based income recorded growth of RM8.2 million contributed by higher commission earned from sale of unit trust driven by the Group's appointment as agent for Amanah Saham Nasional Berhad in current financial period. Market based income which comprise treasury related income from customer flows and gains on trading/liquidation of securities fell by RM12.2 million due to lower gain on disposal of securities of RM16.9 million. Increase in other income was attributable to a significant gain on disposal of foreclosed property for the current period whilst a year ago, disposal of properties generated gain of RM11.9 million.

Net income from insurance business improved by RM7.2 million mainly due to lower insurance claims.

The Group's insurance-based joint ventures recorded losses due to higher actuarial valuations. This resulted in the Group's share of losses from the joint ventures of RM5.6 million compared to share of profits of RM36.1 million same period last year.

Total operating expenses recorded an increase of 7.3% compared to a year ago. Personnel expenses increased by RM73.2 million mainly due to increase in headcount and recruitment related costs. Establishment costs and other marketing expenses and commission paid reduced from lower spending and writeback of unutilized provisions as part of ongoing efficiency savings. From the general administrative expenses, expenses were higher for regulatory and compliance costs in connection with legal matters and governance procedures. Overall, the Group's cost to income ratio increased slightly to 58.2% from 57.2% a year ago.

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

Profit before taxation and zakat for the current financial period was lower compared to a year ago at RM1,183.0 million, a reduction of RM177.4 million (13%). Profit for the financial period fell by RM100.3 million to RM951.8 million compared to a year ago.

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

Commentary on key components of financial position

The Group's core interest bearing assets namely loans, advances and financing grew moderately by RM3,685.0 million (4.1%) from 31 March 2017 to RM94,670.9 million driven by increase of RM3,583.8 million from mortgage loans. The Group continued to make good progress in its target segment of customers ie the SME group that recorded RM1.7 billion loans growth (12.4%) and household consumers from mortgage financing with RM3.4 billion growth compared to 31 March 2017. The Group's impaired loans was contained at 1.8% of gross loans with loan loss coverage of 101.65%.

Deposits from customers was higher compared to 31 March 2017 at RM99.9 billion predominantly driven by customer deposit retention initiatives. Low cost deposits constituted 20.0% of total deposits from customers, reduction compared to 21.1% as at 31 March 2017 due to increase in deposit base.

Commentary on statement of cashflows

The Group's operating activities generated net surplus cash of RM6,185.1 million compared to an outflow of RM7,342.0 million mainly due to increase in deposits from customers for this financial period. Cashflows from investing activities comprise mainly investments in fixed income securities; for this current financial period, investment in available for sale securities increased compared to substantial reduction for the same period last year. Cashflows from financing activities were mainly dividend payment to shareholders and redemption of debt capital on first call dates/maturity. For this current financial period, higher issuance of debt securities over redemption of debt securities resulted in lower cash outflows from financing activities.

Liquidity and capital strength

The Group is well-positioned to meet and comply with regulatory requirements. Its banking subsidiaries recorded Liquidity Coverage ratios in excess of minimum requirements. The Group's aggregated capital adequacy ratio was lower at 16.148% compared to 16.304% as at 31 March 2017 primarily due to build up of reserve loss allowance which is a capital adjustment and increase in risk weighted assets driven by increase in assets of the Group.

Divisional performance

Retail Banking (Year to date ('YTD") FY2018: RM301.5 million vs YTD FY2017: RM323.9 million)

Profit before tax ("PBT") dropped by RM22.4 million mainly due higher impairment, partially offset by higher income.

Higher net impairment of RM41.6 million from lower overall recoveries, offset by lower provision for Auto Financing and Mortgages.

Sales growth, particularly in Wealth and Mortgages and gain from securities available for sale ("AFS") contributed to higher income. Incremental in income partially offset by higher other operating expenses.

Retail deposits grew RM9.0 billion year on year ("YoY") to RM46.9 billion mainly from fixed deposits, while gross loans grew by 10.6% YoY to close at RM52.9 billion mainly from mortgages.

Corporate & Commercial Banking (YTD FY2018: RM477.1 million vs YTD FY2017: RM646.2 million)

Lower PBT due to higher impairment and higher other operating expenses, partially offset by higher income.

Higher net impairment of RM198.1 million from conservative provisioning and lower recoveries. In addition, other operating expenses increased by 30.6%, driven by higher personnel cost from annual increment and Business Banking expansion.

Income increased by RM84.1 million mainly arising from gain on disposal of foreclosed properties, higher business volume and higher margin impact.

Deposits grew 8.6% while gross loans dropped 3.0%, to close at RM7.5 billion and RM40.3 billion respectively.

Global Markets (YTD FY2018: RM110.2 million vs YTD FY2017: RM89.0 million)

Global Markets PBT increased by 23.8% YoY mainly due to higher forex and fixed income trading from the strengthening of Malaysian Ringgit.

Investment Banking (YTD FY2018: RM61.7 million vs YTD FY2017: RM96.3 million)

PBT dropped RM34.6 million due to gain from primary selldown of securities held for trading ("HFT") in FY2017.

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

Divisional performance (Cont'd.)

Fund Management (YTD FY2018: RM35.0 million vs YTD FY2017: RM41.1 million)

PBT dropped 14.8% driven by lower management fee.

Insurance (YTD FY2018: RM160.6 million vs YTD FY2017: RM189.0 million)

Insurance PBT dropped 15.0% YoY mainly due to loss in share in losses of Life business joint venture.

Group Funding & Others (YTD FY2018: RM37.0 million vs YTD FY2017: Loss of RM25.1 million)

Higher PBT due to higher write-back of impairment and higher income.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

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

	Group			
	Individual Quarter		Changes	
	31.12.17	30.9.17	Amount	%
	RM'000	RM'000	RM'000	
Operating revenue	2,159,629	2,125,024	34,605	1.6
Operating profit before impairment losses	382,658	404,204	(21,546)	(5.3)
Profit before taxation and zakat	301,740	432,180	(130,440)	(30.2)
Profit for the financial quarter	230,099	357,109	(127,010)	(35.6)
Profit/(Loss) attributable to equity holders of the Company	218,978	331,466	(112,488)	(33.9)

Current quarter compared to immediate preceding quarter

For the financial period under review, the Group generated revenue of RM2,159.6 million, an increase of 1.6% over last quarter. Fund based income from interest bearing assets increased by RM31.6 million (2.1%) mainly fom interest on customer lending and interbank lending. Markets based revenue recorded a reduction of RM58.0 million compared to preceding quarter.

Interest income from customer lending grew million mainly from mortgage financing. Interest income from customer lending benefitted from the robust growth in the core segment of residential mortgages. Interest from interbank lending increased due to excess funds driven by increase in customer deposits.

Funding costs namely interest from deposits from customers and financial institutions increased due to the increase in average deposit balances. This was offset by reduction in borrowing costs due to redemption of debt securities. Overall, interest expense recorded an increase of RM25.5 million (2.8%). For this quarter, net interest margin fell to 1.95% compared to 1.97% in the preceding quarter.

Overall other operating income decreased by RM9.0 million for this quarter compared to preceding quarter. Fee based income grew by RM11.1 million attributed to increase in commission from sale of unit trust offset by lower asset and fund management fee due to lower volume. Market based income decreased by RM58.0 million, in particular due to preceding quarter recorded significant gain on derecognition of holding in certain securities pursuant to a corporate exercise undertaken by the issuer. Treasury related income from customer flows improved resulting in higher gains on derivatives offset by reduction in gains on revaluation of trading securities and foreign currency translation differences. Other income increased attributable to gain on disposal of foreclosed property.

Net income from insurance business fell by RM23.4 million due to higher insurance claims and lower premium income earned.

The Group's insurance-based joint ventures recorded improved results due to release of actuarial reserve in current quarter for AmMetlife Insurance. This resulted in the Group's share of profit from the joint ventures of RM8.0 million compared to share of losses of RM10.7 million for the preceding quarter.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION (CONT'D.)

Total operating expenses recorded an increase of 2.5% compared to preceding quarter. Establishment costs was higher mainly due to investment in digitalisation initiatives. Marketing expenses were higher this quarter due to preceding quarter had benefitted from release of unutilized provisions.

Credit costs was impacted by higher allowance provided on collective basis and lower recoveries which resulted in a net charge compared to a net write-back in preceding quarter.

Against the preceding quarter, profit before taxation and zakat for the current quarter is lower at RM301.7 million, a reduction of RM130.4 million (30.2%). Profit for the quarter decreased by RM127.0 million to RM230.1 million compared to preceding quarter.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2018

Malaysia's Gross Domestic Product ("GDP") is projected to grow strongly in 2017 by 5.9% (2016: 4.2%) supported by private consumption benefitting from healthy wages and income support measures, infrastructure spending, strong exports on the back of improving global demand, firm commodity prices and private investment. The economy is poised to continue expanding favorably in 2018 by 5.5% aided by private expenditure, infrastructure spending, more business-friendly regulatory environment and exports.

Meanwhile, inflation is expected to rise by 2.5% - 2.8% in 2018 (2017: 3.8%) on the back of firmer Malaysian Ringgit against the US Dollar, stable oil and commodity prices, fading cost-push pressures and base effect.

In the meantime, the banking system is poised to register decent growth in 2017 coming from the retail segment namely the mortgage loans from affordable homes and business loans in particular infrastructure and exports that is benefitting from improving global growth and firmer commodity prices. We anticipate loans to grow between 5% and 6% in 2017 on the back of 5.9% GDP growth. For 2018, we project loans to grow circa 5% based on our view that GDP will continue to expand by 5.5% in 2018.

Furthermore, banks have sufficient liquid assets with an industry liquidity coverage ratio of 134.0% as at end December 2017, well above the regulatory requirement of 100.0%. Funding profiles of banks have been well diversified with the industry's loan-to-fund ratio and loan-to-fund and equity ratio standing at 84.0% and 73.7% respectively as at December 2017.

We foresee the banks' NIM to improve modestly in 2018 as a result of the banks' repricing their loans to compensate for higher provisioning under MFRS 9 and milder pressure on banks' funding cost from deposit competition. The latter is due to the delay in implementation of net stable funding ratio requirement to no earlier than 1 January 2019 but to a lesser extent in terms of intensity.

Following Bank Negara's 25bps rate hike in January, we believe the central bank will adopt the 'wait-and-see' attitude to determine the need to further reprice the policy rate which is at 3.25%. A key point highlighted in the Bank Negara's MPC is that the economy is on a firm growth path and the need to normalise the current monetary accommodation. We believe the normalisation rate is around 3.50%.

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

Wholesale Banking's strategic priorities for FY2018 are:

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

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2018 (CONT'D.)

In line with our Top 4 Strategy, we have created a new division called Business Banking to enhance our focus on the small and medium-sized enterprises ("SME") segment. This is a key growth area for AmBank Group and is also in line with the government's strategic initiative to encourage entrepreneurship. Our Business Banking division started operations in April 2017 and comprises two focus areas:

- Enterprise Banking: Focuses on companies with a business turnover of less than RM50 million and primarily looks at working capital loans under programme lending which will drive flow business of FX and trade
- Commercial Banking: Focuses on companies with a business turnover of RM50 million to RM150 million and primarily looks at liabilities and discretionary lending.

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

Islamic Banking will intensify focus on SME and mid corp clients via transaction banking solutions, FX, vendor and contract financing. New target areas will include Islamic wealth management which entails the distribution of Islamic unit trusts and bancatakaful products, and term financing-*i* for investment in Amanah Saham Bumiputera ("ASB") and ASB2.

AmGeneral aims to lead in motor insurance and selected personal and commercial lines via competitive underwriting, innovative product offerings and digital transformation. AmGeneral will continue to focus on segmentation at product portfolio level with an overlay of customer insights to determine product design and marketing strategy.

Life Insurance's strategic priorities are to focus on customer centricity following the implementation of the new policy administration system, delivering new products and customer experience aligned to suit the lifestyle needs of Malaysians and professionalise and strengthen the Agency Force.

Family Takaful plans to develop a direct e-Channel to complement existing channels as we aim to be a customer-centric and modern takaful operator in Malaysia.

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

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

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	31.12.17 RM'000	31.12.16 RM'000	31.12.17 RM'000	31.12.16 RM'000
Estimated current tax payable	88,152	33,047	299,412	111,737
Deferred tax	(15,159)	58,537	(118,749)	192,426
	72,993	91,584	180,663	304,163
Under/(Over) provision of current taxation in respect of prior years	(1,753)	(439)	49,043	2,994
Taxation	71,240	91,145	229,706	307,157
Zakat	401	318	1,567	1,196
Taxation and zakat	71,641	91,463	231,273	308,353

The total tax charge of the Group for the financial period ended 31 December 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

1 As at 31 December 2017, the trustee of the ESS held 6,502,250 ordinary shares (net of ESS shares vested to employees) representing 0.22% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM41,701,000.

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

(The Company and RHB, collectively defined as the "Parties")

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

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

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

B7. BORROWINGS AND DEBT SECURITIES

Group

	Long term			**Short term**		**Total**	
	Foreign denomination USD'000	**RM denomination RM'000**		**Foreign denomination USD'000**	**RM denomination RM'000**	**Foreign denomination USD'000**	**RM denomination RM'000**
31.12.17							
Unsecured							
Term funding	400,000	2,612,550	^	-	2,570,755	400,000	5,183,305
Debt capital	-	3,904,398		-	-	-	3,904,398
31.12.16							
Unsecured							
Term funding - restated	400,000	5,888,263	^	349,776	2,864,702	749,776	8,752,965
Debt capital	-	3,624,191		-	-	-	3,624,191

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

^ Included here an amount of RM1,619.0 million and RM1,794.4 million related to the USD400.0 million Medium Term Note as at 31 December 2017 and 31 December 2016 respectively issued, translated at exchange rate of 4.0475 (31 December 2016: 4.4860)

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

Month of Issuance/ Redemption	**Entity**	**Note type and tenor**	**Nominal value RM'000**	**Weighted average interest rate %**	**Net interest savings per annum for redemption RM'000**
December 2016 - Issuance	The Company	Subordinated Note Tier 2 - 10 years	10,000	5.50	-
January 2017 - Redemption	AmBank Islamic	Subordinated Sukuk Musharakah - 10 years	190,000	4.35	8,265
March 2017 - Issuance	The Company	Subordinated Note Tier 2 - 10 years	740,000	5.20	-
March 2017 - Redemption	AmBank	Syndicated Term Loan - 3 years	1,259,000*	2.05 (LIBOR + 90bps)	25,807
April 2017 - Redemption	AmBank	Senior Notes - 7 years	225,000	5.25	11,813
June 2017 - Redemption	AmBank	Bilateral Term Loan - 2 years	210,000#	2.07 (LIBOR + 85bps)	4,343
August 2017 - Redemption	The Company	Senior Notes - 5 years	500,000	4.30	21,500
September 2017 - Redemption	AmBank Islamic	Senior Sukuk - 7 years - 2.5 years	 550,000 300,000	 4.30 4.25	 23,650 12,750
October 2017 - Issuance	AmBank	Subordinated Note Tier 2 - 10 years	570,000	4.90	-
October 2017 - Redemption	AmBank	Medium Term Notes - 10 years	710,000	4.45	31,595

* Equivalent to USD 300 million
# Equivalent to USD 50 million

B7. BORROWINGS AND DEBT SECURITIES (CONT'D.)

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

Month of Issuance/ Redemption	Entity	Note type and tenor	Nominal value RM'000	Weighted average interest rate %	Net interest savings per annum for redemption RM'000
December 2017 - Redemption	AmBank Islamic	Subordinated Sukuk Musharakah - 10 years	130,000	4.45	5,785

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

B8. REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group	
	31.12.17	**31.03.17**
	RM'000	**RM'000**
Total retained earnings		
- Realised	12,010,330	10,176,283
- Unrealised	1,226,253	1,012,742
Total share of retained earnings from associates and joint ventures		
- Realised	151,206	-
- Unrealised	(17,334)	-
Less: Consolidation adjustments	(3,391,535)	(3,015,711)
Total retained earnings as per consolidated financial statements (excluding non-participating funds)	9,978,920	8,173,314

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

B9. MATERIAL LITIGATION

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

B10. DIVIDENDS

There is no dividend proposed for the current financial quarter.

B11. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to Note A31.

B12. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.12.17	**31.12.16**	**31.12.17**	**31.12.16**
Net profit attributable to equity holders of the Company (RM'000)	218,978	313,167	878,717	988,793
Weighted average number of ordinary shares in issue ('000)	3,007,684	3,006,741	3,007,593	3,006,608
Basic earnings per share (Sen)	7.28	10.42	29.22	32.89

b. Diluted earnings per share

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

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

	Individual Quarter		Cumulative Quarter	
	31.12.17	**31.12.16**	**31.12.17**	**31.12.16**
Net profit attributable to equity holders of the Company (RM'000)	218,978	313,167	878,717	988,793
Weighted average number of ordinary shares in issue (as in (a) above) ('000)	3,007,684	3,006,741	3,007,593	3,006,608
Effect of executives' share scheme ('000)	540	1,644	540	1,644
Adjusted weighted average number of ordinary shares in issue/issuable ('000)	3,008,224	3,008,385	3,008,133	3,008,252
Fully diluted earnings per share (Sen)	7.28	10.41	29.21	32.87