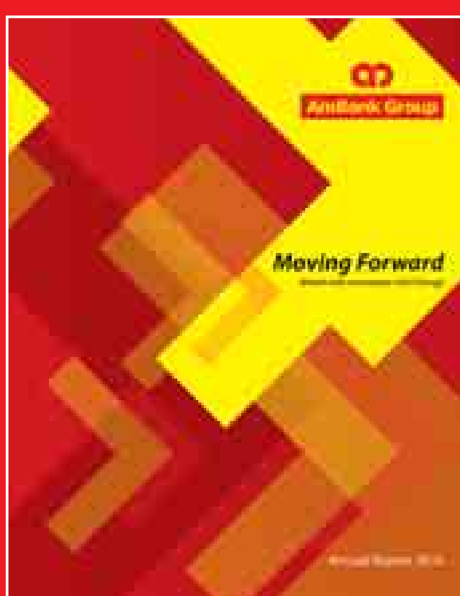
AmBank Group

Moving Forward

Ahead with Innovation and Change

Annual Report 2016

AmBank Group is determined to achieve our aspirations by "running the Bank better" and "changing the Bank". The Group has set clear targets and milestones to measure its progress.



Moving Forward

Ahead with Innovation and Change

At AmBank Group, we build on our customers' aspirations, helping to turn them into tangible results. For 40 years, we have continuously identified opportunities for our customers. More importantly, we create opportunities by rebuilding and realigning our capabilities to meet the changing needs of our customers and the financial landscape to stay relevant. By rising to the occasion, it heightens our ability to create new and rewarding business opportunities and possibilities for our customers – and ourselves.

Table Of Contents

Notice Of Twenty-Fifth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting of AMMB Holdings Berhad (the "Company") will be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 18 August 2016 at 10.00 a.m. for the following purposes:

ITEM	AGENDA	RESOLUTION
	As Ordinary Business	
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2016 and the Reports of the Directors and Auditors thereon.	
2.	To approve the payment of a final single tier dividend of 10.5% for the financial year ended 31 March 2016.	**Resolution No. 1**
3.	To approve the payment of Directors' fees of RM1,829,699.00 for the financial year ended 31 March 2016.	**Resolution No. 2**
4.	To re-elect the following Directors who retire by rotation pursuant to Article 89 of the Company's Articles of Association:	
	i. Soo Kim Wai	**Resolution No. 3**
	ii. Dato' Seri Ahmad Johan bin Mohammad Raslan	**Resolution No. 4**
5.	To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association:	
	i. Graham Kennedy Hodges	**Resolution No. 5**
	ii. Wasim Akhtar Saifi	**Resolution No. 6**
	iii. Datuk Shireen Ann Zaharah binti Muhiudeen	**Resolution No. 7**
	iv. Seow Yoo Lin	**Resolution No. 8**
6.	To consider and if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:	
	6.1 "THAT Tan Sri Azman Hashim, who retires in accordance with Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."	**Resolution No. 9**
	6.2 "THAT Tun Mohammed Hanif bin Omar, who retires in accordance with Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."	**Resolution No. 10**
7.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to determine their remuneration.	**Resolution No. 11**
	As Special Business To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:	
8.	**Proposed Renewal of Authority to Allot and Issue New Ordinary Shares in the Company Pursuant to the Company's Executives' Share Scheme** "THAT pursuant to the Company's Executives' Share Scheme ("ESS") as approved at the Extraordinary General Meeting of the Company held on 26 September 2008, the Directors of the Company be and are hereby authorised to allot and issue such number of new ordinary shares in the Company from time to time as may be required for the purpose of the ESS, provided that the total number of new and existing ordinary shares in the Company to be allotted and issued and/or transferred, as the case may be, under the ESS, shall not exceed ten per cent (10%) in aggregate of the total issued and paid-up ordinary share capital of the Company at any point of time throughout the duration of the ESS."	**Resolution No. 12**

ITEM	AGENDA	RESOLUTION
9.	**Proposed Allocation of Shares and Options to Dato' Sulaiman Mohd Tahir, the Group Chief Executive Officer of the Company Pursuant to the Company's Executives' Share Scheme** "THAT subject to the passing of Ordinary Resolution No. 12, the Directors of the Company be and are hereby authorised to, from time to time and at any time procure the offering and the allocation to Dato' Sulaiman Mohd Tahir, the Group Chief Executive Officer of the Company, of such number of new or existing ordinary shares in the Company ("Shares") which will be vested in him at a specified future date as well as options which, upon exercise, will entitle him to obtain Shares at a specified future date and at a pre-determined price and to allot and issue and/or transfer such number of Shares to him from time to time, all in accordance with the By-Law as set out in Appendix I to the Circular to Shareholders dated 4 September 2008 and as amended on 28 June 2011."	**Resolution No. 13**
10.	**Proposed Renewal of Authority to Allot and Issue New Ordinary Shares in the Company for the Purpose of the Company's Dividend Reinvestment Plan** "THAT the Directors of the Company be and are hereby authorised to allot and issue such number of new ordinary shares in the Company from time to time as may be required for the purpose of the Company's Dividend Reinvestment Plan as approved at the Extraordinary General Meeting of the Company held on 2 September 2010, which gives the shareholders of the Company the option to elect to reinvest their cash dividend entitlements in new ordinary shares of the Company."	**Resolution No. 14**
11.	**Proposed Authority to Allot and Issue New Ordinary Shares Pursuant to Section 132D of the Companies Act, 1965** "THAT subject to the approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965 to allot and issue new ordinary shares in the Company at any time upon such terms and conditions and for such purposes as the Directors, may, in their discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company for the time being."	**Resolution No. 15**
12.	**Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Australia and New Zealand Banking Group Limited Group** "THAT the shareholder mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Australia and New Zealand Banking Group Limited and any of its subsidiaries and/or associated companies ("ANZ Group") which are necessary for the day-to-day operations of the Company and/or its subsidiaries in the ordinary course of business on terms not more favourable to ANZ Group than those generally available to and/or from the public and which are not detrimental to the minority shareholders of the Company, particulars of which are set out in Part 2.2.1 of Section 2.2 of the Circular to Shareholders dated 27 July 2016 be hereby renewed and to continue in force until the conclusion of the next Annual General Meeting of the Company and that disclosure be made in the annual report of the Company of the aggregate value of such transactions conducted during the financial year pursuant to the shareholder mandate granted herein and THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the interests of the Company and/or its subsidiaries and to give effect to the transactions contemplated and/or authorised by this resolution."	**Resolution No. 16**

ITEM	AGENDA	RESOLUTION
13.	**Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Amcorp Group Berhad Group** "THAT the shareholder mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Amcorp Group Berhad and any of its subsidiaries and/or associated companies ("Amcorp Group") which are necessary for the day-to-day operations of the Company and/or of its subsidiaries in the ordinary course of business on terms not more favourable to Amcorp Group than those generally available to and/or from the public and which are not detrimental to the minority shareholders of the Company, particulars of which are set out in Part 2.2.2 of Section 2.2 of the Circular to Shareholders dated 27 July 2016 be hereby renewed and to continue in force until the conclusion of the next Annual General Meeting of the Company and that disclosure be made in the annual report of the Company of the aggregate value of such transactions conducted during the financial year pursuant to the shareholder mandate granted herein and THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the interests of the Company and/or its subsidiaries and to give effect to the transactions contemplated and/or authorised by this resolution."	**Resolution No. 17**
14.	**Proposed Renewal of Existing Shareholder Mandate and Proposed New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Modular Techcorp Holdings Berhad Group** "THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Modular Techcorp Holdings Berhad and any of its subsidiaries and/or associated companies ("Modular Group") which are necessary for the day-to-day operations of the Company and/or its subsidiaries in the ordinary course of business on terms not more favourable to Modular Group than those generally available to and/or from the public and which are not detrimental to the minority shareholders of the Company, particulars of which are set out in Parts 2.2.3 and 2.2.4 of Section 2.2 of the Circular to Shareholders dated 27 July 2016 be hereby renewed and approved and to continue in force until the conclusion of the next Annual General Meeting of the Company and that disclosure be made in the annual report of the Company of the aggregate value of such transactions conducted during the financial year pursuant to the shareholder mandate granted herein and THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the interests of the Company and/or its subsidiaries and to give effect to the transactions contemplated and/or authorised by this resolution."	**Resolution No. 18**
15.	To transact any other business of which due notice shall have been received.	

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Twenty-Fifth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with the provisions under Articles 66(1), 66(2) and 66(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 11 August 2016. Only a depositor whose name appears in the ROD as at 11 August 2016 shall be entitled to attend this Twenty-Fifth Annual General Meeting or appoint a proxy(ies) to attend, speak and vote on his/her behalf.

Notice Of Dividend Entitlement And Payment

NOTICE IS HEREBY GIVEN THAT the final single tier dividend of 10.5% for the financial year ended 31 March 2016, if approved by the shareholders at the Twenty-Fifth Annual General Meeting, will be paid on 9 September 2016 to shareholders whose names appear in the Record of Depositors on 26 August 2016.

A depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred into the depositor's securities account before 4.00 p.m. on 26 August 2016 in respect of ordinary transfers; and

b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Koid Phaik Gunn (MAICSA 7007433)
Group Company Secretary

Kuala Lumpur
27 July 2016

Notes:

(1) A member of the Company entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(2) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the member to speak at the AGM.

(3) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. The appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy are specified in the instrument appointing the proxies.

(4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. The appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy are specified in the instrument appointing the proxies.

(5) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or of his attorney duly authorised in writing or, in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.

(6) The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

Explanatory Notes on Special Business:

(1) **Resolution No. 12 – Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company Pursuant to the Company's Executives' Share Scheme**

Ordinary Resolution No. 12, if passed, will empower the Directors of the Company to allot and issue new ordinary shares in the Company pursuant to the Company's Executives' Share Scheme and in accordance with the By-Laws as set out in Appendix I to the Circular to Shareholders dated 4 September 2008 and as amended on 28 June 2011.

The authority conferred by such renewed mandate will be effective from the date of the forthcoming AGM and unless revoked or varied at a general meeting, will expire at the next AGM.

(2) **Resolution No. 13 – Proposed Allocation of Shares and Options to Dato' Sulaiman Mohd Tahir, the Group Chief Executive Officer of the Company Pursuant to the Company's Executives' Share Scheme**

(a) Due to the appointment of Dato' Sulaiman Mohd Tahir as the new Group Chief Executive Officer of the Company on 23 November 2015, the Company seeks fresh approval for the allocation of shares and options to him in accordance with the By-Laws of the Company's Executives' Share Scheme as set out in Appendix I to the Circular to Shareholders dated 4 September 2008 and as amended on 28 June 2011.

(b) Pursuant to Paragraph 6.06(2) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, Dato' Sulaiman Mohd Tahir and persons connected with him shall not be entitled to vote on this resolution. He shall ensure that persons connected to him abstain from voting on this resolution.

(c) The authority conferred by such approval will be effective from the date of the forthcoming AGM and unless revoked or varied at a general meeting, will expire at the next AGM.

(3) **Resolution No. 14 - Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company for the Purpose of the Company's Dividend Reinvestment Plan**

Ordinary Resolution No. 14, if passed, will empower the Directors of the Company to issue new ordinary shares pursuant to the terms and conditions of the Company's Dividend Reinvestment Plan ("DRP") which are contained in the DRP Statement set out in Appendix I to the Circular to Shareholders dated 11 August 2010 (as may be amended in accordance with the provisions of the said DRP).

The authority conferred by such renewed mandate will be effective from the date of the forthcoming AGM and unless revoked or varied at a general meeting, will expire at the next AGM.

The Directors of the Company did not allot, or issue ordinary shares pursuant to the authority given by the shareholders at the previous AGM.

(4) **Resolution No. 15 - Proposed Authority to Allot and Issue New Ordinary Shares Pursuant to Section 132D of the Companies Act, 1965**

Ordinary Resolution No. 15, if passed, will give the Directors of the Company, from the date of the forthcoming AGM, authority to allot and issue ordinary shares from the unissued share capital of the Company up to an aggregate amount not exceeding ten percent (10%) of the issued share capital of the Company for the time being, as and when the need or business opportunities arise which the Directors consider would be in the interest of the Company and/or in connection with proposals previously approved by the shareholders for issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.

(5) **Resolutions No. 16 to 18 - Proposed Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Australia and New Zealand Banking Group Limited Group, Amcorp Group Berhad Group and Modular Techcorp Holdings Berhad Group**

The proposed Ordinary Resolutions No.16 to 18, if passed, will enable the Company and/or its subsidiaries ("the Group") to enter into recurrent related party transactions, which are in the ordinary course of business and necessary for the Group's day-to-day operation, subject to the transactions being on terms not more favourable to a related party than those generally available to and/or from the public and are not detrimental to the interests of minority shareholders.

The Proposed Shareholder Mandate is intended to enhance the Group's ability to pursue business opportunities, especially those which are time-sensitive in nature, and will eliminate the need for the Company to convene a separate general meeting on each occasion to seek shareholders' prior approval for such recurrent related party transactions. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising corporate objectives of the Group or affecting the business opportunities available to the Group. The Proposed Shareholder Mandate is subject to renewal on an annual basis.

Further information on the Recurrent Related Party Transactions are set out in the Circular to Shareholders of the Company dated 27 July 2016 which is despatched together with the Company's Annual Report 2016.

Statement Accompanying Notice Of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

   No individual is seeking election as a Director at the Twenty-Fifth Annual General Meeting.

2. A statement relating to general mandate for issue of securities in accordance with paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   The proposed Ordinary Resolution No. 15 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new share was issued pursuant to the said mandate granted to the Directors at the last Annual General Meeting held on 20 August 2015.

Letter To Shareholders

Dear Valued Shareholders,

The 2016 financial year has been challenging for AmBank Group.

Results

The Malaysian economy faced severe challenges in FY2016.

First, global commodity prices, especially crude oil, fell markedly, hurting the Malaysian economy. The Ringgit weakened against major foreign currencies and the Malaysian government recalibrated the national budget for 2016.

Second, global growth moderated and there was heightened financial market volatility. Malaysia's GDP registered a modest expansion of 5.0% in 2015 (2014: 6.0%) and 4.2% during the first quarter of 2016. There was a similar trend in China and other parts of the world.

Lastly, the implementation of Goods and Services Tax ("GST") in April 2015 led to a shift in household spending patterns and consumption.

Against the backdrop of this tougher environment, the Group delivered a Profit After Tax and Minority Interests ("PATMI") of RM1,302.2 million in FY2016, a fall of 32.1% from FY2015. Earnings per share was 43.3 sen. The main reasons for this were as follows:

- Total income declined 22% to RM3,695.8 million, impacted by cautious business sentiment and changes in consumer spending patterns
- Our Net Interest Margin ("NIM") compression of 41bps reflects higher funding cost, subdued loans growth and our portfolio rebalancing strategy aimed at improving our asset quality amidst concern on national household debt levels
- Asset quality remained a bright spot in our performance. Loan loss allowances dropped and our credit costs continued to trend below our peers. The Group gross impaired loan ratio was at 1.94%
- Despite proactive expense management on our part, slower income growth and increased compliance costs have weighed on our cost efficiency. Bank Negara Malaysia levied a RM53.7 million penalty on AmBank Group in November 2015 as a result of regulatory non-compliance.

Dividends

On behalf of the Board of Directors, I am pleased to propose the payment of a final single-tier dividend of 10.5 sen per share. Together with our interim single-tier dividend of 5.0 sen per share which was paid on 18 December 2015, the total dividend payout for the year ended 31 March 2016 is 15.5 sen per share. Our total dividend payout ratio is 36%, compared with 43% in FY2015.

In recommending this dividend payout, the Board has sought to balance rewards to shareholders with your Group's need to conserve capital in order to drive its plans for future growth.

We Are Working To Make AmBank Group Stronger

All banks operate on the confidence of a range of stakeholders including shareholders, customers, staff, regulators, rating agencies and the general public. AmBank is no exception.

Our stakeholders have all been most supportive throughout FY2016. That said, your Board and I are determined to make our bank stronger in order to preserve and enhance market confidence.

We have concentrated our efforts in four areas:

- Governance
- Leadership
- Compliance
- Strategy

Governance

The manner in which boards of directors exercise oversight over the management of public companies is crucial to ensure their long-term success. This is very evident in the running of a complex financial services group.

Your Board has worked to enhance governance within the Group, including:

- Implementing a Governance Improvement Programme to ensure that the structure of Board and management committees is fit for purpose in today's environment
- Board Evaluation is rigorously carried out with the assistance of an independent firm of consultants
- New Board members are selected with the assistance of a global search firm
- Board diversity is given due consideration when selecting new directors. Currently, 27% of your Board members are female.

Dato' Azlan Hashim, Tan Sri Datuk Clifford Francis Herbert and Tan Sri Datuk Dr Aris Osman @ Othman retired from the Board at the conclusion of the last Annual General Meeting ("AGM").

Since the last AGM, the following directors have resigned from the Board:

- Shayne Cary Elliot on 15 October 2015
- Chin Yuen Yin on 30 October 2015
- Mark David Whelan on 1 March 2016.

A number of new Directors have joined the Board since the last AGM:

- Wasim Akhtar Saifi, Independent Non-Executive Director, joined on 23 February 2016. Wasim has been an Independent Non-Executive Director of AmBank Islamic Berhad since 2015
- Graham Kennedy Hodges, Non-Independent Non-Executive Director, joined on 30 June 2016
- Datuk Shireen Ann Zaharah binti Muhiudeen, Independent Non-Executive Director, joined on 30 June 2016
- Seow Yoo Lin, Independent Non-Executive Director, joined on 30 June 2016.

Tan Sri Azman Hashim (centre) tossing 'yee sang' accompanied by (from extreme left) Tan Sri Mohamad Salim Fateh Din, Group Managing Director, Malaysian Resources Corporation Berhad; Dato' Sulaiman Mohd Tahir, Group Chief Executive Officer, AmBank Group; (from extreme right) Tan Sri Dato' Mokhzani Tun Dr Mahathir, Director, Kencana Capital Sdn Bhd and Dato' Rohana Tan Sri Mahmood, Board Member, AMMB Holdings Berhad during AmBank Group's Chinese New Year Open House on Friday, 19 February 2016.

I would like to thank Dato' Azlan, Tan Sri Datuk Clifford, Tan Sri Datuk Dr Aris, Shayne Elliot, Chin Yuen Yin and Mark Whelan for their invaluable service and contribution to the Group. I would like also to welcome Wasim Saifi, Graham Hodges, Datuk Shireen and Seow Yoo Lin to AmBank Group.

Leadership

In my letter to you last year I informed you that your Board had commenced the process of identifying the next chief executive of the Group. This work was led by the Group Nomination and Remuneration Committee of the Board. It gives me great pleasure to report that we have appointed a new Group Chief Executive Officer ("GCEO").

Dato' Sulaiman Mohd Tahir started work as our GCEO in November 2015, taking over from Datuk Mohamed Azmi Mahmood, then Acting Group Managing Director.

Dato' Sulaiman brings with him 28 years of banking experience. His experience in the development of banking products and understanding of distribution channels to strategically grow corporate, commercial and retail banking business provide him with extensive insights into these sectors.

Dato' Sulaiman's first task was to lead a project on behalf of the Board to decide on the strategic direction that the Group should take in the future. I outline the new strategic direction below, and it is discussed in greater detail in Dato' Sulaiman's GCEO message to shareholders.

I would like to express my appreciation for Datuk Azmi who took up the challenge of stepping in as Acting Group Managing Director from April to November 2015. He held the fort well in a challenging environment.

Compliance

The financial services industry has the potential, if not properly regulated, to do serious harm across economies and communities in a way that no other industry can. Financial services companies must therefore strive to comply with regulations and support the efforts of regulators.

The regulatory landscape is constantly evolving, with new and more robust regulations and regulatory initiatives. These raise the bar of good conduct expected of financial institutions. A strong and effective compliance function and culture are therefore essential for AmBank Group to identify and mitigate risk and protect itself from regulatory censure.

With this in mind your Board is determined to increase the focus on Compliance and raise the profile of Compliance within the organisation.

We have recruited a Group Chief Compliance Officer from a global banking institution who has significant experience of international regulation and compliance. Reporting to the Group Risk Management Committee of the Board, her remit is to work with the Senior Management of AmBank Group to build a strong culture of compliance and build a best-practice Compliance function.

Strategy

The banking landscape has changed significantly in Malaysia, and the external challenges are very different from the time our previous group strategy was drawn up. The outlook is challenging and opportunities for banks to grow are more limited.

The Group has worked hard over several years to improve the quality of our portfolio and to foster a culture of effective risk management. The time is now right to reposition AmBank Group to grow in a sustainable manner, taking into account the constraints of a difficult market.

Our new four-year strategy, which GCEO Dato' Sulaiman describes in detail in his message, is quite simple. We will:

- Focus on products and markets that offer the most potential
- Make the best of the areas that we are already good at, or strengths that we have not fully tapped.

We will focus on building our business in cards, transaction banking and markets and wealth management.

We will work to unlock potential from our large base of merchants and move with more vigour into the Small and Medium-Sized Enterprise ("SME") segment. We also see potential for improving earnings by collaborating better within our Group, and by using technology to serve our customers better.

Tan Sri Azman Hashim (centre, in green baju melayu) taking a group photo with guests from Rumah Kasih Nurul Hasanah, AmBank Senior Management and staff during AmBank Group's annual Hari Raya and Buka Puasa charity event on Friday, 26 June 2015.

We are committed to Malaysia and to our customers. This is not just a slogan. We have a history of growing with our customers and supporting them, even when times are tough.

We are confident that we will succeed in our path to becoming a Top-4 bank in Malaysia.

Corporate Social Responsibility

AmBank Group believes in giving back to the communities in which we do business. We do this through a number of programmes to engage various segments of the less fortunate in Malaysia, including:

- The AmBank-MyKasih community programme has distributed close to RM3 million and helped 2,157 families in communities throughout the country since 2009.
- The AmBank Back To School programme has benefited more than 400 poor students in six regions by providing them with back-to-school necessities.

We are delighted that we have highly engaged employees who are always very enthusiastic about our out-reach programmes and service activities. We aspire to continue to build sustainable community initiatives.

Our Customers Are The Reason We Are Here

Every company has its purpose, a reason why it is in business. This purpose usually transcends making profits for its shareholders. Strategies and plans are important, but AmBank Group is nothing without its customers.

In AmBank Group, our purpose is clear: helping individuals and businesses in Malaysia to grow and win together.

We are committed to Malaysia and to our customers. This is not just a slogan. We have a history of growing with our customers and supporting them, even when times are tough. As I travel around the regions of Malaysia, I continue to meet successful individuals and business people who recalled their early days, when AmBank was with them to support their first property purchase or initial public offering of shares.

These are not the easiest of times to start a family, take out a mortgage or invest in a new production line. But AmBank Group is here for the long haul, to support our customers as best as we can in Malaysia.

Acknowledgment

On behalf of AmBank Group's Board of Directors and all our employees, I would like to thank you for your continued confidence in us and in the future of AmBank Group.

Looking to the future, I believe that the talent and dedication of our management team and employees together with the support of our customers, business partners, regulators and shareholders will enable us to continue to create value and drive sustainable growth in the AmBank Group.

Yours Sincerely,

Tan Sri Azman Hashim
Non-Independent Non-Executive Chairman

Message From Group Chief Executive Officer

DEAR VALUED SHAREHOLDERS

In my first report to you as Group Chief Executive Officer, allow me to begin by acknowledging that it is indeed an honour to have this opportunity to lead AmBank Group, an established financial institution.

FY2016 Results Round-Up

The 2016 financial year has been challenging both externally and internally and our business performance and financial results reflect these.

Amidst a tough operating landscape, the Group reported a Profit After Tax and Minority Interests ("PATMI") of RM1,302.2 million, with earnings per share of 43.3 sen. Return on equity and return on assets were at 8.8% and 1.1% respectively.

Our top line growth was impacted by moderate GDP growth, subdued capital market activities and cautious consumer sentiment.

Net Interest Margin ("NIM") compression remains a major challenge to our performance. From an industry perspective, average lending rate has reduced slightly as competition intensified given the slowdown in economic growth coupled with some stress on funding. In 2015, the banking system experienced some pressure on liquidity associated with large external outflows. The one-month Kuala Lumpur Interbank Offer Rate ("KLIBOR") crept up towards the second half of 2015 and only eased following the 50 bps reduction in the Statutory Reserve Requirement ("SRR") in February this year. This injected close to RM6 billion into the banking system. This explains the margin compression we faced, which was somewhat industry-aligned but more pronounced because of our focus on better asset quality and our prudent stance on funding and liquidity management.

In our business, NIMs for mortgages and auto finance became compressed by between 7 to 9 bps because of our strategy of de-risking and selective customer acquisition. Margins from better-rated customers or those that are a better credit risk are thinner. Our intensified collection effort also resulted in less interest being earned on late instalments.

Margins for Wholesale Banking have been squeezed as loans growth was flat following loan repayments coming in from several large corporate accounts. Our funding cost is higher, on average, than our local competitors because our ratio of current accounts – savings accounts ("CASA ratio") is lower. We also have a higher proportion of wholesale time deposits, compared with those from retail and SME customers. This led us to hold a higher percentage of stable term funding. One of our key priorities for FY2017 is to continue to improve our funding efficiency by improving the mix of deposits and to balance CASA by acquiring more payroll and cash management accounts. Only then will we be able to relax our stable term funding requirement.

Asset quality continued to be a bright spot of our performance. We have worked on portfolio-rebalancing, and this is showing results with high recoveries and lower allowances. Our collective allowance has decreased, reflecting consistent strengthening of our retail portfolio. The gross impaired loan ratio for Retail Banking has been trending down since we embarked on our portfolio-rebalancing initiative. Our Group impaired loan ratio is slightly higher at 1.94%, as a result of a few new impairments from large and well-secured loans, predominantly in the oil and gas, and property sectors.

Drilling down on our non-interest income, the most acute decrease is our credit card-related fees. On the acquisition front, merchant discount fees declined on the back of reduction in acquisition volume in tandem with the downward adjustment in consumer spending. Fee income from the issuing business decreased, mainly due to higher attrition and lower card utilisation, which were partly due to broader macro factors. We are progressively rolling out new propositions, coupled with our new business operating model changes. These will enable us to deliver better results in FY2017.

Wholesale Banking, our biggest contributor to net profit, has had a tough year. Our corporate clients are taking a more conservative approach to business expansion and investment plans as they face uncertainties in the global and domestic economy. We saw softer demand for syndicated loans and fewer capital market deals executed during the year and these were the main drivers for the lower income from these activities. Our fund management and brokerage businesses were impacted by the less than favourable investing climate, as evidenced by both the negative

return on the Kuala Lumpur Composite Index and the decrease in turnover on Bursa Malaysia. On a more positive note, our stock broking market share improved because of higher foreign broker trades.

Our global markets' trading income declined, mainly due to weaker foreign exchange ("FX") trading income. It was a volatile period for the local interest rate market as we saw the Ringgit depreciate substantially against the US Dollar. We were prudent with our risk-taking appetite especially with regards to fixed income exposure, managing down interest rate risk given the initial outlook on the US interest rate hike cycle. This helped limit our exposure to bonds, which later reversed as the outlook for the United States of America and the global economy became clearer. We have increased our focus on this business, and the effort paid off as we climbed up the FX league table and secondary bond trading picked up.

Dato' Sulaiman Mohd Tahir (centre) presented AmBank Group's new four-year Group strategy plans during the Financial Year 2016 Results announcement on Friday, 27 May 2016. Also present as panelists were Mandy Simpson, Chief Financial Officer, AmBank Group (left) and Ganesh Kumar Nadarajah, Executive Vice President, Group Finance – Business Performance & Investor Relations.

Our General Insurance Business managed to sustain gross premiums against the backdrop of lower vehicle sales after the Goods and Services Tax ("GST") was implemented. In fact, the business finished the year commendably, with growth in both the motor and non-motor segments outpacing the market. Net profit, however, decreased year-on-year ("YOY") as a result of lower income from investments.

Despite the successful cost management effort, slower income growth, coupled with higher regulatory and compliance-related expenses, have weighed on our efficiency. Our cost-to-income ("CTI") ratio was 58.8%. Excluding the one-off fine due to regulatory non-compliance, the underlying CTI would have been 57.4%. We have remained proactive in the way we manage our expenses. Our priority is to achieve a balance between investing for growth and achieving cost and operating efficiency.

Finally on capital management, our capital levels remain adequate to support our growth plans. As we operate solely in Malaysia, we are not expected to maintain a countercyclical buffer for overseas operations. Our percentage of risk weighted assets over total assets of 71% is higher than the industry by 9%, on average. We have invested in our new internal rating based models and we should see the benefits progressively, which will drive a sharper focus on capital allocation, allowing us better returns.

Business Plan And Strategy

FY2016 is a significant year for AmBank Group as it marked the 'end of a period' of de-risking our portfolio.

Beginning FY2017, our new strategic aim is to be a key player amongst the top banking groups by the year 2020. We will achieve this by embarking on a new growth trajectory in our preferred segments and strengthening our franchise value.

The starting point of our strategy is to identify the areas we want to grow. We plan to capture opportunities in the domestic market by building a business that delivers sustainable returns and growth, which in turn creates significant value for our stakeholders and adds value to our customers. The strategic aim is to gain market leadership in target growth segments within the Retail, SME and Wholesale Banking markets. There will be a focus on winning in faster-growing segments as well as attaining market leadership in key products. To support our strategic priorities, a broader people agenda has been developed to ensure we are amongst the best domestic employers.

My senior management team and I have placed critical focus and effort to develop our new four-year Group strategy, and I am pleased to report that the Board of Directors has given their endorsement to our aspiration roadmap: We aspire to be 'Top four' by the year 2020.

Our Top four aspiration can be encapsulated as follows:

- to be Top four in our growth segments – mass affluent, affluent, SME and mid corporate
- to be Top four in our four key products – cards, transaction banking, markets and wealth management
- to sustain our Top four positions in our current engines – corporate loans, debt and capital markets and asset management
- to be a Top four employer in Malaysia.

Using multiple growth strategies over four years, the Group plans to expand its market share in selected target segments while growing in line with the market in other segments. An immediate strategy is to unlock latent values across the organisation, leveraging on our customer base and internal collaboration opportunities. Using digital technology and data, the Group's strategy is to compete in niche ways in underpenetrated segments or 'whitespaces' that have not been served well.

We are determined to achieve our aspirations by 'running the Bank better' and 'changing the Bank'. The Group has set clear targets and milestones to measure its progress, placing emphasis on building business momentum and achieving early progressive results.

Our 'running the Bank better' strategy targets value creation across the business: prioritising quick wins, monetising collaboration opportunities, improving funding costs, attracting top talent to build competency and increasing efficiency by streamlining operations and improving distribution productivity.

Our 'changing the Bank' strategy will centre on delivering a unique 'segment-of-one' value proposition to preferred customer segments. We will harness the power of digital transformation and use analytics to capture new sources of competitive advantage. Other key initiatives involve constant review of front-back office operating models, capital structure efficiency and enhancing marketing whilst continuously developing our people and culture.

Dato' Sulaiman posing with AmBank staff from the Bangsar branch during his site visit on 1 December 2015.

The course is set and I would like to assure you that we are well positioned for the future.

Our customers' financial needs are constantly evolving. We welcome this in AmBank Group as it opens up more opportunities for us to serve them better and in more innovative ways. We are investing to transform our digital banking capabilities; this will allow us to improve our efficiency and to respond better to our customers' expectations. We are committed to improve the customer experience and grow revenue without increasing our cost structure.

At AmBank Group, we cherish the fact that our people are our most valuable asset. Recruiting and developing talented people is high on our agenda. Any business that wants to succeed must attract and keep the right employees to fire growth, and we will work hard to do this. We have infrastructure and capabilities in place, such as equipping our staff with mission-critical training and development programmes, including job rotation to nurture and grow them professionally.

As we steer towards our aspiration of being a Top four employer in Malaysia by 2020, we must also ensure that our organisation and our culture are aligned to support our strategy. We have recently implemented some organisational changes, such as realigning our business–critical functions and roles. We have also embarked on culture change initiatives, starting with the implementation of a refreshed Code of ethics.

We employ 10 metrics to measure how well we live up to our purpose and our strategic priorities. The 7 financial metrics used in tracking our success are our market capitalisation, revenue growth, return on equity ratio, price to earnings ratio, net interest margin, cost to income ratio and gross impaired loan ratio. The 3 non-financial metrics are customer turnaround time and customer satisfaction, our brand value, and employee engagement and attractiveness to best talent.

The course is set and I would like to assure you that we are well positioned for the future. We at AmBank Group are committed to deliver on our aspiration.

Thank you for your continuous support.

YOURS SINCERELY

Sulaiman Mohd Tahir
Group Chief Executive Officer

Our Milestones

AmBank Group has enjoyed considerable success over four decades. Together, we have built one of the largest and fastest-growing financial institutions in the country.

Arab-Malaysian Development Bank Berhad was incorporated on 5 August 1975 as a joint venture between Malaysian Industrial Development Finance Berhad, with a 55.0% shareholding, Arab Investments for Asia (Kuwait) with a 33.0% shareholding, and the National Commercial Bank (Saudi Arabia) holding 12.0%. We commenced operations on 1 April 1976, and in December 1983 became known as Arab-Malaysian Merchant Bank Berhad (AMMB) until our rebranding in June 2002. Today, we have grown into a Group with a staff strength of more than 12,000. With our extensive nationwide branch network, ATMs and Online Banking services, we are proud to acknowledge that AmBank Group, as one of the largest financial services group in the country, is only a brick and click away.

1976

> The Group commenced operations on 1 April 1976 as a joint venture comprising Arab and Malaysian shareholders.

1977

> The Group acquired a 70.0% shareholding in Malaysian Industrial Finance Company Limited ("MIFCL"), which was later renamed Arab-Malaysian Finance Berhad ("AMFB").

1980

> AMMB co-lead managed the USD200.0 million, 12-Year Syndicated Term Loan for the Malaysian Government.

> AMMB initiated the formation of Malaysian Kuwaiti Investment Company Sdn Bhd, a joint venture between Perbadanan Nasional Berhad and Kuwait Real Estate Investment Consortium and Public Institution for Social Security, Kuwait.

> AMMB acted as Adviser to Kuwait Real Estate Investment Consortium, Singapore.

> AMFB became the first private sector institution in Malaysia to issue public bonds – RM20.0 million 8.5% Guaranteed Bonds 1987, listed on the Kuala Lumpur Stock Exchange ("KLSE"). The Bonds, guaranteed by the Bank, marked a new chapter in the history of private sector fund raising in the capital markets.

1982

> Tan Sri Azman Hashim acquired 100.0% shareholding in the Group.

> The Group acquired the remaining 30.0% shareholding of AMFB, making it a wholly-owned finance company subsidiary.

1983

> The Group established a credit and leasing company, Arab-Malaysian Credit Berhad.

1984

> The Group launched the first venture capital company, Malaysian Ventures Berhad, to undertake private equity investments.

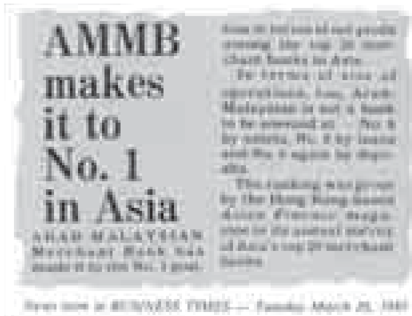
> The Group arranged the first leveraged lease facility in the country for Sistem Televisyen Malaysia Berhad (TV3).

> AMMB completed its Government-assigned study on the privatisation of Jabatan Telekom.

> The Group acquired Arab-Malaysian Insurance Berhad, a general insurance company formerly known as Teguh Insurance Company Sdn Bhd.

1985

> The Group acquired Perima Assurance Berhad, a life insurance company. Both the life and general insurance companies later merged in 1987, holding composite insurance licences. The entity's name changed to Arab-Malaysian Eagle Assurance Berhad (known as AmLife Insurance Berhad and AmG Insurance Berhad previously. They are now AmMetLife Insurance Berhad and AMGeneral Insurance Berhad).


AMMB makes it to No. 1 in Asia

1986

> The Group acquired a stockbroking firm, Kris Securities Sdn Bhd, later renamed as AmSecurities Sdn Bhd.

> The Group relocated to its corporate headquarters at Jalan Raja Chulan.

> In December 1986, Antah Holdings Berhad and the Tokai Bank Limited, Japan acquired 20.0% shareholding each in the Group.

> Launched Arab-Malaysian Unit Trusts Berhad to manage unit trust funds.

1987

> On 22 January 1987, AMMB launched the first unit trust to invest 90.0% in Malaysian Government securities called the Arab-Malaysian Gilts to provide tax-exempt income to individual investors on their short-term funds.

> In July 1987, AMMB launched the AMIGOS (Arab-Malaysian Individuals' Government Securities) programme to enable retail investors to invest in government securities.

> AMMB sponsored the establishment of The Malaysia Fund Inc, a close-ended investment fund listed on the New York Stock Exchange, to invest in equities of Malaysian companies listed on the KLSE. The Malaysia Fund raised USD87.0 million.

1988

> AMMB became the first merchant bank to be listed on the KLSE.

> AMMB was appointed as Adviser to the Government to formulate the National Privatisation Masterplan.

> AMMB launched the first equity unit trust fund called the Arab-Malaysian First Fund.

1989

> On 21 April 1989, AMMB together with The Nikko Securities Co. Ltd Tokyo and the International Finance Corporation, Washington, launched a US Dollar denominated unit trust fund, The Malaysia Growth Fund, aimed primarily at Japanese investors.

> On 28 September 1989, the Arab-Malaysian Property Trust became the first property trust to be listed on the KLSE.

1990

> AMMB was appointed as Adviser and Managing Underwriter for the flotation of Telekom Malaysia Berhad.

> AMFB acquired First Malaysia Finance Berhad.

1991

> In July 1991, the Group acquired a 49.0% equity stake in Fraser International Pte Ltd, the holding company of Fraser Securities, Singapore.

> AMMB, in collaboration with The Nikko Securities Co. Ltd. In Japan, sponsored the establishment of Malaysia Fund (Labuan), the first offshore unit trust fund in the Federal Territory of Labuan.

> Incorporation of AMMB Holdings Berhad, as the vehicle for the implementation of a corporate restructuring scheme. Pursuant to the restructuring scheme, AMMB Holdings Berhad became the holding company of the Arab-Malaysian Banking Group and assumed the listing status of AMMB.

> Arab-Malaysian Finance Berhad, the Group's finance company, was listed on the KLSE.

> Establishment of AMMB Labuan (L) Ltd to provide offshore funds management.

1992

> AMMB Holdings Berhad won the Asian Management Award for Financial Management from Asian Institute of Management.

1993

> On 12 January 1993, AMMB launched Tabung Ittikal Arab-Malaysian, the first Islamic Unit Trust Fund.

> AMMB was Co-Manager of General Electric Corporation's USD300.0 million Dragon Bonds Issue.

> AMMB acted as Manager and Arranger for the RM240.0 million Syndicated Credit Facility for the construction of Menara Kuala Lumpur.

1994

> On 1 August 1994, the Group ventured into commercial banking with the acquisition of the Malaysian operations of Security Pacific Asian Bank Limited from Bank of America (Asia) Limited. Commencement of commercial banking operations under Arab-Malaysian Bank Berhad.

1995

> On 1 April 1995, AMMB International (L) Ltd commenced offshore banking operations in Labuan, the first merchant bank to offer offshore banking services.

> AMMB Futures Sdn Bhd commenced futures broking business.

1996

> AMMB Holdings Berhad's annual report won the Overall Award for the Most Outstanding Annual Report for six consecutive years from 1991 to 1996 in the NACRA competition.

> Macquarie Bank Limited, Australia acquired 30.0% shareholding in AMMB Futures Sdn Bhd.

> Macquarie Bank Limited, Australia acquired 30.0% shareholding in AMMB Asset Management Sdn Bhd and Arab-Malaysian Unit Trusts Berhad.

> The 1996 Far Eastern Economic Review Survey of Asia's 200 Leading Companies ranked AMMB first in the overall category of Innovative in Responding to Customer Needs and third in terms of Overall Leadership.

> AmBank Al-Taslif VISA Card was awarded the 1996 Member Excellence Award for the most Creative Card Programme in Asia by VISA International.

1997

> AMMB Securities (HK) Limited commenced stock broking operations in Hong Kong.

> The Group's website was awarded the Internet Website of the Year by the Association of Computer Industry Malaysia ("PIKOM").

1998

> AMFB acquired the assets and liabilities of Abrar Finance Berhad, in line with the Government's plan to consolidate the industry.

> AMMB received the Derivatives OTC National Award from Malaysian Monetary Exchange Berhad.

2000

> CFO Asia selected AMMB Holdings Bhd's Annual Report FY2000 as one of the top three annual reports in Malaysia.

2001

> AMFB acquired MBf Finance Berhad.

> AmBank and AMFB together with the State Government of Selangor Darul Ehsan launched Tabung Perumahan Ehsan, a special housing loan scheme for the lower income group in the State.

2002

> Merger of Arab-Malaysian Finance Berhad and MBf Finance Berhad, following the vesting of the assets and liabilities of AMFB into MBf Finance Berhad. MBf Finance Berhad changed its name to AmFinance Berhad. AMFB was converted into a holding company.

2003

> Bangunan AmFinance, now known as Menara AmBank, was officially launched by the then Prime Minister, Tun Dr Mahathir Mohamad.

2005

> Completed privatisation of AMFB Holdings Berhad.

> Listed AmInvestment Group Berhad ("AIGB"), the Group's investment banking operations, on Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 18 May 2005.

> On 1 June 2005, the merger of AmBank and AmFinance took place to create AmBank (M) Berhad, the sixth largest domestic bank in the country.

2006

> In January 2006, AmPrivate Equity, a private equity fund, was launched.

> On 10 March 2006, Insurance Australia Group Limited ("IAG"), Australia acquired 30.0% shareholding in AmAssurance Berhad.

> On 20 April 2006, Am ARA REIT Managers Sdn Bhd was incorporated with AIGB holding 70.0% equity and ARA Asset Management (Malaysia) Limited 30.0% to manage the AmFIRST REIT listing on Bursa Malaysia.

> On 1 May 2006, AmIslamic Bank commenced operations, with the vesting of the Islamic assets and liabilities of AmBank (M) Berhad into a separate subsidiary company.

> On 21 December 2006, AmFIRST REIT listed on Bursa Malaysia.

> The AmInvestment Group was awarded seven RAM League Awards by Rating Agency Malaysia for its outstanding achievements in the domestic bond market.

2007

> The AmBank Group completed the integration exercise of AmSecurities Sdn Bhd into AmInvestment Bank on 3 March 2007. The AmInvestment Bank began operating as a full-fledged investment bank effective 5 March 2007, offering both merchant banking and stockbroking services.

> On 18 May 2007, AmBank Group commemorated the entry of Australia and New Zealand Banking Group Limited ("ANZ") as its strategic partner and major investor.

> A Memorandum of Understanding ("MOU") was signed between AmInvestment Bank Berhad and Woori Investment & Securities Co Ltd on 29 November 2007 to promote the parties' mutual interests for cooperation in the investment banking business.

2008

> Completed the AMMB Holdings Berhad ("AMMB") rights issue and privatisation of AIGB on 15 January 2008, with AIGB effectively becoming a wholly-owned subsidiary of AMMB.

> Completed the transfer of the Fund Based Activities of AmInvestment Bank to AmBank (M) Berhad and AmIslamic Bank Berhad on 12 April 2008 as part of AMMB's internal corporate restructuring post the AIGB privatisation.

> Establishment of AmG Insurance Berhad to facilitate the separation of the composite insurance business of AmAssurance Berhad into general insurance and life insurance businesses.

> Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI"), the private equity fund management subsidiary of AMMB, entered into a joint venture agreement with Konzen Capital Pte Ltd, a member of Konzen Group, to manage a USD320.0 million Pioneering Water Fund in Asia.

> AmBank and ANZ entered into a technical services agreement to establish the AmBank Group foreign exchange, interest rate and commodities derivatives business.

> Islamic Stockbroking (window service) was launched under the brand of AmIslamic, the universal brand of Islamic products and services across all subsidiaries of the AmBank Group.

> On 9 December 2008, Friends Provident PLC (renamed Friends Life FPL Limited from 1 July 2011) acquired 30.0% stake in AmLife Insurance Berhad (formerly known as AmAssurance Berhad).

> IAG increased its stakeholding in AmG Insurance Berhad to 49.0% from 30.0%.

2009

> AmIslamic Funds Management Sdn Bhd obtained licence for Islamic funds management from the Securities Commission to carry out management of offshore and domestic Islamic financial instruments for institutional and retail investors.

> AmCapital (B) Sdn Bhd officially opened on 11 May 2009, bringing expertise in funds management, Islamic finance and investment advisory to Brunei Darussalam.

> Tan Sri Dato' Sri Dr Zeti Akhtar Aziz, the then Governor of Bank Negara Malaysia launched the Malaysia Corporate Bond Handbook by AmBank Group, a first-of-its-kind one-stop source of corporate bond information in Malaysia.

> ANZ exchanged its exchangeable bonds into 194,915,254 new ordinary shares, increasing its shareholding to 23.91%.

> AmBank-MyKasih Community Programme was launched on 4 November 2009 in Sentul, Kuala Lumpur.

2010

> On 25 March, AmBank (M) Berhad successfully issued RM1.42 billion senior notes under its newly established 30-year RM7.0 billion Senior Notes Issuance Programme, being the first financial institution to issue senior notes in Malaysia.

> AmBank Group continues its rollout of the RM1.0 million AmBank-MyKasih Community Programme in Kuching, Kota Bharu, Subang Jaya, Kota Kinabalu, Klang Valley (Cheras, Klang and Pandan Jaya) and the programme is renewed in Sentul and Pulau Pinang where hardcore-poor families are provided food allowance through the use of their MyKad.

- AmBank Group launched the Kechara Soup Kitchen ("KSK") building after sponsoring the renovation as well as the cost of furniture and fixtures of the premises with a total amount of RM350,000.

- AmIslamic Bank successfully issued RM550.0 million Senior Sukuk under its newly established 30-year RM3.0 billion Senior Sukuk Musyarakah Programme.

- On 15 December, Standard & Poor's Rating Services ("S&P") raised its foreign currency long-term counterparty credit rating on AmBank (M) Berhad to BBB from BBB- and the short-term rating to A-2 from A-3. S&P also raised the long-term counterparty credit rating on AmInvestment Bank Berhad to BBB from BBB-, and its short-term rating to A-2 from A-3.

- AmInvestment Bank receives two Best Equity House awards from Finance Asia and Alpha South East Asia.

2011

- The Group continues to be recognised as an industry leader with awards including:

    - Best Domestic Bond House in Malaysia from The Asset Triple A Country Awards 2010 for its second consecutive year

    - Best Bond Group at The Edge-Lipper Malaysia Fund Awards

    - Five awards at the RAM League Awards 2011 for excellence in the bond markets

    - Best Chief Financial Officer for Investor Relations – Large Capaward at the MIRA Inaugural Malaysia Investor Relations Awards

    - Best Asia Award at the Corporate Governance Asia Recognition Awards 2011

- On 8 December, Standard & Poor's Rating Services ("S&P") raised its foreigner currency long-term counterparty Credit Rating on both AmBank (M) Berhad and AmInvestment Bank Berhad to BBB+ from BBB.

2012

- AmBank Group and ANZ signed the Business Principles Agreement to collaborate in areas of banking businesses including Islamic banking, transaction banking and wealth management across 27 countries, including Australia, China, Indonesia, Singapore and Vietnam.

- AmSignature Priority Banking is launched, delivering personalised banking to the affluent segment.

- AmBank-ANZ Get Set solution offered students intending to study in Australia convenience of pre-opening an account in Malaysia to facilitate fund transfers.

- On 9 January 2012, AmFamily Takaful Berhad commenced Family Takaful business.

- The Funds Management Division of AmInvestment Bank celebrated 30 years of milestones with its highest assets under management to date, in excess of RM30.0 billion.

- The Group's new corporate social responsibility platform AmKasih was launched.

- AMMB Holdings Berhad changed its stock short name to AMBANK.

- AmBank Group completed acquisition of Kurnia Insurans (Malaysia) Berhad, emerging as Malaysia's No. 1 motor insurer.

- AmBank Group completed the acquisition of MBf Cards (M'sia) Sdn Bhd.

2013

- Maiden issuance of Exchange Traded Bonds and Sukuk ("ETBS") on Bursa Malaysia by DanaInfra Nasional Berhad, creating new asset class on the Exchange, with AmInvestment Bank as one of the Lead Arrangers.

- AmInvest unveiled its Private Retirement Scheme ("PRS") with the AmPRS-Growth Fund, AmPRSModerate Fund and AmPRSConservative Fund on 2 April 2013.

- Moody's Investor Services upgraded AmBank (M) Berhad's credit rating to Baa1/P-2 from Baa2/P-3.

- AmBank Group clinched the prestigious Bank of the Year in Malaysia 2013 award (The Banker Magazine) in recognition of the Group's strong management, sound business model and prudent risk management.

- AmBank Group launched three coffee table books featuring the Group's Camel Collection, Art Collection and Collection of Drawings by Datuk Mohd Nor Khalid, better known as Lat. The launch was witnessed by Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz, the then Governor of Bank Negara Malaysia.

- AmBank Group launched its brand repositioning on 19 September 2013, marking a new chapter for the Group and its family of companies, with the positioning line "Your Bank. Malaysia's Bank. AmBank."

- AmBank Group contributed RM5.0 million to AmBank Financial Services Chair at University of Malaya.

- AmBanCS, the Group's new core banking system succesfully went live on 18 November 2013.

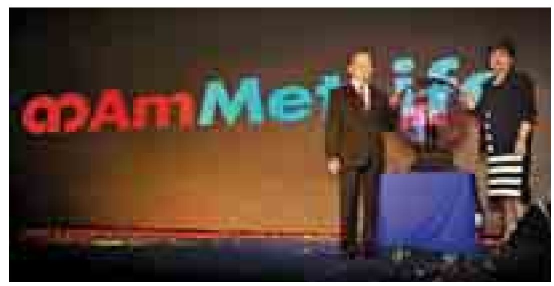
- RAM Ratings upgraded the financial institution ratings of AmBank (M) Bhd, AmIslamic Bank Bhd and AmInvestment Bank Bhd from AA3/ Positive/ P1 to AA2/Stable/P1. The corporate rating of AMMB Holdings Bhd had also been upgraded from A1/ Positive/P1 to AA3/Stable/P1.

2014

- AmIslamic Bank issued Malaysia's first capital market Basel III-compliant Tier 2 Subordinated Sukuk.

- AmBank unveiled its new retail banking website, www.ambank.com.my, with more informative access and user-friendly navigation.

- AMMB Holdings Berhad's wholly-owned subsidiary, AMAB Holdings Sdn Bhd, and MetLife Inc.'s subsidiary, MetLife International Holdings Inc., entered into a share sale agreement on 28 April 2014, which involved the sale of equity interest of AmLife Insurance Bhd and AmFamily Takaful Berhad. The signing was witnessed by Datuk Seri Najib Tun Razak, Prime Minister of Malaysia and President of the United States of America, Barack Obama. This marked the commencement of strategic partnership for our Life Assurance and Family Takaful businesses.



- AmBank Group unveiled the brand new logos of AmMetLife and AmMetLife Takaful, reflecting the new strategic partnership between AmBank Group and MetLife Inc.

- On 23 June 2014, Tan Sri Azman Hashim, Chairman, AmBank Group officially opened AmBank's first airport branch and first Bureau de Change ("BDC") to provide ease and convenience for both travellers and shoppers at the new local and international low cost airport in Kuala Lumpur – KLIA2. The BDC offers currency exchange service of up to 29 types of currencies and is open 24 hours a day, 7 days a week.

- In line with the Retail Banking aspiration for FY2015 to continue to drive business approach for low-cost deposits and to provide customers with a wider range of holistic customer centric solutions, Small Business Banking ("SBB") was launched in October 2014.

- AmBank launched TRUE Lab, a digitally enabled crowdsourcing community platform designed to crowd-source ideas from young professionals on banking solutions they desire.

2015

> The second TRUE offering – TRUE Products, comprising of the TRUE Transact Account, TRUE Savers Account, TRUE Debit MasterCard and TRUE Visa Credit Card was launched in September 2015.

> In a move to harmonise the linkage of the Islamic brand under the umbrella brand of the AmBank Group, the "AmIslamic Bank" brand is now rebranded to "AmBank Islamic". Correspondingly, the legal entity name was also changed from AmIslamic Bank Berhad to AmBank Islamic Berhad starting from Monday, 18 May 2015.

> AmFIRST REIT announced the Proposed Acquisition of a three-storey MYDIN Hypermall in Pulau Pinang on 15 April 2015 for a total cash consideration of RM250 million.

> Datin Maznah Mahbob, Chief Executive Officer, AmInvest, has been ranked among the top 50 individuals in the world who has had a major impact on the Islamic industry in 2015 by ISLAMICA 500.

> AmInvestment Services Berhad, the unit trust and funds management business of AmInvest brand, is now known as AmFunds Management Berhad, effective 10 September 2015. AmInvest, the brand, will now comprise two entities; AmFunds Management Berhad and AmIslamic Funds Management Sdn Bhd that manage conventional and Islamic investment solutions respectively for unit trusts, private retirement schemes, separately managed funds, wholesale funds and exchange traded funds.

> AmBank completed its first PIN & PAY transaction on 14 September 2015 to be amongst the first banks in Malaysia to deploy Personal Identification Number (PIN) enabled cards which are compliant with global Europay, MasterCard and Visa (EMV) standards. The transaction was conducted in Popular Bookstore, Avenue K, Kuala Lumpur.

> In December 2015, AmGeneral Insurance Berhad relocated its head office to Menara Shell.

2016

> In January 2016, AmMetlife Insurance and AmMetlife Takaful repositioned their head office to Menara 1Sentrum to further support the increasing customers and business partners at a more centralised location.

Corporate Structure

List Of Subsidiaries And Associated Companies

The following are AMMB's subsidiaries and associated companies grouped under the major business lines.

COMPANIES	EFFECTIVE SHAREHOLDINGS (%)
Commercial and Retail Banking	
AmBank (M) Berhad	100.00%
AmBank Islamic Berhad	100.00%
Capital Market	
AmInvestment Bank Berhad	100.00%
AmFutures Sdn Bhd	100.00%
Life and General Insurance/Takaful Operator	
AmGeneral Insurance Berhad	51.00%
AmMetLife Insurance Berhad	50.00% - 1 share
AmMetLife Takaful Berhad	50.00% + 1 share
Asset Management	
AmFunds Management Berhad (formerly known as AmInvestment Services Berhad)	100.00%
AmIslamic Funds Management Sdn Bhd	100.00%
Am ARA REIT Managers Sdn Bhd	70.00%
Malaysian Ventures Management Incorporated Sdn Bhd	100.00%
Trustee/Custodian/Investment Services	
AMMB Nominees (Tempatan) Sdn Bhd	100.00%
AMMB Nominees (Asing) Sdn Bhd	100.00%
AMSEC Nominees (Tempatan) Sdn Bhd	100.00%
AMSEC Nominees (Asing) Sdn Bhd	100.00%
AM Nominees (Tempatan) Sdn Bhd	100.00%
AM Nominees (Asing) Sdn Bhd	100.00%
MBf Trustees Berhad	60.00%
MBf Nominees (Tempatan) Sdn Bhd	100.00%

COMPANIES	EFFECTIVE SHAREHOLDINGS (%)
Investment Holding Companies/Others	
AmGeneral Holdings Berhad	51.00%
AMAB Holdings Sdn Bhd	100.00%
AmInvestment Group Berhad	100.00%
Am ARA REIT Holdings Sdn Bhd	70.00%
AmSecurities Holding Sdn Bhd	100.00%
AmPrivate Equity Sdn Bhd	80.00%
AmLabuan Holdings (L) Ltd	100.00%
AmFraser International Pte Ltd	100.00%
AMFB Holdings Berhad	100.00%
AmCard Services Berhad	100.00%
AmProperty Holdings Sdn Bhd	100.00%
Bougainvillaea Development Sdn Bhd	100.00%
MBf Information Services Sdn Bhd	100.00%
AmMortgage One Berhad	100.00%
AmPremier Capital Berhad	100.00%
Bonuskad Loyalty Sdn Bhd	33.33%
Dormant	
Malco Properties Sdn Bhd	81.51%
Teras Oak Pembangunan Sendirian Berhad	100.00%
AmInvestment Management Sdn Bhd	100.00%
AmSecurities (HK) Limited	100.00%
AmGlobal Investments Pte Ltd	100.00%
AmTrade Services Limited	100.00%
AmResearch Sdn Bhd	100.00%
AmCapital (B) Sdn Bhd	100.00%
AMBB Capital (L) Ltd	100.00%
MBF Cards (M'sia) Sdn Bhd	100.00%
Under Members' Voluntary Winding-up	
Everflow Credit & Leasing Corporation Sdn Bhd	100.00%
Komuda Credit & Leasing Sdn Bhd	100.00%
AMSEC Holdings Sdn Bhd	100.00%
Economical Enterprises Sendirian Berhad	100.00%

Corporate Information

Board Of Directors

Tan Sri Azman Hashim
Non-Independent Non-Executive Chairman

Graham Kennedy Hodges
Non-Independent Non-Executive Director

Suzette Margaret Corr
Non-Independent Non-Executive Director

Soo Kim Wai
Non-Independent Non-Executive Director

Tun Mohammed Hanif bin Omar
Non-Independent Non-Executive Director

Dato' Rohana Tan Sri Mahmood
Senior Independent Non-Executive Director

Dato' Seri Ahmad Johan bin Mohammad Raslan
Executive Director and Senior Adviser

Voon Seng Chuan
Independent Non-Executive Director

Wasim Akhtar Saifi
Independent Non-Executive Director

Datuk Shireen Ann Zaharah binti Muhiudeen
Independent Non-Executive Director

Seow Yoo Lin
Independent Non-Executive Director

Group Company Secretary

Koid Phaik Gunn
MAICSA 7007433
Chartered Secretary (ICSA)
Bachelor of Law (Hons)
Fellow of the Malaysian Institute of Chartered Secretaries and Administrators

Registered Office
22nd Floor
Bangunan AmBank Group
No.55, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel: +603-2036 2633
Fax: +603-2032 1914

Registrar
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor, Malaysia
Tel: +603-7849 0777
Fax: +603-7841 8151/8152

Auditors
Messrs Ernst & Young
Chartered Accountants

Principal Banker
AmBank (M) Berhad

Stock Exchange Listing
Listed on the Main Market of
Bursa Malaysia Securities Berhad
Listing Date: 13 February 1992
Stock Name: AMBANK
Stock Code: 1015

Website
ambankgroup.com

Investor Relations
ir@ambankgroup.com

Corporate Profile

AMMB Holdings Berhad

AmBank Group is one of Malaysia's premier financial solutions groups with nearly 40 years of legacy in understanding Malaysians and provides a wide range of both conventional and Islamic financial solutions and services, including retail banking, wholesale banking, as well as the underwriting of general insurance, life assurance and family takaful.

The Group's purpose to help individuals and businesses in Malaysia grow and win together shows our renewed vision to support and empower our customers and our people to achieve their aspirations. This purpose underpins the Group's holistic "Top Four" Aspiration, focused on sustenance, improvement and growth in key segments and products as well as our role as an Employer. AmBank Group – a modern Malaysian diversified financial solutions partner that understands and meets the diverse needs of modern Malaysians.

The Group receives strong support from the Australia and New Zealand Banking Group ("ANZ") (one of Australia's leading banks) particularly in Board and senior management representations, risk and financial governance, products offering and new business developments. In the general insurance business, the Group has partnered with Insurance Australia Group Ltd ("IAG"). Whilst in the life assurance and family takaful businesses, the Group has a partnership with MetLife International Holdings Inc. ("MetLife"). The Group benefits in terms of expertise transfer from IAG and MetLife.

AMMB Holdings Berhad is the holding company of AmBank Group and is a public listed company on the Main Market of Bursa Malaysia.

AmBank (M) Berhad

AmBank (M) Berhad ("AmBank"), part of the AmBank Group, is a "one-stop" financial institution driven by innovation and a commitment to deliver outstanding customer service. AmBank offers a comprehensive suite of financial products and services focussed on retail banking and preferred segments in small business, SME, mid corp and corporate customers. Supported by a strong network of 175 branches & Electronic Banking Centres (EBCs) nationwide (which includes a total of 1,351 self-service machines), a 24-hour contact centre and digital banking, access to AmBank's financial solutions and services is made simple and convenient.

AmBank Islamic Berhad

AmBank Islamic Berhad ("AmBank Islamic") is the Islamic banking arm of the AmBank Group. Since its beginnings as AmBank Group's Islamic banking division in 1993 and subsequently incorporated as an Islamic bank in 2006, AmBank Islamic has built a reputation in serving the banking needs of individuals, businesses and institutions.

AmBank Islamic's comprehensive range of Shariah-compliant retail and wholesale banking products and services (including treasury and trade solutions), and their delivery channels; continuously evolve in line with market changes. This dynamic approach supports the agenda to help individuals, businesses and institutions in Malaysia grow and win together.

AmInvestment Bank Berhad

AmInvestment Bank Berhad ("AmInvestment Bank"), part of the AmBank Group, is Malaysia's leading investment bank with over 30 years of track record. It provides a full range of wholesale banking related products and services that include Corporate Finance, Equity Markets, Debt Markets, Islamic Capital Markets, and Markets & Private Banking.

AmInvestment Bank's experience and track record in the debt, equity and Islamic capital markets have won the confidence of corporates and institutions, and consistently over the years, we have received numerous local and international industry awards.

AmFunds Management Berhad

AmFunds Management Berhad ("AmInvest"), is the brand for the funds management business of AmBank Group which manages both conventional and Shariah-compliant funds. It is one of the leading fund management houses in Malaysia and has an award-winning track record spanning more than three decades. As at 31 March 2016, AmInvest has approximately RM36 billion assets under management ("AUM").

AmInvest manages unit trust and wholesale funds, institutional mandates, exchange-traded funds and Private Retirement Scheme funds, encompassing both conventional and Shariah-compliant funds.

AmGeneral Insurance Berhad

AmGeneral Insurance Berhad ("AmGeneral Insurance") is one of the largest motor and general insurance companies in Malaysia with over four million policy holders. It is backed by a strong partnership between AmBank Group and IAG Trading under its two trusted brands, AmAssurance and Kurnia, AmGeneral Insurance generates business from a comprehensive range of general insurance solutions distributed through a network of 32 insurance branches servicing 7,000 agents and dealers, as well as through AmBank branches and customer touch points nationwide.

AmMetLife Insurance Berhad

AmMetLife Insurance Berhad ("AmMetLife") is a strategic partnership between AMMB Holdings Berhad (AmBank Group) and MetLife International Holdings, Inc. (MetLife) which was inked on 30 April 2014. AmMetLife offers a comprehensive range of life assurance and wealth protection solutions distributed through a combination of AmBank and AmMetLife branch offices nationwide, in addition to the strength of its authorised life insurance agents nationwide.

AmMetLife Takaful Berhad

AmMetLife Takaful Berhad ("AmMetLife Takaful") is a strategic partnership between AmBank Group and MetLife. The strategic partnership combines the international expertise and financial strength of MetLife with the local strength and reach of AmBank Group.

AmMetLife Takaful offers a comprehensive range of takaful solutions distributed by its authorised takaful agents and AmBank branches nationwide. With our passion for the provision of excellent services, together with a deep and respectful knowledge of Shariah principles and values, we aim to create a customer centric and modern takaful operator in Malaysia.

Profile Of Directors

Tan Sri Azman Hashim
Non-Independent Non-Executive Chairman

Tan Sri Azman Hashim, a Malaysian, male, aged 77, was appointed to the Board of AMMB Holdings Berhad on 15 August 1991 and has been the Chairman of the Company since then. He is the Non-Independent Non-Executive Chairman of the Company.

Tan Sri Azman is also the Chairman of the board for several subsidiaries of the Company, namely AmBank (M) Berhad, AmInvestment Bank Berhad, AmBank Islamic Berhad, AmGeneral Insurance Berhad, AmMetLife Insurance Berhad, AmMetLife Takaful Berhad, AmGeneral Holdings Berhad, AmInvestment Group Berhad and AMFB Holdings Berhad.

Tan Sri Azman, a Fellow Chartered Banker (FCB), a Chartered Accountant (FCPA), a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators, has been in the banking industry since 1960 when he joined Bank Negara Malaysia and served there until 1964. He practised as a Chartered Accountant in Azman Wong Salleh and Co. from 1964 to 1971. He then joined the board of Malayan Banking Berhad from 1966 until 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of Malayan Banking Berhad, from 1980 until April 1982 when he acquired AmInvestment Bank Berhad.

Tan Sri Azman is the Executive Chairman of Amcorp Group Berhad and Chairman of the Asian Institute of Finance Berhad, the Asian Institute of Chartered Bankers, Asian Banking School Sdn Bhd, Financial Services Professional Board, Malaysian Investment Banking Association, the Malaysia Productivity Corporation, Malaysian South-South Corporation Berhad and Chairman Emeritus of Pacific Basin Economic Council (PBEC).

He is the President of Malaysia South-South Association, Malaysia - Japan Economic Association, Malaysian Prison FRIENDS Club and a Member of the APEC Business Advisory Council and East Asia Business Council. He is also the Leader of the ASEAN Japanese Business Meeting (Malaysia Committee, Keizai Doyukai). He is the Pro-Chancellor of Open University of Malaysia and a member of the Governing Body of Asian Productivity Organisation.

Tan Sri Azman is also involved in several charitable organisations as Chairman and Trustee of AmGroup Foundation and Perdana Leadership Foundation and Trustee for Yayasan Azman Hashim, Malaysian Liver Foundation, Yayasan Tuanku Najihah and Yayasan Canselor Open University Malaysia. Tan Sri Azman is also the Founder and Council Member of Azman Hashim (L) Foundation and Azman Hashim Charitable (L) Foundation.

Graham Kennedy Hodges
Non-Independent Non-Executive Director

Graham Kennedy Hodges, an Australian, male, aged 61, was appointed to the Board of AMMB Holdings Berhad on 30 June 2016.

Mr Hodges is the Deputy Chief Executive Officer of Australia and New Zealand Banking Group Limited ("ANZ"). Prior to that, he was Chief Executive Officer and a director of ANZ National Bank Limited responsible for the running of ANZ Group's New Zealand business. He was also acting Chief Executive Officer for Australia in 2009.

Mr Hodges has held the positions of Group Managing Director, Corporate, Managing Director, Small to Medium Business and Head of Corporate Banking for ANZ in Australia and New Zealand. Other prior roles with ANZ include State Manager, Business Banking for Victoria and Tasmania; and Regional Executive, Business Banking Melbourne.

He joined ANZ in 1991 and was appointed Chief Economist in 1992, a post he held for three years. Before ANZ, he spent several years with the International Monetary Fund in Washington DC and nine years in Commonwealth Treasury in Canberra.

Mr Hodges holds a Bachelor of Economics degree from Monash University, Australia.

Suzette Margaret Corr
Non-Independent Non-Executive Director

Suzette Margaret Corr, an Australian, female, aged 55, was appointed to the Board of AMMB Holdings Berhad on 23 January 2015. She is a member of the Company's Group Nomination and Remuneration Committee.

Ms Corr is the General Manager Human Resources Institutional for Australia and New Zealand Banking Group Limited (ANZ). She is an experienced human resources executive with demonstrated strengths in strategy and execution developed across a range of sectors, including Consulting and Financial Services.

Ms Corr holds a Bachelor of Commerce degree from the University of Western Australia and a Master of Business Administration degree from the University of Queensland, Australia. She has also undertaken company director training in Australia and Malaysia.

Soo Kim Wai

Non-Independent Non-Executive Director

Soo Kim Wai, a Malaysian, male, aged 55, was appointed to the Board of AMMB Holdings Berhad on 4 October 2002. He is a member of the Company's Group Nomination and Remuneration Committee, Audit and Examination Committee and Governance Committee.

Mr Soo is currently the Group Managing Director of Amcorp Group Berhad. He joined Amcorp Group Berhad in 1989 as Senior Manager, Finance, and has since held various positions before he was promoted to his current appointment. Prior to that, he was with Plantation Agencies Sdn Bhd from 1985 to 1989, and in the accounting profession for five years with Deloitte KassimChan from 1980 to 1985.

Mr Soo sits on the board of RCE Capital Berhad, Amcorp Properties Berhad and other private limited companies and foreign companies. He is also a board member of the British Malaysian Chamber of Commerce.

Mr Soo is a Chartered Accountant (Malaysian Institute of Accountants), a Certified Public Accountant (Malaysian Institute of Certified Public Accountants), Fellow of the Certified Practising Accountant (CPA), Australia, and Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom.

Tun Mohammed Hanif bin Omar

Non-Independent Non-Executive Director

Tun Mohammed Hanif bin Omar, a Malaysian, male, aged 77, was appointed to the Board of AMMB Holdings Berhad on 6 May 1994. He is a member of the Company's Group Nomination and Remuneration Committee.

Tun Mohammed Hanif is also a board member of the Company's subsidiary, namely AMFB Holdings Berhad. He is currently the Deputy Executive Chairman of Genting Berhad and Genting Malaysia Berhad, a board member of Genting Overseas Holdings Ltd and MEASAT Global Berhad. He was the Inspector-General of the Royal Malaysia Police for 20 years until his retirement in January 1994. He has received honorary awards from Malaysia, Indonesia, Thailand, Singapore, Brunei and the Philippines for his invaluable contribution towards the region's security.

He has been the President of the Malaysian Institute of Management since 2001. He is also the President of the Malaysian Branch of the Royal Asiatic Society. He is a member of the Malaysian Equine Council. In addition, he is the Chairman of the Lembaga Pemegang Amanah Yayasan Tun Razak, a member of the Board of Trustees of the Malaysian Liver Foundation, Yayasan DayaDiri, The MCKK Foundation and The Community Chest, Malaysia.

Tun Mohammed Hanif received his Bachelor of Arts degree from the then University of Malaya, Singapore in 1959, Bachelor of Laws (Honours) degree from Buckingham University, United Kingdom in 1986, and Certificate of Legal Practice (Honours) from the Legal Qualifying Board in 1987.

He was conferred the Honorary Doctorate of Law by Universiti Kebangsaan Malaysia in 1992, Honorary Doctorate of Philosophy (Internal Security) by Universiti Pertahanan Nasional Malaysia on 2 October 2011, and Honorary Doctorate of Law by University of Buckingham on 16 March 2012.

Dato' Rohana binti Tan Sri Mahmood

Senior Independent Non-Executive Director

Dato' Rohana binti Tan Sri Mahmood, a Malaysian, female, aged 62, was appointed to the Board of AMMB Holdings Berhad on 8 July 2011. She is the Chairman of the Company's Group Nomination and Remuneration Committee and Governance Committee.

Dato' Rohana is also a board member of the Company's subsidiary, AmInvestment Bank Berhad. Dato' Rohana is the Chairman/Partner/Director and Founder of RM Capital Partners, a Malaysian private equity fund. She was the Chairman and co-founder of Ethos Capital, a Malaysian private equity fund since 2007. The fund successfully ended in November 2012.

Dato' Rohana is a member of Global Council of the Asia Society, New York, member of Advisory Board of Chubb Limited, New York, member of APEC Business Advisory Council (ABAC) of Malaysia and a board member of Pacific Basin Economic Council (PBEC), Hong Kong.

Dato' Rohana is a director of other listed companies, namely Sime Darby Berhad, Sime Darby Property Berhad and Paramount Corporation Berhad. She is also the Chairman/Director and Founder of RMCP One Sdn Bhd. She sits on the board of various private companies including amongst others, Sime Darby Industrial Holdings Sdn Bhd, KDU University College Sdn Bhd, YIM Technology Resources Sdn Bhd and RM Capital Partners & Associates Sdn Bhd.

Dato' Rohana is the Chairman of Advisory Council and founding member of the Kuala Lumpur Business Club, an exclusive (by invitation only) networking and business development organisation limited to 100 members of Malaysia's leading corporate and business leaders. She is a Distinguished Fellow and board member of the Institute of Strategic and International Studies (ISIS) Malaysia. Prior to ISIS, Dato' Rohana was attached to the Ministry of Foreign Affairs Malaysia.

Dato' Rohana holds a Bachelor of Arts (Honours) degree in Politics from Essex University and Master's degree in International Relations from Sussex University, United Kingdom.

Dato' Seri Ahmad Johan bin Mohammad Raslan

Executive Director and Senior Adviser

Dato' Seri Ahmad Johan bin Mohammad Raslan, a Malaysian, male, aged 56, was appointed to the Board of AMMB Holdings Berhad on 9 December 2014. He is a member of the Company's Group Information Technology Committee and of the Governance Committee. Dato' Seri Johan's role as Senior Adviser is to advise the Chairman and Board of AmBank Group on a variety of issues internal and external to the Group.

Dato' Seri Johan is a member of the board of Eco World International Berhad and is a former Executive Chairman of PricewaterhouseCoopers Malaysia (PwC). He spent 10 years of his career in London, United Kingdom, and 20 years in Malaysia, working in the fields of assurance and advisory. He retired from PwC in 2012.

In addition to his assurance and advisory work, Dato' Seri Johan has frequently been consulted in matters concerning corporate governance.

Dato' Seri Johan's past work for the Government of Malaysia included memberships of the boards of Perbadanan Putrajaya (Putrajaya Corporation), The Retirement Fund Incorporated (KWAP), and the Chairmanship of the Financial Reporting Foundation. He is currently a member of the Financial Services Professional Board, an appointment under Bank Negara Malaysia.

Dato' Seri Johan has a Bachelor of Science (Honours) degree in Economics and Accountancy from the United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Malaysian Institute of Certificate Public Accountants and Malaysian Institute of Accountants.

Voon Seng Chuan

Independent Non-Executive Director

Voon Seng Chuan, a Malaysian, male, aged 57, was appointed to the Board of AMMB Holdings Berhad on 18 June 2015. He is the Chairman of the Company's Audit and Examination Committee and Group Information Technology Committee and a member of the Company's Group Risk Management Committee and Group Nomination and Remuneration Committee.

Mr Voon also sits on the board of AmBank (M) Berhad, a subsidiary of the Company, and is currently a director of Mesiniaga Berhad (an IT company listed on the Main Market of Bursa Malaysia Securities Berhad), Silverlake International Ltd, Silverlake International (HK) Limited and Corporate Learning Consortium Sdn Bhd.

Mr Voon has been part of the Information Technology ("IT") industry for about three decades. In April 2008, he joined the IBM Quarter Century Club reflecting his 25 years of service in IBM. He retired from IBM in March 2010.

In his 27 years of service with IBM, he held a number of roles delivering all aspects of IT products and services for clients in all industry segments in Malaysia and the Asia Pacific region. His last role in IBM prior to his retirement was Director for Mid-Market Segment in Asia Pacific. He was responsible for the overall business performance (about US$2 billion) and client satisfaction for all Mid-Market clients. In this role, he led teams from ibm.com, business partners operations, marketing, product and services divisions to provide solutions to the Mid-Market segment.

In 2007, he was assigned to the Asia Pacific headquarters to handle two special projects of IBM headquarters' organisation restructuring. First, he led the successful split of the existing ASEAN/South Asia regional headquarter into two independent regions of ASEAN and India/South Asia. Then, he was a member of the core team that split Japan out of the Asia Pacific region.

From 2000 to 2006, Mr Voon was the Managing Director for IBM Malaysia and Brunei. Under his leadership, IBM has been at the forefront of bringing the vision of e-business, on-demand business, and innovation to the country, with key activities such as e-Fairs, IBM Forums and Business Solutions Symposiums, to heighten the awareness of the benefits of high-value IT investments for large enterprises and also for small and medium businesses. Mr Voon had also responded to the Malaysian Government's call to transform the nation into an international shared services and outsourcing hub by leading IBM's investment in seven regional centres/operations in Malaysia. In doing so, IBM is well positioned to transfer best practices and high-skilled expertise to the country. In 2013, Mr Voon was recognised with the "Outsourcing Leader of the Year" award by Outsourcing Malaysia. He was also a Council Member of PIKOM (National ICT Association of Malaysia) from 1994/1995 and 1999/2000.

Mr Voon has a Bachelor of Science (Honours) degree in Mathematics from the University of Malaya.

Wasim Akhtar Saifi

Independent Non-Executive Director

Wasim Akhtar Saifi, an Indian, male, aged 58, was appointed to the Board of AMMB Holdings Berhad on 23 February 2016. He is the Chairman of the Company's Group Risk Management Committee and a member of the Company's Group Nomination and Remuneration Committee and Governance Committee.

Mr Wasim also sits on the board of AmBank Islamic Berhad, a subsidiary of the Company, and on the board of International Investment Bank, an Islamic Investment Bank based in Bahrain. He is currently the Managing Director of WSG Management Consultancies in Dubai, which provides advisory services on Islamic Finance and Governance.

Mr Wasim has extensive experience in the banking industry, particularly on Islamic banking from his past employment history. He started his career in Mashreq Bank, Mumbai in 1981. In 1986, he joined Standard Chartered Bank where he held various positions based in Mumbai, Dubai and Sri Lanka with the last held position as the Chief Executive Officer of Standard Chartered Bank in Sri Lanka from 2001 to 2003.

Mr Wasim then joined Dubai Islamic Bank, one of the largest Islamic Bank in the UAE for four-and-a-half years and subsequently joined Tamweel PJSC, Dubai, one of the leading Islamic mortgage company based in UAE as the Chief Executive Officer from 2008 to 2010.

Mr Wasim re-joined Standard Chartered Bank in Singapore in 2011 and was appointed as the Global Head, Islamic Banking, Consumer Bank responsible for CB Islamic Banking in seven countries in South East and South Asia, Middle East and Africa until his appointment as the Chief Executive Officer and Global Head of Islamic Banking, Consumer Bank of Standard Chartered Saadiq Berhad, Kuala Lumpur on 2 July 2012. Mr Wasim also served as a board member of Standard Chartered Saadiq Berhad and a member of the Global Strategy Board for Standard Chartered Saadiq Berhad. He resigned from Standard Chartered Saadiq Berhad in October 2014.

Mr Wasim holds a Bachelor of Commerce degree from Mumbai University, India, and a Master of Business Administration from Rutgers University, USA.

Datuk Shireen Ann Zaharah binti Muhiudeen

Independent Non-Executive Director

Datuk Shireen Ann Zaharah binti Muhiudeen, a Malaysian, female, aged 53, was appointed to the Board of AMMB Holdings Berhad on 30 June 2016. She is a member of the Company's Group Risk Management Committee and Group Nomination and Remuneration Committee.

Datuk Shireen is the founder, and managing director of Corston-Smith Asset Management. She set up Corston-Smith after 12 years with the Malaysian arm of global insurance giant AIG Investment Corporation. In all, she has more than 28 years of focused fund management expertise, including her extensive current ASEAN portfolio. In recognition of her work in the industry, she was named one of the 25 most influential women in the Asia-Pacific region for asset management by Asian Investor, a regional publication, in June 2011 and in March 2014, she was honoured by Forbes Asia as one of the 50 Asia's Power Businesswomen 2014.

Datuk Shireen was a member of IFC's working group for the establishment of the Philippine Stock Exchange's Maharlika Board, a distinct trading board for companies with world-class corporate governance practices. She is currently a member of the International Advisory Panel for Labuan International Business and Financial Centre. She was an Independent Director and chaired the Governance Committee of public listed company from 2011 to 2015. She was a director of a foreign bank from December 2013 to February 2016.

Datuk Shireen's involvement in finalising the rules for the Maharlika Board is just one of her many unstinting commitments to good corporate governance, transparency, and accountability. Besides nurturing and nudging companies that Corston-Smith invests in towards best practices, she has also successfully drawn international investors to Malaysia by launching the ASEAN Corporate Governance Fund there in 2008.

Datuk Shireen accepts speaking engagements whenever she can to reinforce her commitments and she also contributes to a monthly column in Malaysia's best-selling English daily - The Star on governance related matters. On top of that, she and her team at Corston-Smith have published a handbook on personal finance for young working adults. Titled 'Learn To Make Sense Of Your Money - What They Don't Tell You When You First Start Work', is available in English and Bahasa Malaysia.

This equally avid sportswoman is no stranger to international representation, having been Malaysia's hope at the Junior Wimbledon tennis championships in 1981. In recent years, she has served on her country's Sports Advisory Council, the Board of Tourism Malaysia, and a member of the EU-Malaysia Chamber of Commerce & Industry's Financial Services Committee.

Datuk Shireen holds a Bachelor of Science (Business Administration) degree from the University of Southern California, United States and a Master of Business Administration degree from the Loyola Marymount University, California, United States.

Seow Yoo Lin

Independent Non-Executive Director

Seow Yoo Lin, a Malaysian, male, aged 60, was appointed to the Board of AMMB Holdings Berhad on 30 June 2016. He is a member of the Company's Audit and Examination Committee and Group Information Technology Committee.

Mr Seow is a member of the board of Southern Steel Berhad, Hume Industries Berhad and Dolomite Corporation Berhad. He joined KPMG Malaysia in 1977 and qualified as a Certified Public Accountant in 1980. In 1983, he was seconded to KPMG United States to gain overseas experience, specialising in banking assignments. He returned in 1985 and was admitted as Partner in 1990.

He has been the audit partner on a wide range of companies including public listed companies and multinationals in banking and finance, manufacturing, trading and services. In addition, he held various leadership roles including those of Human Resource Partner, Partner in charge of Financial Services and a member of the KPMG Asia Pacific Board.

He was a member of Executive Committee of the Malaysian Institute of Certified Public Accountants from 2009 to 2011 and a Council member of the Malaysian Institute of Accountants from 2007 to 2011. He was the Managing Partner of KPMG Malaysia from 2007 to 2010. He retired from the firm in 2011.

He is currently a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr Seow holds a Master of Business Administration degree from the International Management Centre, Buckingham, United Kingdom.

Additional Information

None of the Directors has any family relationships with other Directors or major shareholders of the Company, except as disclosed herein.

Tan Sri Azman Hashim is the Executive Chairman and a substantial shareholder of Amcorp Group Berhad ("Amcorp"), which in turn is a substantial shareholder of AMMB Holdings Berhad ("AMMB").

Tan Sri Azman Hashim is a Director of Clear Goal Sdn Bhd, his family-owned company, which is deemed a substantial shareholder of AMMB by virtue of its interest in Amcorp.

Soo Kim Wai is the Group Managing Director of Amcorp, which is a substantial shareholder of AMMB.

Graham Kennedy Hodges and Suzette Margaret Corr are Board representatives of Australia and New Zealand Banking Group Limited, which is deemed a substantial shareholder of AMMB by virtue of its interest in ANZ Funds Pty Ltd, a substantial shareholder of AMMB.

None of the Directors has been convicted for offences within the past 10 years. None of the Directors has any conflict of interest with the Company other than as announced or set out in Note 42 to the Financial Statements under "Significant Related Party Transactions and Balances".

Let us steer your business in the right direction. Up.

As a pioneer in capital market solutions, our 40 years of experience has allowed us to help in building the nation's economy from strength to strength. We have been a partner in building bridges, highways and many mega infrastructure projects. But our proudest achievement remains in watching privately-owned companies grow into blue-chip enterprises.

We are AmInvestment Bank and we are committed to helping you elevate your business.

AmInvestment Bank

ambankgroup.com

Senior Management Of AmBank Group

Standing from left to right

Mohamad Salihuddin Ahmad
Chief Executive Officer
AmMetLife Takaful Berhad

Anthony Chin Min Khong
Acting Head, Retail Banking
AmBank (M) Berhad

Thein Kim Mon
Chief Internal Auditor
AmBank Group

Eqhwan Mokhzanee Muhammad
Chief Executive Officer
AmBank Islamic Berhad

Derek Llewellyn Roberts
Chief Executive Officer
AmGeneral Insurance Berhad

Nigel Christopher William Denby
Chief Risk Officer
AmBank Group

Uji Sherina binti Abdullah
Chief Human Resource Officer
AmBank Group

Charles Tan Keng Lock
Chief Information Officer
AmBank Group

Ramzi Albert Toubassy
Chief Executive Officer
AmMetLife Insurance Berhad

Sitting from left to right

Datuk Mohamed Azmi Mahmood
Deputy Group Chief Executive Officer
AmBank Group

Faradina Binti Mohammad Ghouse
Group Chief Compliance Officer
AmBank Group

Pushpa Rajadurai
Acting Chief Executive Officer
AmInvestment Bank
Managing Director
Wholesale Banking, AmBank Group

Dato' Sulaiman Mohd Tahir
Group Chief Executive Officer
AmBank Group
Chief Executive Officer
AmBank (M) Berhad

Mandy Jean Simpson
Chief Financial Officer
AmBank Group

Senior Management Team Profiles

At AmBank Group, we cherish the fact that our people are our most valuable asset. Recruiting and developing talented people is high on our agenda. Any business that wants to succeed must attract and keep the right employees to fire growth, and we will work hard to do this.

Dato' Sulaiman bin Mohd Tahir

Group Chief Executive Officer
AmBank Group
Chief Executive Officer
AmBank (M) Berhad

Dato' Sulaiman Mohd Tahir, aged 53, is the Group Chief Executive Officer of AMMB Holdings and Chief Executive Officer of AmBank (M) Berhad (a wholly-owned subsidiary of AMMB), the commercial banking arm of AmBank Group.

Dato' Sulaiman joined AmBank Group on 23 November 2015 and has a wealth of experience backed by 28 years of spearheading growth in consumer banking and transformation programmes. As Group CEO of AmBank Group, Dato' Sulaiman is responsible for the management of all businesses in AmBank Group including Commercial and Retail Banking, Islamic Banking, Investment Banking, Corporate Banking, Transaction Banking, Global Markets, Life & General Insurance/Takaful Operations and Asset Management, with a staff strength of more than 11,000 staff.

An accounting graduate from the Royal Melbourne Institute of Technology in Australia, Dato' Sulaiman served Price Waterhouse before repositioning his career in banking with the Bank of Commerce (M) Berhad (now known as CIMB Bank) in 1987. Prior to joining AmBank, he was previously Chief Executive Officer/Executive Director of CIMB Bank Berhad. During his tenure as CEO of CIMB Bank Berhad, Dato' Sulaiman spearheaded the overall development, management and performance of the sales and distribution channels for CIMB Bank.

Datuk Mohamed Azmi Mahmood
Deputy Group Chief Executive Officer
AmBank Group

Datuk Mohamed Azmi Mahmood was appointed as the Deputy Group Chief Executive Officer of AMMB Holdings Berhad on 2 April 2012.

Datuk Azmi has over 35 years of experience in the banking industry. He joined Arab-Malaysian Finance Berhad (AMFB) in 1981 as an accountant. In 1989, he was seconded by Bank Negara Malaysia to First Malaysia Finance Berhad as the Chief Executive Officer in a rescue scheme for the finance company. In January 1991, he re-joined AMFB and was promoted to Managing Director on 1 August 1994, a position he held until 14 June 2002 to assume the office of Managing Director, Retail Banking in AmBank (M) Berhad.

Datuk Azmi is a Director of AmInvestment Group Berhad, AmMetLife Takaful Berhad, AmMortgage One Berhad, AmInternational (L) Ltd, MBF Cards (M'sia) Sdn Bhd, AmCard Services Berhad, Malaysian Electronic Payment System (1997) Sdn Bhd (MEPS), MEPS Currency Management Sdn Bhd, Financial Information Services Sdn Bhd and FIS Data Link Sdn Bhd.

He is also a Council Member and Honorary Secretary of the Association of Finance Companies of Malaysia, a Council Member and Honorary Secretary of the Association of Hire Purchase Companies of Malaysia, a Council and Committee member of the Asian Institute of Chartered Bankers and Alternate Council Member of Association of Banks in Malaysia.

Datuk Azmi is a Registered Financial Planner from the Malaysian Financial Planning Council. He is also a Fellow Chartered Banker from the Asian Institute of Chartered Bankers.

For his years of contribution to the industry, Datuk Azmi was conferred the *Darjah Mulia Seri Melaka*, which carries the title *Datuk*, on 11 October 2008.

Pushpa Rajadurai

Managing Director
Wholesale Banking, AmBank Group
Acting Chief Executive Officer
AmInvestment Bank

Pushpa Rajadurai is the Managing Director of Wholesale Banking of AmBank Group and Acting Chief Executive Officer of AmInvestment Bank.

Pushpa joined AmBank Group in 1989 and has over 25 years of experience in corporate, commercial and investment banking, capital markets and advisory. She has held various senior management positions, including the position of Executive Director of AmInvestment Bank in January 2005 and Managing Director of Corporate & Institutional Banking of AmBank Group in July 2008. She has also been involved in corporate strategy and advisory work for AmBank Group.

Prior to joining AmBank Group, she was attached with Coopers & Lybrand (now known as PricewaterhouseCoopers), undertaking financial and consultancy related work. Pushpa sits on the board of several companies of AmBank Group, which includes Trustee Services, Offshore Banking, Venture Capital Management, REITs and Private Equity and Fund Management.

Pushpa is the Alternate Chairman of the Malaysian Investment Banking Association (MIBA) and a member of the Working Group of Financial Services Professional Board. She is actively involved in the financial sector market development and sits on Regulatory and Industry panels and working groups. She is also on the board of Financial Institutions Directors' Education (FIDE) and Asian Banking School Sdn Bhd.

Pushpa is a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom, and Member of Malaysian Institute of Accountants.

Anthony Chin Min Khong

Acting Head, Retail Banking
AmBank (M) Berhad

Anthony Chin is the Acting Head of Retail Banking and has been leading all aspects of the Consumer and Small Business Banking (SBB) since December 2014. Anthony is a career AmBanker with over 19 years of banking experience, spanning across sales, marketing, credit, operations, collections and recovery, project management, change management, human capital development, strategy, technology and innovation.

Anthony has been pivotal in leading the Retail Bank to innovate solutions and transforming operating models for significant productivity and service improvements.

He led the launch of the TRUE suite of products, which continue to appeal to the Young Professionals segment, including TRUE Lab, the first digitally-enabled crowdsourcing community platform in Malaysia.

Anthony also successfully led key transformational programmes, including AmHorizon – a strategic Group initiative to simultaneously replace its core banking system, next generation teller front-end system and a new enterprise data warehouse. This programme was case studied by an international journal IBS, UK. His leadership in these initiatives has led AmBank to receive regional awards for the core banking implementation, Retail Bank website and social media marketing campaign.

He has spoken at local and international conferences on innovation, digital and technology.

Anthony is Lean Six Sigma trained and a 7-habits practitioner with keen interest in human capital and talent development and execution. He holds a Bachelor of Business (Credit) in Finance & Marketing from University of Technology, Sydney, and a Master in Business Administration from Heriot-Watt University, Edinburgh. He is a Certified Credit Professional (CCP) - Corporate, the first in AmBank's Retail Bank to have been certified.

Eqhwan Mokhzanee Muhammad

Chief Executive Officer
AmBank Islamic Berhad

Eqhwan Mokhzanee Muhammad joined AmBank Islamic Berhad as the Chief Executive Officer on 1 April 2015.

Prior to joining AmBank Islamic Berhad, Eqhwan has worked with commercial and investment banks where he obtained exposures in *inter alia* business development, debt capital markets, corporate finance, treasury, corporate banking, financial advisory, real estate investment and international business. He has developed innovative Islamic financial structures that received accolades from International Financing Review (IFR), Islamic Finance News (IFN), The Asset and International Data Corporation (IDC).

Eqhwan commenced his career with PricewaterhouseCoopers in London and joined the corporate advisory practice of PricewaterhouseCoopers in Kuala Lumpur upon his return to Malaysia. Other than in banking, his experience includes corporate management, mergers and acquisitions (M&A), strategy development and operational start-ups both within and outside Malaysia.

Eqhwan has been invited as a speaker at conferences in Malaysia and overseas on Islamic banking. He has also authored Islamic finance research papers.

Eqhwan has Bachelor's and Master's degrees in Economics from the University of Cambridge. He is an associate of the Institute of Chartered Accountants in England & Wales (ICAEW) and is a member of the Malaysian Institute of Accounts (MIA). Eqhwan is also a Chartered Banker with the Asian Institute of Chartered Bankers.

Nigel Christopher William Denby

Chief Risk Officer
AmBank Group

Nigel Denby was appointed as the Chief Risk Officer of AmBank Group in January 2013, overseeing the risk management functions of the Group, including Credit Risk, Market Risk and Operational Risk, as well as Risk Governance, Provisioning, Infrastructure and Legal. He is a secondee from the Australia and New Zealand Banking Group (ANZ), our strategic partner in banking.

Nigel has over 30 years of experience in banking across Europe, Asia, the Middle East, North and South America. He spent most of his career at HSBC where he held a series of senior positions in Corporate, Investment Banking and Markets Division as well as in Risk Management. He joined ANZ in 2008 as Chief Risk Officer for Asia Pacific, Europe and America (APEA) division and subsequently became Chief Risk Officer, International and Institutional Division in 2012, where he was responsible for all of ANZ's International businesses as well as the Institutional business globally.

Nigel graduated with a Bachelor of Arts in Economics with Honours from Exeter University in UK.

Faradina binti Mohammad Ghouse

Group Chief Compliance Officer
AmBank Group

Faradina Ghouse is the Group Chief Compliance Officer of AmBank Group. She joined in March 2016 from Citigroup Transactions Services (M) Sdn. Bhd. Faradina brings 22 years of banking experience with Citigroup holding various domestic, regional and global positions.

Prior to joining AmBank, Faradina was the Global Head of Transactions Monitoring, Standards and Training for Citigroup AML Operations. In this role, she set the operational procedures and standards for AML transactions review across all AML Operations hubs for Citigroup. She was also responsible for the design and execution of AML operations transactions monitoring training programmes globally. Before assuming the global role, Faradina was the Head of Hub Operations for Citigroup's Asia Pacific AML Operations based in Kuala Lumpur. This role involves managing the AML transactions review performed at the hub servicing 16 countries in Asia Pacific. Prior to joining the AML Operations hub, Faradina served as Audit Manager with Citigroup's Asia Pacific Audit and Risk Review division based in Singapore performing independent business and operational risk reviews for the Global Transaction Services Business.

Faradina joined Citibank Berhad in 1994 as a Management Associate with the Securities and Funds Services Department, moving on to become the Head of Operations of the Securities and Funds Services and Trade Operations in Citibank Berhad. She started her career in the stockbroking industry as a dealer representative.

Faradina holds a Bachelor of Management (Hons) from University Science Malaysia.

Mandy Jean Simpson

Chief Financial Officer
AmBank Group

Mandy Jean Simpson is the Chief Financial Officer of AmBank Group. Mandy is responsible for all aspects of finance as well as Investor Relations and Treasury. She takes a lead role in setting the Group's financial strategy and overall business strategy. Mandy is a secondee from the Australia and New Zealand Banking Group (ANZ).

With over 20 years of experience in the financial sector spanning UK, Australia, New Zealand and Asia, Mandy joined AmBank Group in July 2011 as the Chief General Manager of Distribution and Transformation for Retail Banking.

Prior to joining AmBank Group, Mandy has worked in the financial sector in a number of senior finance and lead business roles. Her recent roles in ANZ include General Manager, Deposits in ANZ Australia, Head of Strategy and Finance for Banking Products, Managing Director of ANZ Samoa and Chief Financial Officer of Commercial & SME. Prior to joining ANZ, Mandy has worked in New Zealand and the UK in both financial and non-financial/ accounting firms.

Mandy holds a Bachelor of Commerce (Accounting and Business Management) from the University of Canterbury, and is a qualified Chartered Accountant. She has held a number of directorships in the private sector, government and NGOs.

Mandy was named Asia's Best CFO (Investor Relations) at the 5th Asian Excellence Recognition Awards 2015 and also CFO of the Year, Financial Institutions, Malaysia at The Asset CFO/Treasurer of the Year Awards 2014.

Thein Kim Mon

Chief Internal Auditor
AmBank Group

Thein Kim Mon was appointed as the Chief Internal Auditor (CIA) of AmBank Group since 1 July 2010. He is responsible in providing independent audit and value-added assurance and consulting services to assist the Group in realizing its strategic objectives.

Kim Mon has over 40 years of experience in audit and risk management. Prior to joining AmBank Group, Kim Mon spent 21 years in the Australia and New Zealand Banking Group (ANZ) where he held several key roles such as Chief Auditor of ANZ in New Zealand and the Regional Head of Audit, UK/Europe & Americas in London. Kim Mon began his career with Coopers & Lybrand (now PricewaterhouseCoopers) where he spent five years in London and five years in Kuala Lumpur.

Kim Mon is a Chartered Banker, Fellow of the Institute of Chartered Accountants, England and Wales (ICAEW), Fellow of the Institute of Chartered Accountants of Australia and Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). He was the Chairman of the Chief Internal Auditors Networking Group (CIANG), a networking group comprising the Financial Institutions' Chief Internal Auditors administered by Asian Institute of Chartered Bankers (AICB) from 2013 – 2014.

Uji Sherina binti Abdullah

Chief Human Resource Officer
AmBank Group

Uji Sherina binti Abdullah was appointed as the Chief Human Resource Officer of AmBank Group on 1 June 2015. Uji Sherina has over 30 years of working experience, which includes 20 years in the Human Resource field. She is a seasoned business professional with an excellent track record in developing and leading human capital initiatives to complement corporate strategies for local and multinational organisations.

Uji Sherina has vast experience in organisational development and talent management, leadership and succession planning, culture and team development, as well as performance and rewards management.

Prior to joining AmBank Group, Uji Sherina was the Country Human Resource Director of HSBC Berhad. She has also served as the Country Human Resource Director of Citibank Berhad from 2004 to 2009. Apart from the financial industry, Uji Sherina has also spent numerous years in the telecommunication field where she has held several positions in Programming, Systems Engineering, Sales & Marketing and Training & Development before she found her vocation in Human Resource Management.

Uji Sherina holds an Associate in Occupational Studies Degree in Business Management from the City Center Business Institute in Syracuse, New York.

Charles Tan Keng Lock

Chief Information Officer
AmBank Group

Charles Tan Keng Lock is the Chief Information Officer of AmBank Group. He is responsible for establishing effective partnerships with the business units within the Group through active collaboration and alignment of IT services to achieve the Group's strategic objectives. He also oversees the Group's IT Operations support, IT risk and security enforcement, IT governance and administration.

Charles has over 25 years of experience working primarily with financial institutions across the different countries in ASEAN. He has also served as a consultant for several financial institutions in Europe and USA. Prior to joining AmBank Group, Charles spent several years with a global consultancy firm working on large-scale technology and business optimisation projects.

Charles holds a Bachelor of Science in Mathematics and Computer Science and a Master of Management Science from the University of Manchester, United Kingdom.

Charles has been honoured with the Chief Information Officer of the Year award at the PIKOM ICT Leadership Awards 2014.

Derek Llewellyn Roberts

Chief Executive Officer
AmGeneral Insurance Berhad

Derek Llewellyn Roberts, aged 44, was appointed as the Chief Executive Officer of AmGeneral Insurance Berhad on 17 September 2014. He is responsible for the overall business growth, strategic direction and performance of the general insurance business of AmBank Group.

Derek has over 15 years of professional experience in the insurance industry and financial institution-related organisations in South Africa, USA, UK, Australia and Malaysia, covering a wide range of operational, financial and strategic roles. Upon joining Insurance Australia Group (IAG), Derek was based in Australia and has held several senior roles such as Chief Operating Officer for Direct Insurance, Chief Financial Officer for a joint venture within IAG and Head of Short Tail Claims for Direct Insurance. In this role, he led a large transformational change programme within the Claims Operation.

Derek is currently a Director of Insurance Services Malaysia Berhad (ISM), a Member of the Management Committee and Chairman of the Motor Sub Committee for General Insurance Association of Malaysia (PIAM).

Derek holds a Bachelor of Business Science from the University of Cape Town, South Africa, and is a qualified Chartered Accountant. He is also a member of the South African Institute of Chartered Accountants (SAICA).

Ramzi Albert Toubassy

Chief Executive Officer
AmMetLife Insurance Berhad

Ramzi Albert Toubassy was appointed as Chief Executive Officer for AmMetLife Insurance Berhad on 19 September 2014. He is responsible for executing a transformation strategy to achieve profitable growth, accelerate shareholder return as well as ensuring the operational effectiveness of the AmMetLife business in Malaysia.

Ramzi joined MetLife Inc in 2014, and previously served as its Head of Face-to-Face Distribution for the Europe, Middle East and Africa (EMEA) region. Prior to joining MetLife, he was with AIA, where over a period of eight years, he held several key management roles including Deputy Chief Agency Officer for Southeast Asia based in Hong Kong and Chief Distribution Officer in Malaysia, Korea and Vietnam. Having started his career at AIG in 1996, Ramzi has accumulated over 20 years of experience in the insurance industry.

Ramzi holds a Bachelor of Arts in Political Science from Georgia State University, USA as well as a Master of Arts in International Relations.

Mohamad Salihuddin Ahmad

Chief Executive Officer
AmMetLife Takaful Berhad

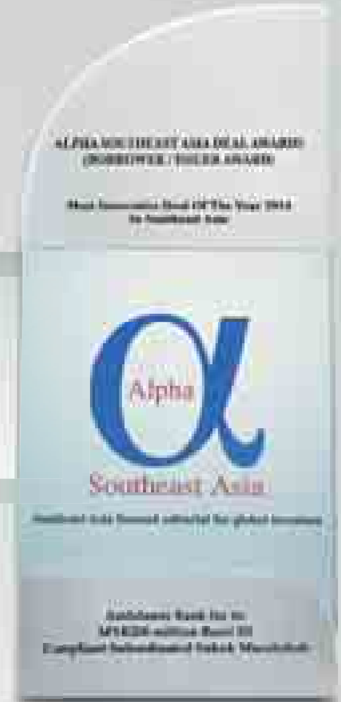
Mohamad Salihuddin Ahmad was appointed as Chief Executive Officer for AmMetLife Takaful Berhad on 14 May 2015. He is responsible for executing a transformation strategy to achieve profitable growth for the Takaful business, accelerating shareholder return as well as ensuring the operational effectiveness of the AmMetLife Takaful business in Malaysia.

Prior to joining AmMetLife Takaful, Mohamad Salihuddin held an advisory role since 2013 at Finance Accreditation Agency, an independent quality assurance and accreditation body supported by Bank Negara Malaysia and Securities Commission Malaysia. He was also previously the Executive Director and CEO of Great Eastern Takaful from 2009 to 2013. Prior to that, he was the CEO of Prudential BSN Takaful Berhad and Malaysia National Insurance Berhad in 2006 and 2005 respectively. Having started his career in the insurance industry in 1988, Mohamad Salihuddin has held several key management roles in his 27 years of experience in the industry.

He has a Bachelor of Science from Indiana State University as well as a Master in Business Administration from Stephen F. Austin University, Texas.

Recognising the Trust You Put in Us

Our achievements continually reflect our strength and capability as an enabler of some of Malaysia's most prominent deals. With your continued trust and support in us, we will hold firm in our commitment to be your valued partner.



ALPHA SEA AWARD

1. The Most Innovative Deal of the Year in Southeast Asia
2. The Best Islamic Reit Deal of the Year in Southeast Asia Award
3. Best Fx Bank for Corporates & Fis *(Won for the Third Consecutive Year)*

RAM AWARD OF DISTINCTION 2014

1. Lead Manager Award Islamic 2014 by Programme Value (2nd)
2. Lead Manager Award Islamic 2014 by Number of Issues (Joint 3rd)

BLUEPRINT AWARD

3. New Real-Estate Benchmark Deal
   – Midciti Sukuk Berhad's Sukuk Murabahah Programme of up to RM3 billion in nominal value

MARKET PIONEER AWARDS

4. First Basel III-compliant Sukuk
   – AmIslamic Bank Berhad's RM3 billion Subordinated Sukuk Murabahah Programme
5. World's First RMB-bond by a Mortgage Corporation
   – Cagamas Global Sukuk Berhad's USD2.5 billion Multi-Currency Sukuk Programme

THE ASSET TRIPLE A ISLAMIC FINANCE AWARDS 2015

1. Best Corporate Sukuk
   – For Cagamas 70 million ringgit one-year and 930 million ringgit three-year sukuk
2. Best Bank Capital Sukuk
   – For AmIslamic Bank 200 million ringgit tier 2 Basel III-compliant subordinated sukuk
3. Best Reit Sukuk
   – For KLCC Real Estate Investment Trust 1.55 billion ringgit sukuk murabahah

AmInvestment Bank Berhad (23742-V)

ambankgroup.com

AmInvestment Bank

Corporate Governance

The Board of Directors of the Company ("Board") is fully committed to ensuring that the Company continues to maintain the highest standards in corporate governance, with a view to continuously enhance the value of stakeholders.

The Board provides guidance and oversight of the Company and its subsidiaries ("the Group")'s strategic agenda and its operations, and acknowledges its overriding responsibility to act diligently and responsibly, in accordance with applicable legislations and regulations in serving the interests of shareholders, as well as its customers, employees and the community at large.

The Company subscribes to and conforms to the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), save for the recommendation that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

Notwithstanding the fact that the Board consists of a majority of Non-Independent Non-Executive Directors, the Independent Directors are able to exercise strong independent judgment and provide balance to the Board with their unbiased and independent views, advice and judgment to all Board deliberations.

Board Of Directors

Roles And Responsibilities Of The Board

- Reviewing and approving the strategic business plans of the Group as a whole and that of the individual operating units. This encompasses the annual budget, medium-term aspirations, new investments/ divestments as well as mergers and acquisitions.
- Overseeing the conduct of the business to ascertain its proper management, including setting clear objectives and policies within which senior executives are to operate.
- Identifying and approving policies pertaining to the management of all risk categories including but not limited to credit, financial, market, liquidity, operational, legal and reputational risks.
- Reviewing the adequacy and the integrity of internal controls and management information systems, including systems for compliance with applicable laws, rules, regulations, directives and guidelines.
- Serving as the ultimate approving authority for all significant financial expenditure.

Chairman And Group Chief Executive Officer

The roles of the Chairman and Group Chief Executive Officer remain separate and are clearly distinct. The Chairman of the Board is non-independent and non-executive.

The Chairman plays an important leadership role within the Group and is involved in:

- Chairing the meetings of shareholders and the Board;
- Monitoring the performance of the Board and the mix of skills and effectiveness of individual Board members' contribution; and
- Maintaining on-going dialogue with the Group Chief Executive Officer and the Chief Executive Officers of the various major subsidiaries and providing appropriate mentoring and guidance.

The Board delegates the authority and responsibility for managing the everyday affairs of the Group to the Group Chief Executive Officer and through him and subject to his oversight, to other Senior Management. The Board monitors the performance of the Group Chief Executive Officer on behalf of the shareholders.

Board Charter

The Board had in 2013 formalised a Board Charter setting out the roles, responsibilities and functions of the Board and Board Committees in accordance with the principles of good corporate governance. The Board Charter is currently being revised as part of the Governance Improvement Programme ("GIP"), which the Group had undertaken in the financial year ended 31 March 2016 (FY2016).

The Board Charter is available on the Company's corporate website at www.ambankgroup.com

Board Composition

The Board is chaired by a Non-Independent Non-Executive Director and currently comprises eleven (11) Directors, five (5) of whom are Independent Non-Executive Directors. The Board continues to achieve a balance of skills, knowledge, experience and perspective among its Directors.

Directors collectively provide the necessary mix of knowledge, skills and experience in key areas. These include banking, fund management, accountancy, law, finance, risk management, governance, economics, international relations, human resource and information technology amongst others.

The profile on each member of the Board is as set out on pages 26 to 36 of this Annual Report.

Changes In Board Composition

New Appointments

- Wasim Akhtar Saifi as Independent Non-Executive Director, appointed on 23 February 2016.
- Datuk Shireen Ann Zaharah binti Muhiudeen and Seow Yoo Lin as Independent Non-Executive Directors, appointed on 30 June 2016.
- Graham Kennedy Hodges as Non-Independent Non-Executive Director, appointed on 30 June 2016. He was nominated by Australia and New Zealand Banking Group Limited to sit on the Board in place of Shayne Cary Elliott who resigned on 15 October 2015.

Retirement

- Dato' Azlan Hashim, a Non-Independent Non-Executive Deputy Chairman, Tan Sri Datuk Clifford Francis Herbert, a Senior Independent Non-Executive Director, and Tan Sri Datuk Dr Aris bin Osman @ Othman, an Independent Non-Executive Director, retired at the conclusion of the 24th Annual General Meeting of the Company on 20 August 2015.

Resignations

- Shayne Cary Elliott resigned on 15 October 2015. He has been appointed to succeed Mike Smith as Chief Executive Officer of Australia and New Zealand Banking Group Limited with effect from 1 January 2016. As a result, Mr Elliott relinquished his directorship in the Company.
- Chin Yuen Yin resigned on 30 October 2015.
- Mark David Whelan resigned on 1 March 2016. Mr Whelan was appointed as Group Executive Institutional, Australia and New Zealand Banking Group Limited. Hence, he relinquished his directorship in the Company after having served on the Board since 2 January 2009.
- Alistair Marshall Bulloch ceased to be the Alternate Director to Shayne Cary Elliott, Mark David Whelan and Suzette Margaret Corr on 4 September 2015.

Board Diversity

The Board acknowledges the importance of Board diversity, including gender, ethnicity, age and business experience, to the effective functioning of the Board.

While it is important to promote such diversity, the normal selection criteria of a Director based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board should remain a priority so as not to compromise on the effectiveness in carrying out the Board's functions and duties. Hence, the Board is committed to ensuring that its composition not only reflects the diversity as recommended by MCCG 2012, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Group's goals.

On 30 June 2016, Datuk Shireen Ann Zaharah binti Muhiudeen was appointed as an Independent Non-Executive Director of the Company. Following her appointment, the Board currently comprises three (3) women directors, reflecting a 27% female representation among the Directors on the Board.

Board Independence

The Independent Non-Executive Directors are from varied business backgrounds. Their experience enables them to exercise independent judgment and objective participation in the proceedings and decision-making processes of the Board.

Decision-making on key issues regarding the Company and its subsidiaries are deliberated by the Directors. Board decisions are made taking into account the views of the Independent Non-Executive Directors, which carry substantial weight.

They fulfil their roles in ensuring that strategies proposed by the Management are discussed and examined as well as ensuring that the interest of shareholders and stakeholders of the Company are safeguarded.

Each of the five (5) Independent Non-Executive Directors has provided a declaration of his/her independence. Based on the outcome of the Board Effectiveness Evaluation for Assessment Year 2016, apart from Seow Yoo Lin and Datuk Shireen Ann Zaharah binti Muhiudeen who were appointed in June 2016, the Independent Non-Executive Directors have scored highly and are well regarded by their peers.

The Board is satisfied with the level of independence demonstrated through their engagement in meetings, providing objective challenges to Management, and bringing independent judgment to decisions taken by the Board.

Re-Election And Re-Appointment At The Next Annual General Meeting

The Company's Articles of Association permits the Board to appoint a person to be a Director of the Company at any time, but the person must seek re-election by shareholders at the next Annual General Meeting ("AGM"). The Articles of Association further provides the rotation of Directors whereby one third or more of the Directors are to retire at every AGM of the Company and that all Directors must retire at least once in three (3) years and shall be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are of or over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

Directors who are due for re-election and re-appointment at the forthcoming AGM are as set out in the Notice of the AGM.

Tenure

Recommendation 3.2 of the MCCG 2012 states the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The existing policy of the Company states that an Independent Non-Executive Director shall serve up to a maximum of nine (9) years ["9-year rule"] and any exception to the same will be subject to the recommendation of the Group Nomination and Remuneration Committee and the approval of the Board.

In the course of revising the Board Charter, the exception to the 9-year rule will be removed.

Process On Selection Of Directors

Review of Board-wide skills, knowledge, experience and perspective

↓

Identification of gaps and additional needs

↓

Sourcing of suitable candidates by executive search companies and referral by Board members

↓

Interview and evaluation by Group Nomination and Remuneration Committee

↓

Appointment by the Board and re-election at Annual General Meeting

Performance Evaluation

Performance evaluations are conducted annually and cover the Board, each Director and the Board Committees. The framework used to assess the Directors is based on the expectation that they are performing their duties in a manner which should create and continue to build sustainable value for shareholders and in accordance with duties and obligations imposed upon them under the law and guidelines issued by the regulatory authorities.

The Group conducts an annual Board Effectiveness Evaluation ("BEE") exercise with the objective of assessing the performance of the Board as a whole, Board Committees, and individual Directors. The results of the BEE form part of the basis for evaluation by the Group Nomination and Remuneration Committee for the appointment and re-appointment of Directors.

The Board decided to continue with its practice of adopting global best practice use of an external facilitator for the Board Effectiveness Review for Assessment Year 2016 to ensure the integrity, independence and objectivity of the evaluation process.

A robust and comprehensive assessment framework was used for the BEE exercise, encompassing the following areas:

Part A: Board Effectiveness
Board Responsibilities
Board Composition
Board Administration and Process
Board Conduct
Board Interaction and Communication
Chairman's Evaluation

Part B: Individual Committee Effectiveness
Structure and Processes
Accountability and Responsibilities
Committee Chairman's Evaluation

Part C: Directors' Self and Peer Evaluation
Board Dynamics and Participation
Integrity and Objectivity
Technical Competencies
Standing in Business Community
Independence

The BEE exercise was a rigorous process involving a questionnaire-based self-assessment exercise where Directors assessed the performance of the Board, Board Committees and individual Directors. The assessment of individual Directors considered the contribution and performance of Directors in regards to their experience, competencies, integrity and commitment, integrity in meeting the requirements of the Group. This was followed by in-depth interviews with individual Directors and selected Senior Management to gain further insights and suggestions to enhance Board effectiveness.

The results of the BEE exercise were presented to the Group Nomination and Remuneration Committee in May 2016 and the Board in June 2016 to enable the Board to identify and put in place actions to address areas for improvement.

Directors' Training And Development Needs

The Board recognised the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

The Group's Learning and Development ("L&D") function undertakes the role of facilitator to organise and manage Directors' learning and development requirements, which cover the following:

- **Regulatory**
  - The new Directors participate in an induction programme which provides a platform for them to meet with AmBank Group Senior Management and other key staff members, and to become accustomed to the Group's governance framework, financial management and business operations.
  - Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the newly appointed Director is required to attend the Mandatory Accreditation Programme ("MAP") within four (4) months of his/her appointment.
  - The Group has adopted the Financial Institutions Directors' Education ("FIDE") Core Programme as a requirement for all new Directors. The FIDE Core Programme is a governance programme which focuses on roles, responsibilities and key issues faced by the boards of financial institutions to ensure effective corporate governance, constructive strategy review, robust risk management, strong internal controls, and accurate financial reporting and proactive stakeholder engagement.

- **Electives**
  Upon completion of the FIDE Core Programme, the Directors are also recommended to attend the FIDE Elective Programme to further enhance their knowledge and understanding in the following categories:
  - Board Committee Programmes
  - Technical Programmes
  - Advanced Programmes
  - Soft Skills Programmes
- **Enrichment**
  To keep abreast with the current development in the marketplace, Directors also attended public programmes and/or seminars in the areas related to their function/role and for continuous development.

In addition, Group L&D also organised in-house sessions to provide updates on current topics such as:

- Compliance & Anti Money Laundering/Anti-Terrorism Financing (AML/ATF)
- Corporate Governance
- Risk Management
- Updates on New Regulatory Requirements

All newly appointed Directors will be registered for the mandatory training such as the New Directors Induction, MAP and FIDE Core Programme and their timeline to complete the requisite training will be monitored and followed up closely. Existing Directors will be kept abreast of upcoming training programmes from time to time for their consideration to participate.

As part of the annual Board Effectiveness Evaluation, the training attended by the Directors was also evaluated.

Seminars, conferences and training courses attended by the Directors in FY2016 included the following areas:

Board Competency
- Mandatory Accreditation Programme
- New Directors Induction Programme

Corporate Governance
- FIDE: Core Programme Module A and Module B
- Invitation to Industry Consultation Session: 2015 Non-Executive Directors' Remuneration Study
- Invitation to the Launch of FIDE Forum's Directors' Remuneration Report 2015
- Directors' Remuneration Report: Special Briefing on the Implementation of the Recommendations

Risk Management/Legal and Regulatory Framework
- Risk and Vulnerability of Global Markets: Reinforcing Resilience in Emerging Markets
- Anti-Money Laundering Compliance Culture
- Foreign Exchange Administration (FEA) Rules: Changes Affecting FEA Rules
- Practices in Islamic Finance Programme
- The New and Revised Auditor Reporting Standards: Implications to Financial Institutions
- Capital Market Director Programme Module 1: Directors as Gatekeepers of Market Participants
- Capital Market Director Programme Module 2A and Module 2B: Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities, Futures Broking and Fund Management)
- Capital Market Director Programme Module 3: Risk Oversight and Compliance – Action Plan for Board of Directors
- Capital Market Director Programme Module 4: Emerging and Current Regulatory Issues in the Capital Markets

Board Strategic Leadership
- Focus Group Discussion with Bank Negara Malaysia ("BNM")'s Senior Management: Banking, Islamic Banking and Investment Banking Businesses
- 4th Distinguished Board Leadership Series: Board Leading Change – Organisational Transformation Strategy as Key to Sustainable Growth in Challenging Times.
- 6th Distinguished Board Leadership Series: Digital Transformation and its Impact on Financial Services – Role of the Board in Maximising Potential.
- Credit Suisse Market Outlook Seminar

Besides the training programmes mentioned above, some of the Directors have also attended other programmes on their own accord.

Remuneration Framework

The Board determines the remuneration of Non-Executive Directors, Executive Directors, and other Senior Management staff of the Group, with the interested Directors abstaining from discussions with respect to their remuneration.

Access To Information And Advice

In the discharge of their duties, all Directors have direct access to the Senior Management, and have complete and unrestricted access to information pertaining to the Group's businesses and affairs. The relevant Senior Management personnel are invited to attend Board meetings to report to the Board on matters relating to their areas of responsibility, and to brief and provide details to the Directors on recommendations or reports submitted to the Board.

The advice and services of the Group Company Secretary are readily available to the Board in matters of governance and in complying with statutory duties, including compliance with the Main Market Listing Requirements of Bursa Securities.

In order to assist Directors in fulfilling their responsibilities, each Director has the right to seek independent professional advice regarding his responsibilities at the expense of the Group. In addition, the Board and each Board Committee, at the expense of the Group, may obtain professional advice that they require to assist them in their decision making process and enable them to discharge their duties effectively.

Group Company Secretary

The Group Company Secretary reports directly to the Board and is the source of guidance and advice to the Directors on areas of corporate governance, relevant legislations, regulations and policies, besides ensuring compliance with the Main Market Listing Requirements of Bursa Securities and other regulatory requirements.

The Group Company Secretary attends Board and Board Committees meetings, and is responsible for the accuracy and adequacy of records of the proceedings of Board and Board Committees meetings and resolutions.

Compliance Framework

- **Code of Ethics**

  As part of the GIP, the Group has recently adopted a revised Code of Ethics based on six (6) principles, i.e. compliant, responsible, ethical, accurate, trustworthy and equitable. The Code of Ethics provides a clear direction on conducting business, interacting with community, government and business partners, and general workplace behaviour. It also includes guidance on disclosure of conflict of interests, maintaining confidentiality and disclosure of information, good practices, internal controls, and the duty to report where there is a breach of Code of Ethics.

  The Code of Ethics has been cascaded to all employees through various methods and medium, such as e-Learning modules and physical workshops conducted by respective Senior Management to their team members. This is to ensure full understanding of the Code of Ethics and for proper embedding into the work culture across all businesses within the Group.

- **Whistleblowing Policy**

  The Whistleblowing Policy provides an avenue for employees, suppliers, business partners and customers to voice their grievances and raise their concerns about any malpractices involving the Group without any fear of repercussions.

  A copy of the Whistleblowing Policy is available on the Company's website at www.ambankgroup.com.

Board Meetings And Time Commitment

The calendar of meetings of the Board and Board Committees is drawn up and distributed to the Board in the quarter preceding the beginning of the new calendar year. This is to enable the members of the Board to meet the time commitment for the meetings.

The Board meets a minimum of eight (8) times per year, wherein Board papers and reports are circulated to Directors five (5) calendar days prior to the meetings to allow Directors sufficient time to review and peruse the Board papers and reports from Management or if deemed necessary, to seek independent professional advice at the Group's expense. Additional Board meetings are convened whenever necessary. The Senior Management team of the subsidiaries are invited to attend Board meetings to provide presentations and detailed explanations on matters that have been tabled.

At Board meetings, the Chairman encourages constructive and healthy debates, and Directors are free to express their views. Any Director who has a direct or deemed interest in a material transaction or material arrangement shall not be at the Board meeting where the material transaction or material arrangement is being deliberated by the Board. Decisions of the Board are made unanimously or by consensus with dissenting views raised by any Director being recorded.

The Directors' commitment to carry out their duties and responsibilities is affirmed by their attendance at the Board meeting held during the FY2016 as set out below. Sixteen (16) Board meetings were held during FY2016.

NAME OF DIRECTOR	NUMBER OF BOARD MEETINGS		
	Held During Tenure in Office	Attended	%
Tan Sri Azman Hashim (Non-Independent Non-Executive Chairman)	16	16	100
Graham Kennedy Hodges (Appointed on 30 June 2016) (Non-Independent Non-Executive Director)	-	-	-
Suzette Margaret Corr (Non-Independent Non-Executive Director)	16	15	94
Soo Kim Wai (Non-Independent Non-Executive Director)	16	16	100
Tun Mohammed Hanif bin Omar (Non-Independent Non-Executive Director)	16	13	81
Dato' Seri Ahmad Johan bin Mohammad Raslan (Executive Director/Senior Adviser)	16	16	100
Dato' Rohana binti Mahmood (Senior Independent Non-Executive Director)	16	16	100
Voon Seng Chuan (Appointed on 18 June 2015) (Independent Non-Executive Director)	14	14	100
Wasim Akhtar Saifi (Appointed on 23 February 2016) (Independent Non-Executive Director)	3	3	100
Datuk Shireen Ann Zaharah binti Muhiudeen (Appointed on 30 June 2016) (Independent Non-Executive Director)	-	-	-
Seow Yoo Lin (Appointed on 30 June 2016) (Independent Non-Executive Director)	-	-	-
Dato' Azlan Hashim (Retired on 20 August 2015) (Non-Independent Non-Executive Deputy Chairman)	5	1*	20
Tan Sri Datuk Clifford Francis Herbert (Retired on 20 August 2015) (Senior Independent Non-Executive Director)	5	4	80
Tan Sri Datuk Dr Aris Osman @ Othman (Retired on 20 August 2015) (Independent Non-Executive Director)	5	4	80
Chin Yuen Yin (Resigned on 30 October 2015) (Independent Non-Executive Director)	10	8	80
Shayne Cary Elliott (Resigned on 15 October 2015) (Non-Independent Non-Executive Director)	9	5	56
Mark David Whelan (Resigned on 1 March 2016) (Non-Independent Non-Executive Director)	14	12	86

* Due to health reasons.

Board Committees

The Board delegates certain responsibilities to the Board Committees. The Committees that assist the Board are as follows:

1. Group Nomination and Remuneration Committee
2. Group Information Technology Committee
3. Group Risk Management Committee
4. Audit and Examination Committee
5. Governance Committee

The criteria for the membership are based on a Director's skills and experience, as well as his/her ability to add value to the Board Committee.

The Group Chief Executive Officer, the Chief Executive Officers and other Senior Management staff are invited to attend the relevant Board Committee meetings.

Group Nomination And Remuneration Committee

The Committee comprises seven (7) members, all of whom are Non-Executive Directors, and is chaired by an Independent Non-Executive Director. The Committee is responsible for:

- Regularly reviewing the overall composition of the Board, in terms of the appropriate size, skills, experience, qualification and diversity in terms of gender, ethnicity and age, as well as the balance between Executive Directors, Non-Executive Directors and Independent Directors.
- Recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.
- Assessing the performance and effectiveness of individuals and collective members of the Board and Board Committees of the Company and its banking subsidiaries.
- Recommending to the Board a formal and transparent procedure for developing the remuneration policy for Directors, Key Management Personnel, Chief Internal Auditor and staff for the approval of the full Board. The Committee shall ensure that compensation is competitive and consistent with the Group's culture, objectives and strategy, and reflects the responsibility and commitment, which goes with Board membership and Key Management Personnel.
- Oversee the implementation of Executives' Share Scheme (the "Scheme") in accordance with the By-Laws of the Scheme as approved by the shareholders of the Company and to perform such other functions as may be requested by the Board.

The Committee met thirteen (13) times during FY2016:

NAME OF COMMITTEE MEMBERS	NUMBER OF COMMITTEE MEETINGS		
	Held During Tenure in Office	Attended	%
Dato' Rohana binti Mahmood (Chairman) (Senior Independent Non-Executive Director)	13	13	100
Suzette Margaret Corr (Non-Independent Non-Executive Director)	13	13	100
Soo Kim Wai (Non-Independent Non-Executive Director)	13	13	100
Tun Mohammed Hanif bin Omar (Non-Independent Non-Executive Director)	13	10	77
Voon Seng Chuan (Appointed as Member on 14 July 2015) (Independent Non-Executive Director)	8	8	100
Wasim Akhtar Saifi (Appointed as Member on 23 February 2016) (Independent Non-Executive Director)	1	1	100
Datuk Shireen Ann Zaharah binti Muhiudeen (Appointed as Member on 30 June 2016) (Independent Non-Executive Director)	-	-	-
Tan Sri Datuk Clifford Francis Herbert (Retired as Director on 20 August 2015) (Senior Independent Non-Executive Director)	6	6	100
Tan Sri Datuk Dr Aris Osman @ Othman (Retired as Director on 20 August 2015) (Independent Non-Executive Director)	6	4	67
Chin Yuen Yin (Resigned as Director on 30 October 2015) (Independent Non-Executive Director)	4	3	75

Group Information Technology Committee

Group Information Technology Committee ("GITC") comprises three (3) members, two (2) of whom are Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. The Committee is responsible to provide governance for Information Technology ("IT") and to ensure that the overall strategic IT direction is aligned with the Group's business objectives and strategy. GITC's key responsibilities include the following:

- To provide strategic direction for IT development within the Group and ensuring that IT, digitisation and technology-related innovation strategic plans are aligned and integrated with the Group's business objectives and strategy.
- To ensure the establishment of Groupwide IT policies, procedures and frameworks including IT security and IT risk management to ensure the effectiveness of internal control systems and the reliability of the management information systems.
- To provide oversight of the Group's long-term IT strategic plans and budgets and implementation.
- To establish key performance indicators and service level agreements in measuring and monitoring the overall performance, efficiency and effectiveness of IT services delivered or received by the Group.
- To oversee the adequacy and utilisation of the Group's IT resources including computer hardware, software, personnel who are involved in the development, modification and maintenance of computer programmes and related standard procedures.
- To review IT planning and strategy, including the financial, tactical and strategic benefits of proposed significant information technology-related projects and initiatives.
- To advise the Board on matters within the scope of GITC, as well as any major IT-related issues that merit the attention of the Board.
- To review and approve allowed deviations under BNM guidelines.

There were seven (7) meetings held during FY2016:

NAME OF COMMITTEE MEMBERS	NUMBER OF COMMITTEE MEETINGS		
	Held During Tenure in Office	Attended	%
Voon Seng Chuan (Chairman) (Appointed as Member on 18 June 2015) (Independent Non-Executive Director)	6	6	100
Dato' Seri Ahmad Johan bin Mohammad Raslan (Executive Director/Senior Adviser)	7	7	100
Seow Yoo Lin (Appointed as Member on 30 June 2016) (Independent Non-Executive Director)	-	-	-
Dato' Azlan Hashim (Retired as Director on 20 August 2015) (Non-Independent Non-Executive Director)	2	1*	50
Dato' Rohana binti Mahmood (Resigned as Member on 3 September 2015) (Senior Independent Non-Executive Director)	3	3	100
Chin Yuen Yin (Resigned as Director on 30 October 2015) (Independent Non-Executive Director)	2	2	100

* Due to health reasons.

Group Risk Management Committee

The Group Risk Management Committee oversees the adequacy of risk management within the Group.

The membership of the Committee comprises three (3) members, all of whom are Non-Executive Directors and is chaired by an Independent Non-Executive Director. The responsibilities of the Committee include the review and evaluation of:

- Senior Management's activities in managing risk;
- High-level risk exposures and risk portfolio composition;
- The Company/Group's risk management strategies, policies, frameworks, methodologies and risk tolerance standards; and
- The overall effectiveness of the control and risk management infrastructure (together with Group Internal Audit Department), and reporting to the Board.

There were eight (8) meetings held during the FY2016:

NAME OF COMMITTEE MEMBERS	NUMBER OF COMMITTEE MEETINGS		
	Held During Tenure in Office	Attended	%
Wasim Akhtar Saifi (Chairman) (Appointed as Member and Chairman on 8 June 2016) (Independent Non-Executive Director)	-	-	-
Voon Seng Chuan (Appointed as Member on 20 August 2015) (Independent Non-Executive Director)	5	5	100
Datuk Shireen Ann Zaharah binti Muhiudeen (Appointed as Member on 30 June 2016) (Independent Non-Executive Director)	-	-	-
Dato' Rohana binti Mahmood (Resigned as Chairman/Member on 8 June 2016) (Senior Independent Non-Executive Director)	5	5	100
Tan Sri Datuk Clifford Francis Herbert (Retired as Director on 20 August 2015) (Senior Independent Non-Executive Director)	3	3	100
Tan Sri Datuk Dr Aris Osman @ Othman (Retired as Director on 20 August 2015) (Independent Non-Executive Director)	3	3	100
Mark David Whelan (Resigned as Director on 1 March 2016) (Non-Independent Non-Executive Director)	7	5	71
Chin Yuen Yin (Resigned as Director on 30 October 2015) (Independent Non-Executive Director)	2	1	50

Audit And Examination Committee

The Audit and Examination Committee ("AEC") comprises three (3) members, two (2) of whom are Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. The AEC is responsible for the oversight and monitoring of:

- The Group's financial reporting, accounting policies and internal controls;
- The Group's Internal Audit functions. This includes the appointment, performance evaluation, transfer and dismissal of the Chief Internal Auditor;
- Compliance with regulatory requirements; and
- The appointment, scope of work and evaluation of the external auditor.

It is the Board's policy that at least one (1) member of the AEC shall have an accounting qualification or experience in the field of finance. This is met with the membership of Soo Kim Wai and Seow Yoo Lin with the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. The AEC meets regularly with the external auditor and Group Internal Audit.

Details of the AEC members and their attendance record and the activities undertaken by the AEC during FY2016 are set out in the AEC Report on page 62 of this Annual Report.

Governance Committee

The Governance Committee ("GC") comprises four (4) members, majority of whom are Non-Executive Directors. The GC is chaired by an Independent Non-Executive Director.

The GC is established as a committee of the Board to assist the Group in discharging its responsibilities in respect of the following:

- To provide oversight over the Group's Composite Risk Rating remediation initiatives.
- To drive the implementation of governance initiatives, including specific tasks as mandated by the Board.

For purposes of this Committee, the Group comprises the following entities:

- AMMB Holdings Berhad
- AmBank (M) Berhad
- AmInvestment Bank Berhad
- AmBank Islamic Berhad

The GC met seventeen (17) times during the FY2016:

NAME OF COMMITTEE MEMBERS	NUMBER OF COMMITTEE MEETINGS		
	Held During Tenure in Office	Attended	%
Dato' Rohana binti Mahmood (Chairman) (Senior Independent Non-Executive Director)	17	17	100
Soo Kim Wai (Appointed as Member on 29 April 2015) (Non-Independent Non-Executive Director)	15	15	100
Dato' Seri Ahmad Johan bin Mohammad Raslan (Executive Director/Senior Adviser)	17	17	100
Wasim Akhtar Saifi (Appointed as Member on 23 February 2016) (Independent Non-Executive Director)	1	1	100

Accountability And Audit

Financial Reporting

Statement Of Directors' Responsibility In Respect Of The Audited Financial Statements

The Board is required by the Companies Act, 1965, to prepare financial statements for each financial year that give a true and fair view of the Group and its state of affairs, results and cash flows, at the end of the financial year. Following discussions with the statutory external auditors, the Directors consider that appropriate accounting policies are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Board of Directors is responsible for ensuring that the Group keeps accounting records that are disclosed with reasonable accuracy, and for ensuring that the financial statements comply with the Companies Act, 1965.

The Board and Board Committees have the general responsibility for taking such steps to safeguard the assets of the Group.

Related Party Transactions

The Board is responsible at all times for determining potential or actual conflict of interest in relation to any matter which comes before the Board.

The Board, through the AEC, reviews all recurring related party transactions on a quarterly basis, in addition to other new related party transactions entered into during the financial year.

Details of these transactions are set out under Note 42 to the Financial Statements on pages 227 to 228 of this Annual Report.

Internal Control

It is important to emphasise that the ultimate responsibility for ensuring sound internal control system that provides reasonable assurance on the effectiveness and efficiency of the system lies with the Board. The Group's system of internal control is designed to manage the risk of failure to achieve the Company's corporate objectives, as well as safeguard the shareholders' investments and the Group's assets.

Details of the Group's internal control system is set out in the Statement on Risk Management and Internal Control on pages 70 to 71 of this Annual Report.

Independence Of External Auditors

Messrs. Ernst & Young ("EY") is the Company's statutory external auditor and the auditor of the Group's consolidated accounts for the preparation of this Annual Report. The external auditor performs independent audits in accordance with the approved standards on auditing in Malaysia, and reports directly to the AEC. The AEC additionally:

- Approves all audit and non-audit services.
- Regularly reviews the independence of the external auditor.
- Evaluates the effectiveness of the external auditor.
- Meets with the statutory external auditor at least twice a year, without the presence of Management.

The AEC engages in regular discussion with the senior audit partner from EY and acts as the key representative for overseeing the Group's relationship with the external auditors. In compliance with the Malaysian Institute of Accountants By-Law (On Professional Ethics, Conduct and Practice), audit partners are rotated every five (5) years to ensure objectivity, independence and integrity of the audit opinions. The current Engagement Partner of EY, Chan Hooi Lam, has been heading the audit of the Group for the past two (2) years.

The statutory external auditor is re-appointed by the shareholders of the Company annually, based on the recommendation of the Board.

The statutory external auditor may not provide services that are perceived to be in conflict with its role. These include assisting in the preparation of the financial statements and sub-contracting of operational activities normally undertaken by Management, and engagements where the auditor may ultimately be required to express an opinion on its own work.

Specifically the Group's policy:

- Limits the non-audit service that may be provided, and
- Requires that audit and permitted non-audit services must be approved by the AEC.

The AEC has reviewed the summary of the non-audit services provided by the external auditor in FY2016 and has confirmed that the provision of services is compatible with the general standard of independence for auditors.

The total statutory and non-statutory audit fees for the Group (excluding expenses and service tax) in the FY2016 amounted to RM2.55 million (FY2015: RM2.42 million).

Assurance-related and other non-audit fees for FY2016 (excluding expenses and service tax) amounted to RM3.53 million (FY2015: RM2.27 million). These fees are primarily related to assurance services such as limited reviews, validation of Perbadanan Insurans Deposits Malaysia Returns and risk models validation work.

Audit And Examination Committee Report

The current composition of the Audit and Examination Committee ("AEC") of the Company and the attendance of each member at the AEC meetings held during their tenure in office in respect of financial year ended 31 March 2016 ("FY2016") are set out in the table below.

The AEC held six (6) meetings during FY2016.

NAME OF COMMITTEE MEMBERS	NUMBER OF AUDIT AND EXAMINATION COMMITTEE MEETINGS		
	Held During Tenure in Office	Attended	%
Voon Seng Chuan (Chairman) (Appointed as member on 20 August 2015 and assumed Chairmanship on 30 October 2015) (Independent Non-Executive Director)	3	3	100
Soo Kim Wai (Appointed as member on 20 August 2015) (Non-Independent Non-Executive Director)	3	3	100
Seow Yoo Lin (Appointed as member on 30 June 2016) (Independent Non-Executive Director)	-	-	-
Dato' Azlan Hashim (Retired as director on 20 August 2015) (Non-Independent Non-Executive Director)	3	0*	0
Tan Sri Datuk Dr Aris Osman @ Othman (Retired as director on 20 August 2015) (Independent Non-Executive Director)	3	3	100
Tan Sri Datuk Clifford Francis Herbert (Retired as director on 20 August 2015) (Senior Independent Non-Executive Director)	3	3	100
Shayne Cary Elliott (Resigned as director on 15 October 2015) (Non-Independent Non-Executive Director)	3	3	100
Chin Yuen Yin (Resigned as director on 30 October 2015) (Independent Non-Executive Director)	4	3	75
Dato' Rohana binti Mahmood (Resigned as member on 30 June 2016) (Senior Independent Non-Executive Director)	3	2	67

* due to health reasons

The Chief Financial Officer and Chief Internal Auditor or their representatives attended all meetings of the AEC to present their respective financial and audit reports. As and when necessary, the AEC would request the attendance of relevant personnel at its meeting to brief the AEC on specific issues arising from the financial and audit reports.

The AEC also held private sessions with the external auditors and the Chief Internal Auditor without the presence of Management.

Minutes of the AEC meetings were tabled to the Board of Directors ("Board") for notation. The AEC Chairman conveyed to the Board matters of significant concern as and when raised by the external auditors or Group Internal Audit.

Terms Of Reference Of The AEC

The functions of the AEC are as follows:

1) To provide an independent oversight of the Company/Group's financial reporting and internal control systems that facilitates appropriate checks and balances within the Company/Group.

2) To serve as an independent and objective party in the review, where appropriate, of the financial information of the Company/Group that is presented by the Management to the Board and shareholders.

3) To review the quarterly results and year-end financial statements of the Company/Group prior to approval by the Board to ensure compliance with accounting standards and legal requirements, and to ensure fair and transparent reporting and prompt publication of the financial accounts.

4) To review and recommend any changes in accounting policies and improvement in the system of internal control, where deemed necessary.

5) To determine that the Company/Group has adequate established policies, procedures and guidelines, operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct, and protecting the assets of the Company/Group.

6) To evaluate the adequacy and effectiveness of the internal control and risk management control systems of the Company/Group through the review of the reports of both external and internal auditors that highlight internal accounting, organisational and operating control weaknesses, and to determine that appropriate corrective actions are being taken by the Management.

7) To recommend the annual appointment, resignation or removal of external auditors.

8) To review and consider any request to dismiss the external auditor or reasons for resignation by the external auditor.

9) To review and deliberate scope of audits, audit plans and audit reports, and ensure coordination where more than one audit firm is involved.

10) To negotiate and recommend to the Board for approval the annual audit fees or special audit fees and/or non-audit service fees.

11) To ensure the adequacy and appropriateness of the scope, functions and resources of the internal audit function and that they have the necessary authority to carry out their work.

12) To establish a mechanism to assess the competency, performance and effectiveness of the internal audit function.

13) To review and approve the scope of audits, audit plans and audit reports of the internal auditors, and ensure issues are being managed and rectified appropriately and recommend actions to be taken by Management, where appropriate.

14) To approve the appointment, performance evaluation, transfer and dismissal of the Chief Internal Auditor in consultation with the respective AEC of the subsidiaries within the Group.

15) To ensure that audit of specialised areas is adequate by directing the engagement of external experts to carry out the review, if required, and ensure that the terms and scope of the engagement, the working arrangement with the internal auditors and reporting requirements are clearly established.

16) To review and recommend for Board's approval related party transactions and conflict of interest situations that may arise within the Company/Group including transactions, procedures or course of conduct that raises questions of Management and Directors' integrity, and keep the Board informed of such transactions in a timely manner.

Summary Of Key Activities

The following is a summary of the main activities carried out by the AEC during the FY2016:

Internal Audit

- Reviewed and approved the Group Internal Audit's annual audit plan, including its resource needs and its assessment of the risk levels of the various auditable areas to ensure that audit emphasis was given on critical risk areas.
- Reviewed the adequacy and effectiveness of the system of controls, reporting and risk management to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas.
- Reviewed reports of Group Internal Audit (including internal investigations, follow up on resolution of issues raised in reports issued by Regulators, external auditors and other external parties) and considered Management's response and accordingly directed Management to take the necessary remedial action. The Committee also followed-up on resolution of major issues raised in the reports and requested for separate presentations by Management where necessary.
- After each AEC meeting, a summary of Internal Audit reports deliberated at the meeting is tabled to the Board.
- Reviewed the progress of Group Internal Audit in completing its audit plan and assessed the performance of Group Internal Audit and the Chief Internal Auditor.
- Approved enhancements to the Risk-Based Audit Planning Methodology.

External Audit

- Reviewed the appointment of the external auditor and their independence and effectiveness for statutory audit, audit-related and non audit-related services.
- Reviewed/Approved their audit plan, annual audit fees and scope of work for audit and non-audit assignments.
- Reviewed the external auditor's results and report as well as the Management's consequent responses to the findings of the external auditor.

Financial Reporting

- Reviewed the quarterly results and financial statements of the Group before recommending them to the Board for approval.
- Reviewed the annual audited financial statements of the Group with the external auditor prior to submission to the Board for approval.
- Compliance with the following regulatory requirements was ensured:
  - Provisions of the Companies Act, 1965, Financial Services Act 2013 and Islamic Financial Services Act 2013
  - Capital Markets And Services Act, 2007
  - Securities Commission Act, 1993
  - Main Market Listing Requirements of Bursa Malaysia Securities Berhad
  - Applicable accounting standards in Malaysia
  - Other relevant regulatory requirements
- Reviewed the Statement on Risk Management and Internal Control.

Related Party Transactions

- Reviewed related party transactions and the adequacy of the Group's procedures in identifying, monitoring, reporting and reviewing related party transactions.
- Reviewed quarterly reports on recurrent related party transactions of a revenue and trading nature.
- Reviewed and deliberated on the draft Circular to Shareholders on Recurrent Related Party Transactions.

Internal Audit Function

The Group has an in-house internal audit function that is carried out by Group Internal Audit ("GIA") and headed by the Chief Internal Auditor ("CIA"), Thein Kim Mon. The CIA reports directly to the AEC.

GIA operates under a charter from the AEC that gives it unrestricted access to review all activities of the Group. The internal auditing function is conducted on an AmBank Group-wide basis to ensure consistency in the control environment and the application of policies and procedures.

GIA focuses its efforts on performing audits in accordance with the audit plan, which is prioritised based on a comprehensive risk assessment of all activities undertaken by the Group. The structured risk assessment approach ensures that all risk-rated areas are kept in view to ensure appropriate audit coverage and audit frequency. The risk-based audit plan is reviewed annually, taking into account the changing financial significance of the business and risk environment.

GIA also performs investigations and special reviews, and participates actively in major system development activities and project committees to advise on risk management and internal control measures.

The AEC approves the annual audit work plan, and a risk-based audit approach is used to ensure that the higher risk activities in each business unit are audited each year.

The audit activities can be summarised as follows:

- Scheduled and mandatory audits
- Systems development life-cycle review of major IT infrastructure projects
- Special focus/thematic reviews
- Unscheduled reviews and investigations

The main objective of the audit reviews is to assess the adequacy and effectiveness of risk management and systems of internal controls in the following areas:

- Retail Banking
- Islamic Banking
- Wholesale Banking
- Investment Banking
- General Insurance
- Funds & Asset Management
- Other Non-Financial Institutions
- Support Functions

GIA plays an active role in ensuring compliance with the requirements of Regulatory Authorities. GIA also works collaboratively with the external auditor, Risk Management department and Group Regulatory Compliance to ensure maximum reliance and avoid duplication of effort.

There is an effective process for ensuring prompt resolution of audit issues. GIA tables regular updates to the AEC on the progress of significant issues until such issues are satisfactorily resolved.

For the financial year, total costs incurred on the Group's internal audit function amounted to RM14.7 million (FY2015: RM16.6 million).

Details of the Group's internal control system are set out in the Statement on Risk Management and Internal Control appearing on pages 70 to 71 of this annual report.

Key Risk Areas And Internal Focus

Investor Relations

Investor Relations play a strategic role by maintaining effective two-way communications between AmBank Group and the wider investment community. The role has become more significant in light of headwinds affecting the economic and banking landscape. A dedicated Investor Relations team supports the IR agenda by consistently and clearly representing the Group's aspirations, strategies, prospects and performance messages via analyst briefings, one-on-one meetings, teleconferences, live webcasts, investor conferences and roadshows. Leading these IR activities are:

1. **Dato' Sulaiman bin Mohd Tahir**, Group Chief Executive Officer and Chief Executive Officer of AmBank (M) Berhad (appointed on 23 November 2015)
2. **Mandy Jean Simpson**, Chief Financial Officer
3. **Ganesh Kumar Nadarajah**, Executive Vice President, Group Finance – Business Performance & Investor Relations (appointed on 1 July 2015)

Mandy Jean Simpson
Chief Financial Officer

Dato' Sulaiman bin Mohd Tahir
Group Chief Executive Officer
and
Chief Executive Officer of AmBank (M) Berhad

Ganesh Kumar Nadarajah
Executive Vice President,
Group Finance - Business Performance &
Investor Relations

AGM/EGM | Analyst Briefings | IR Website | Research Coverage | Meetings, Conferences & Roadshows | IR mailbox

INVESTOR RELATIONS PLATFORM

WE COMMUNICATE TO CREATE VALUE AND TRUST

Annual General Meeting And Extraordinary General Meeting

AMMB Holdings Berhad held its 24th Annual General Meeting ("AGM") followed by its 30th Extraordinary General Meeting ("EGM") on 20 August 2015 in Kuala Lumpur, Malaysia.

At the AGM, Datuk Mohamed Azmi bin Mahmood, our Acting Group Managing Director (effective date 2 April 2015 to 22 November 2015) took to the rostrum to present AmBank Group's financial performance for the year ended 31 March 2015 and provided an update to our esteemed shareholders on our strategic direction.

Datuk Azmi also provided responses to questions raised by the Minority Shareholder Watchdog Group ("MSWG") in relation to 2015 annual report. Thereafter, shareholders had the opportunity to seek clarifications and gain insights into the operations and financial results of the Group and shared their feedback which were well received by the Board of Directors.

All the proposed resolutions were duly passed by the shareholders in both the AGM and the EGM.

Analyst Briefings And Media Conferences

Similar to past years, we organise live analyst briefings followed by media conferences for our half year and full year results. The live analyst briefings are held simultaneously with teleconferencing and live webcast facilities to cater for the wide geographical spread of the investment community and our stakeholders. For the Group's first quarter and nine-month results, analyst briefings are conducted via teleconference and live webcast services. The IR team continues to ensure that the analyst presentations, financial statements and press releases are distributed via electronic communication (email) to interested parties and are accessible on the IR website immediately after the announcement is made on Bursa Malaysia. Replays of the briefings are accessible on the IR website for public viewing after each briefing. This is consistent with our practice to ensure fair dissemination, non-selective and equal access to material information by stakeholders.

DATE	EVENT	MODE OF COMMUNICATION					
		Media Briefing	Analyst Briefing		Publications on the Group's IR Website		
			Teleconference	Webcast	Investor Presentation	Financial Statements	Press Release
19 Aug 15	Q1FY16 results		√	√	√	√	√
19 Nov 15	H1FY16 results	√	√*	√	√	√	√
26 Feb 16	9MFY16 results		√	√	√	√	√
27 May 16	FY2016 results	√	√*	√	√	√	√

*Includes live briefing

Investor Meetings

In addition to our quarterly results announcement updates to the investment community, we also engage with them regularly through one-on-one meetings, group meetings and via teleconferences.

In FY2016, we conducted a total of 36 one-on-one meetings with 99 analysts and fund managers. The discussions were generally focused on the Group's financial performance, strategic direction and macroeconomic outlook.

Post the announcement of our 9MFY16 results, we hosted a "breakfast chat" with the analysts to introduce our newly appointed Group Chief Executive Officer ("GCEO"), Dato' Sulaiman bin Mohd Tahir. It was a cozy private session which allowed our GCEO to mingle with the analysts and share his plans and aspirations for the Group.

The table below serves to summarise the meetings we have had for FY2016.

INVESTOR MEETINGS	FY2016			FY2015		
	Meeting	Teleconference	Breakfast Chat	Meeting	Teleconference	Breakfast Chat
Number of one-on-one meetings	26	9	1	39	7	1
Number of people met	75	10	14	88	7	10

Breakfast chat with the analysts.

Conferences And Non Deal Roadshows

As part of our investor engagement programme to provide greater insights to existing and prospective investors, our management representatives participated in the following conferences and non deal roadshows:

DATE	EVENT	LOCATION
2 Sep 15	Deutsche Bank Access Singapore & Malaysia Corporate Day	Singapore
3 Sep 15	UBS Asean Conference	Singapore
1 - 3 Dec 15	UBS Global Emerging Markets One-on-One Conference	San Francisco, New York
7 Dec 15	Goldman Sachs Non Deal Roadshow	London
2 Mar 16	UBS Non Deal Roadshow	Singapore
3 Mar 16	Deutsche Bank Non Deal Roadshow	Hong Kong
31 May - 3 June 16	Deutsche Bank Non Deal Roadshow	London, Munich, Brussels, Rotterdam, The Hague
10 June 16	AllianceDBS Non Deal Roadshow	Singapore
13 - 17 June 16	KAF Jefferies (USA) Non Deal Roadshow	New York, Boston, Chicago, San Francisco
21 June 16	Macquarie Asean Banks Tour	Kuala Lumpur

Research Coverage

AmBank Group is presently covered by analysts from the following local and foreign research houses, a testament of the Group's long standing financial strength and relationship with the investment community:

NO.	RESEARCH HOUSE	NO.	RESEARCH HOUSE
1	Affin Hwang Capital	12	Kenanga Investment Bank
2	AllianceDBS Research	13	Macquarie Capital Securities (Singapore)
3	CIMB Investment Bank	14	Maybank Investment Bank
4	Citi Investment Research	15	MIDF Amanah Investment Bank
5	CLSA Securities Malaysia	16	M&A Securities
6	Deutsche Bank	17	Nomura Securities Malaysia
7	Goldman Sachs (Singapore)	18	Public Investment Bank
8	Hong Leong Investment Bank	19	RHB Research Institute
9	HSBC Ltd (Singapore)	20	TA Securities
10	JP Morgan Securities	21	UBS Securities Malaysia
11	KAF - Seagroatt & Campbell Securities	22	UOB Kay Hian

Credit Ratings

From a credit rating perspective, we believe in providing our stakeholders with an independent view of our banking subsidiaries as well as that of the holding company. As such, we continue to maintain credit ratings with RAM Rating Services, Moody's Investors Service and Standard & Poor's Ratings Services.

RATING AGENCY	DATE ACCORDED	RATING CLASSIFICATION	RATING
AmBank (M) Berhad			
Moody's Investor Service	Jan-16	Long-term foreign currency deposit rating Short-term foreign currency deposit rating	Baa1/Stable P-2
Standard & Poor's Ratings Services	Nov-15	Foreign long-term issuer credit rating Foreign short-term issuer credit rating	BBB+/Stable A-2
RAM Rating Services	Dec-15	Long-term financial institution rating Short-term financial institution rating	AA2/Stable P1
AmInvestment Bank Berhad			
RAM Rating Services	Dec-15	Long-term financial institution rating Short-term financial institution rating	AA2/Stable P1
AmBank Islamic Berhad			
RAM Rating Services	Dec-15	Long-term financial institution rating Short-term financial institution rating	AA2/Stable P1
AMMB Holdings Berhad			
RAM Rating Services	Dec-15	Long-term corporate credit rating Short-term corporate credit rating	AA3/Stable P1

Shareholding Analysis

With the diversified shareholdings base of the Group, better analytics of our shareholders and their demographics enable us to keep abreast of the changes and planning of investor programmes.

Excluding the Australia and New Zealand Group ("ANZ"), the Group's foreign shareholding level was at 26% as at 31 March 2016.

FOREIGN SHAREHOLDINGS IN AMMB HOLDINGS BERHAD (EXCLUDING ANZ'S SHAREHOLDING)				
FY2012	FY2013	FY2014	FY2015	FY2016
26%	29%	31%	29%	26%

Investor And Analyst Services

The Group leverages on its corporate website at www.ambankgroup.com as a platform to receive feedbacks or inquiries from all stakeholders. The IR team strives to ensure all information provided under the IR section of the website is up-to-date with the latest disclosures. For further details or inquiries, the IR team can be contacted via **ir@ambankgroup.com**.

Statement On Risk Management And Internal Control

Responsibility

The Board of Directors ("Board") is responsible for the Group's risk management and internal control system, and for reviewing its adequacy and integrity. The Board has instituted an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This process is regularly reviewed by the Board, and accords with the guidance on internal control, Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

In establishing and reviewing the risk management and internal control system, the Directors have considered the materiality of relevant risks, the likelihood of losses being incurred, and the cost of control. Accordingly, the purpose of the risk management and internal control system is to manage and minimise rather than eliminate the risk of failure to achieve the policies and objectives of the Group, and can only provide reasonable but not absolute assurance against risk of material misstatement or losses.

The management assists the Board in the implementation of the Board's policies on risk management and internal control by identifying and evaluating the risks faced by the Group for consideration by the Board, and designs, operates and monitors the system of risk management and internal control to mitigate and control the risks.

Conclusion

For the year under review, the Board has received the reports of the Audit and Examination Committee and Risk Management Committee of Directors. An annual assessment of the effectiveness of risk and internal control processes has been conducted, and the Board has also received the assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

The Board is of the view that the risk management and internal control system in place for the year under review, and up to the date of issuance of the financial statements, is adequate and effective to safeguard shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

Key Risk Management And Internal Control Processes

The Group has adopted a coordinated and formalised approach to risk management and internal control, which is driven through the "Three Lines of Defense" concept. Risk and Compliance forms the second line of defense while Internal Audit forms the third line of defense. The key risk management and internal control processes are implemented via the following:

- The Board has formed a Risk Management Committee of Directors ("RMCD") to assist in the oversight of overall risk management structure. Senior Management has also established a group level risk committee (named as Group CEOs Committee) to assist it to holistically manage the risks and businesses of the Group. This committee addresses all classes of risk within Board-delegated mandate: Balance sheet risk, credit risk, legal risk, operational risk, market risk, shariah risk, compliance risk, regulatory compliance risk, reputational risk, product risk and business and IT project risk.

- The Board has also established a Governance Committee of Directors to provide oversight over the Group's Composite Risk Rating remediation initiatives and to drive the implementation of governance initiatives.

- Risk management principles, policies, practices, methodologies and procedures are made available to appropriate staff in the Group. These are regularly updated to ensure they remain relevant and in compliance with regulatory requirements. The policies, methodologies and procedures are enhanced whenever required to meet the changes in operating environment and/or for continuous improvement in risk management.

- Organisation structure is designed to clearly define the accountability, reporting lines and approving authorities to build an appropriate system of checks and balances corresponding to the business and operations activities' needs. This includes the empowerment and setting of authority limits for proper segregation of duties.

- The Audit and Examination Committees ("AECs") of the Company and its major subsidiaries assist the Board to evaluate the adequacy and effectiveness of the Group's internal control systems. The AECs review the Group's financial statements and reports issued by Group Internal Audit, the external auditors and regulatory authorities, and follow up on corrective actions taken to address issues raised in the reports.

- Group Internal Audit conducts independent risk-based audits and provides assurance that the design and operation of the risk and control framework across the Group is effective. The AECs review the work of the Group Internal Audit department, including reviewing its audit plans, progress and reports issued.

- The Group's focus is on achieving sustainable and profitable growth within its risk management framework. Annual business plans and budgets are prepared by the Group's business divisions and submitted to the Board for approval. Actual performances are reviewed against the budget with explanation of major variances on a monthly basis, allowing for timely responses and corrective actions to be taken to mitigate risks.

- The Group emphasises human resource development and training as it recognises the value of its staff in contributing to its growth. There are proper guidelines within the Group for staff recruitment, promotion and performance appraisals to promote a high-performance culture by rewarding high performers and counselling poor performers. Our Short Term Incentive ("STI") and Long Term Incentive ("LTI") are used primarily to reward and encourage outstanding individuals for their contribution to value creation while protecting shareholders' interest. Structured talent management and training programmes are developed to ensure staff are adequately trained and competent in discharging their responsibilities and to identify future leaders for succession planning.

- A code of ethics has been formulated to protect and enhance the Group's reputation for honesty and integrity. The Code of Ethics is based on the following principles: Compliance with the law both in letter and in spirit, this code and AmBank Group policies and procedures; upholding the highest level of integrity and acting with honesty and professionalism; identifying and managing conflicts of interest responsibly; ensuring completeness and accuracy of underlying records, financial or otherwise; ensuring fair and equitable treatment to all; and ensuring confidentiality of information and transactions.

- The Group has established a compliance policy that sets out the roles and responsibilities of the Board, Senior Management, Business Units, Group Shared Services, Group Compliance and Group Internal Audit to oversee the management of compliance risk with the aim to promote the safety of the Group by minimising financial, reputational and operational risks arising from legal and regulatory non-compliance.

- Training is provided to employees of the Group on relevant legal and regulatory requirements governing its activities and guidance on implementation of internal controls to manage compliance risk.

Compliance With Bursa Securities Listing Requirements

1. Share Buy-Back

The Company has not purchased any of its own shares during the financial year ended 31 March 2016.

2. Material Contracts

There were no material contracts (not being a contract entered into in the ordinary course of business) entered into by the Group, which involved directors and shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

3. American Depository Receipt ("ADR") Or Global Depository Receipt ("GDR")

The Company has not sponsored any aDR or GDR programme for the financial year ended 31 March 2015.

4. Sanctions And/Or Penalties

AmInvestment Bank Berhad

The following reprimand was imposed against AmInvestment Bank Berhad due to the following:

(a) Section 354(1)(b)(i) of the CMSA read together with rule 4.07(3) of the ACE Market Listing Requirements for its failure to comply with paragraph 3.15(a) of the Guidelines on Due Diligence Conduct for Corporate Proposals ("GoDD") to make due and careful enquiry and ensure it had reasonable grounds to believe that the application to the SC meets the relevant requirements of the SC; and

(b) Section 354(1)(b)(ii) of the CMSA read together with paragragh 3.21 of the GoDD for its failure to undertake a further and more detailed verification and investigation.

AmBank Islamic

AmBank Group was levied a penalty of RM53.7 million in November 2015 as a result of regulatory non-compliance pursuant to Section 234 of the FSA and Section 245 of the Islamic Financial Services Act 2013.

5. Profit Guarantees

During the financial year, there were no profit guarantees given by the Company.

6. Utilisation Of Proceeds Raised From Corporate Proposals

During the financial year, AmBank Islamic Berhad issued RM250 million Subordinated Sukuk under the RM3.0 billion Subordinated Sukuk Murabahah programme. The proceeds were utilised by AmBank Islamic Berhad as working capital and general funding requirement.

7. Options, Warrants Or Convertible Securities

As at 31 March 2016, there were no options, warrants or convertible securities outstanding.

8. Variation In Results

The Company has not made or published any profit forecast or projection in respect of the financial year ended 31 March 2016.

9. Recurrent Related Party Transactions Of A Revenue Or Trading Nature

Pursuant to paragraph 10.09(2)(b), Part E, Chapter 10 of the Listing Requirements of Bursa Malaysia, the details of the recurrent related party transactions conducted with the Related Parties and their subsidiaries and associated companies, where applicable during the financial year ended 31 March 2016 pursuant to the Shareholders' Mandate, are set out in the table below.

The Transacting Parties for all the Related Parties comprise AMMB and its subsidiaries.

Details of Recurrent Related Party Transactions Conducted in Financial Year Ended 31 March 2016 Pursuant to Shareholders' Mandate

RELATED PARTIES	NATURE OF TRANSACTION	ACTUAL VALUE (RM'000)	RELATIONSHIP WITH THE COMPANY
Amcorp Group Berhad	Provision of travelling arrangement	5,536	Companies in which a Director and major shareholder were deemed to have an interest
Australia and New Zealand Banking Group Limited	Provision of technical services and business collaboration, technical systems capability, sales capabilities and products on foreign exchange, interest rate and commodities derivatives business[1]	7,449	
Modular Group	Provision of electronic card technologies and services	793	

Notes:
1. The provision of technical services includes but is not limited to the following services:
   (a) strategic business leadership, experience and know how;
   (b) secondment of key ANZ resources to AMMB Group;
   (c) technology and systems capabilities;
   (d) foreign exchange, interest rate and commodities derivatives trading and sales solutions/products;
   (e) distribution platform and processes documentation;
   (f) market risk management tools, models, processes, procedures and policies;
   (g) credit and risk management process and tools;
   (h) international business transformation experience and skills, and
   (i) global research capacity.

Group Financial Review

Management Discussion and Analysis of Financial Statements Group Financial Year 2016 Profit After Tax down 31.6% to RM1,399.5 million.

Income Statement

The Group recorded a profit after tax ("PAT") of RM1,399.5 million for the year ended 31 March 2016 ("FY2016"), a drop of RM645.1 million or 31.6% compared to the corresponding year ended 31 March 2015 ("FY2015") of RM2,044.6 million. Year-on-year, the Group's profit attributable to shareholders of the Company dropped by 32.1% to RM1,302.2 million, translating to a return on equity ("ROE") of 8.8%. Basic earnings per share dropped to 43.3 sen down from 63.8 sen in FY2015.

The decrease in profit was attributed to lower income mitigated by higher writebacks in loan allowances.

Simplified Income Statement

RM MILLION	FY2016	FY2015	RM MILLION	+/-	%
Net interest income	1,637.8	1,981.1	(343.3)	-	17.3
Net finance income from Islamic banking business*	734.9	789.2	(54.3)	-	6.9
Net fund income	**2,372.7**	**2,770.3**	**(397.6)**	**-**	**14.4**
Other operating income from Islamic banking business*	70.9	75.5	(4.6)	-	6.1
Net income from insurance business	379.3	418.0	(38.7)	-	9.3
Other operating income	872.9	1,460.8	(587.9)	-	40.2
Total income	**3,695.8**	**4,724.6**	**(1,028.8)**	**-**	**21.8**
Other operating expenses	(2,176.9)	(2,089.4)	(87.5)	+	4.2
Acquisition and business efficiency expenses	2.6	(68.4)	71.0	+	>100.0
Operating profit	**1,521.5**	**2,566.8**	**(1,045.3)**	**-**	**40.7**
Writeback for impairment on loans and financing	164.1	30.5	133.6	+	>100.0
Other impairment writeback	46.8	42.4	4.4	+	10.4
Transfer to profit equalisation reserve	(1.4)	(35.4)	34.0	-	96.0
Profit before taxation and zakat	**1,731.0**	**2,604.3**	**(873.3)**	**-**	**33.5**
Taxation and zakat	(331.5)	(559.7)	228.2	+	40.8
Profit after taxation	**1,399.5**	**2,044.6**	**(645.1)**	**-**	**31.6**
Non-controlling interests	(97.3)	(125.9)	28.6	+	22.7
Profit attributable to shareholders	**1,302.2**	**1,918.6**	**(616.4)**	**-**	**32.1**

Islamic Banking Business*

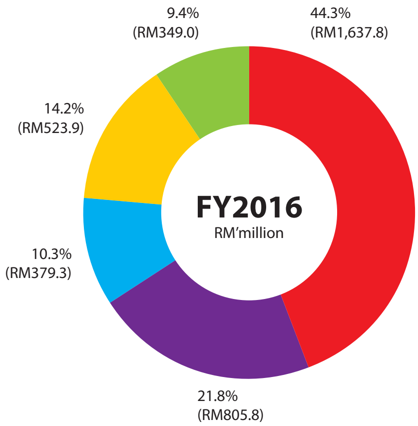
RM MILLION	FY2016	FY2015	RM MILLION	+/-	%
Net finance income	734.9	789.2	(54.3)	-	6.9
Investment income	0.5	11.0	(10.5)	-	95.5
Fee Income	70.4	64.5	5.9	+	9.1
Net income from Islamic banking business	**805.8**	**864.7**	**(58.9)**	**-**	**6.8**

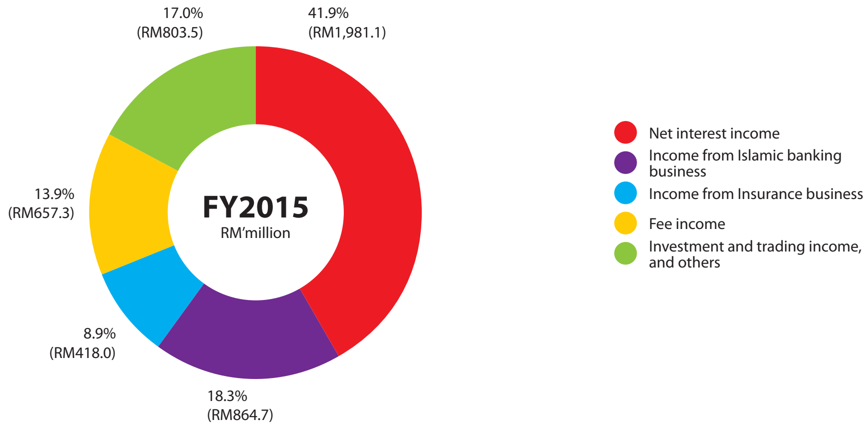
Total Income: RM3,695.8 Million (-21.8% Or -RM1,028.8 Million)

The major components of total income are net fund income, other operating income from Islamic banking business, net income from insurance business and other operating income.

Total income for FY2016 was down at RM3,695.8 million mainly due to weaker net fund income (-RM397.6 million) of RM2,372.7 million and lower other operating income at RM872.9 million (-RM587.9 million).

Composition Of Income





Net Fund Income: RM2,372.7 Million (-14.4% Or -RM397.6 Million)

- Net interest income decreased by RM343.3 million (-17.3%) to RM1,637.8 million whilst net finance income from the Islamic banking business dipped RM54.3 million (-6.9%) to RM734.9 million.

- The weaker net fund income reflects net interest and finance margin compression from both lending and funding, coupled with portfolio rebalancing efforts in Auto Finance to ensure long term sustainability to the Group. Average lending and financing rates in the industry came off 6 bps (from 4.63% in FY2015 to 4.57% in FY2016) amidst intense competition given slower economic growth.

- The Group, which had enjoyed historically higher average lending and financing rates from our strength in the Auto Finance business was impacted more severely as average lending and financing rates contracted 22bps (from 5.35% in FY2015 to 5.13% in FY2016) as we focused on improving asset quality and margins were thinner from better rated and lower risk customers. The flip side of the squeeze on margins was a significant reduction in impairment charges which helped cushion the income downside.

- The industry experienced an outflow of liquidity from large external outflows. The Group's funding costs were consequently impacted by the one-month KLIBOR creeping upwards towards the second half of 2015, though the pressure eased somewhat following the reduction of the Statutory Reserve Requirement ("SRR") by 50 bps in February 2016 that injected RM6 billion into the system. We were also impacted by the conservative and prudent stance we took on funding and liquidity management during the year. The Group is embarking on various initiatives to grow the CASA composition and optimise stable funding mix to close the gap in funding costs versus our peers.

Net Income From Insurance Business: RM379.3 Million (-9.3% Or -RM38.7 Million)

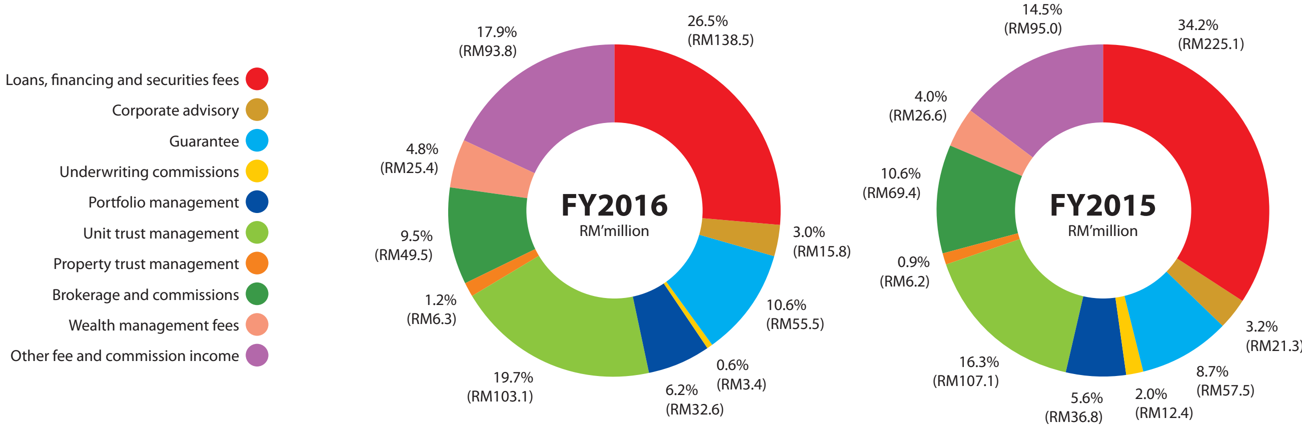
Net income from the Group's insurance business comprised of earned premium less insurance claims and commission. The lower income from the insurance business is mainly attributable to:

- One month results consolidated in FY2015 which contributed to RM14.3 million attributable to the Group's interest in AmMetLife Insurance Berhad ("AmMetLife") and AmMetLife Takaful Berhad ("AmMetLife Takaful") which were partially disposed on 30 April 2014.

- Net income from general insurance decreased attributable to higher insurance claims (+RM16.9 million). Premium growth remains a challenge from competition and subdued auto financing which had impacted motor insurance which resulted in decrease of RM2.3 million in premium income for FY2016.

- Contribution from insurance business made up 10.3% of total income and 30.3% of non-interest income respectively.

Fee Income



Other Operating Income: RM872.9 Million (-40.2% Or -RM587.9 Million)

Other operating income comprises mainly income from investment and trading activities, fee income from ancillary services connected to the Group's lending activities as well as share in results of associates and joint ventures.

For FY2016:

- Fee income decreased by RM133.4 million (-20.3%) mainly attributable to lower merchant discount fee and fees from loans/financing despite the flat year-on-year loans growth and brokerage fees and unit trust and portfolio management fees from subdued activities in Fund management and brokerage.

- Investment and trading activities recorded a higher contribution of RM717.0 million last year mainly due to the RM475.9 million gain from the disposal of equity interest in subsidiaries, namely AmMetLife, AmMetLife Takaful and AmFraser Securities Pte. Ltd. For FY2016, losses from derivatives of RM11.5 million (compared to gain of RM103.7 million in the preceding year) was offset by increase in forex trading gains by RM108.0 million and higher gain on disposal of securities by RM41.4 million (due to our focus to grow the business for Markets).

Other Operating Expenses: RM2,176.9 Million (+4.2% Or +RM87.5 Million)

The Group delivered efficiencies which were re-invested in growth initiatives, infrastructure improvements and regulatory compliance costs during the year, resulting in minimal cost growth.

Our efficiency, measured by the cost-to-income ("CTI") ratio deteriorated from 45.7% (FY2016) to 58.8% (FY2016) as slower income offset concerted efforts to contain operating costs and the impact of a regulatory penalty imposed by BNM due to non-compliance with regulations.

We have setup an operating expenditure task force to run the Bank better and simplify operational processes to create room to invest in initiatives that will deliver stronger income growth in the future.

Other Operating Expenses

RM MILLION	FY2016	FY2015	RM MILLION	+/-	%
Personnel	1,123.3	1,196.7	73.4	-	6.1%
Establishment	537.4	506.4	31.0	+	6.1%
Marketing and communication	166.2	151.8	14.4	+	9.5%
Administration and general	350.0	234.5	115.5	+	49.2%
Total	**2,176.9**	**2,089.4**	**87.5**	**+**	**4.2%**

Other Operating Expenses And Business Efficiency Expenses: RM2,174.3 Million (+0.8% Or +RM16.5 Million)

- Personnel expenses decreased by RM73.4 million, largely attributable to savings from the group-wide productivity and efficiency programmes. As at 31 March 2016, the number of employees of the Group stood at 10,842 (FY2015: 11,035).

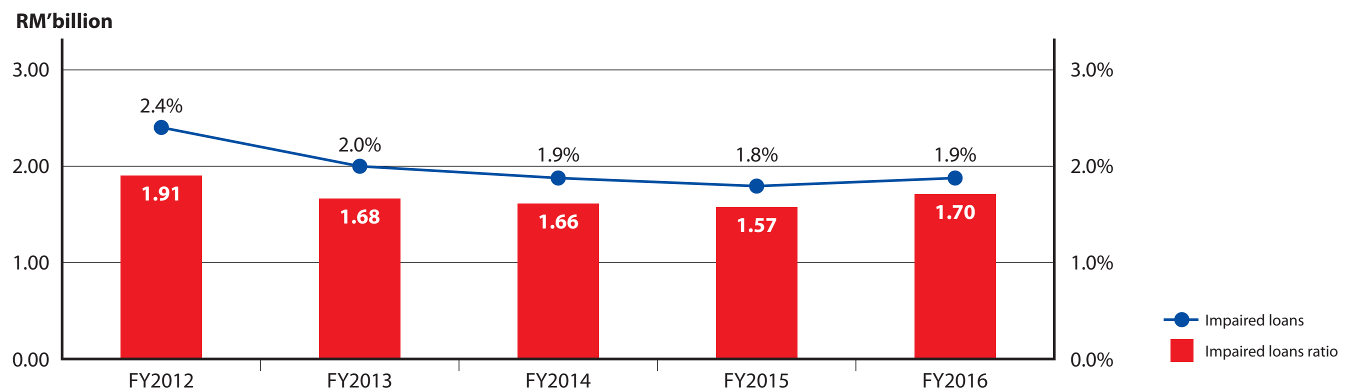
- Establishment expenses increased by RM31.0 million due to computerisation costs which increased due to investment in Infrastructure Facilities Modernisation ("IFM") programme and recarding expenses which is an industry-wide exercise (represents new Malaysian Chip Card Specification ("MCCS") and Personal Identification Number ("PIN") enabled Debit cards). Another contributing factor to the increase was increase in amortisation of intangible assets arising from accelerated amortisation for computer software that will be phased out, charges for the core-banking systems and other reporting systems for Markets operations

- Marketing and communication expenses increased by RM14.4 million largely due higher acquisition costs incurred to penetrate foreign worker insurance segment.

- Administration expenses increased by RM115.5 million largely from regulatory penalty of RM53.7 million, non-recoverable expenses from implementation of GST ("GST leakages") and higher subscription fees.

- Business efficiency expenses incurred previously of RM 68.4 million for costs incurred for the group wide productivity and efficiency programme. As the programme ended last financial year, minimal expenses were incurred with writeback of provision for mutual separation scheme costs no longer required.

Asset Quality



Loan/Financing Impairment Allowance/(Writeback)

RM MILLION	FY2016	FY2015	FY2016 VS FY2015
Individual allowance - net	138.9	91.0	+ 47.9
Collective allowance - net	264.1	504.6	- 240.5
Bad debts recovered - net	(567.1)	(626.1)	- 59.0
Total	**(164.1)**	**(30.5)**	**- 133.6**

Asset Quality And Loan/Financing Impairment Allowance

Impairment charges of RM403.0 million were lower by RM192.6 million in FY2016 reflecting the benefits of our portfolio rebalancing initiatives, especially in Retail Auto Finance. Recoveries were lower from lumpy wholesale recoveries but the enhanced collection strategies put in place in Retail have led to higher and more stable recoveries.

Gross impaired loans ratio was higher at 1.9% (vs 1.8% in FY2015) due to some large and well secured loans, predominantly in the oil and gas and property sector. We keep a close watch on our exposures to the oil and gas sector given the prolonged period of low oil prices. As of 31 March 2016, loans extended to the oil and gas sector comprised 4% of our total portfolio. Our risks are well managed. We have reduced our exposure to this sector by RM1 billion year-on-year and the majority of these loans has been rated and assessed as moderate risks or better.

Other Impairment Writeback- Net: RM46.8 Million (+10.4% Or +RM4.4 Million)

Other allowances comprised impairment allowances on financial investments, doubtful receivables, foreclosed properties, intangible assets and provision for commitment and contingencies. An impairment exists if one or more events have occurred that have a negative impact on the future cash flows of the financial assets or group of assets.

There was a writeback of impairment allowances of RM13.9 million in the current year for securities upon repayment. In the previous year, the writeback in sundry receivables was mainly attributable to recovery of doubtful reinsurance receivables in respect of the general insurance business partially offset by allowance for receivables in its foreign broking subsidiary disposed in FY2015. On provision for commitments and contingencies, the writeback in FY2016 was primarily from release of provisions no longer required coupled with improvement in customer rating and settlement of loans; for FY2015, the writeback was primarily from change in recognition from approved to conditions precedent met for undrawn facilities.

Transfer To Profit Equalisation Reserve: RM1.4 Million (-96.0% Or -RM34.0 Million)

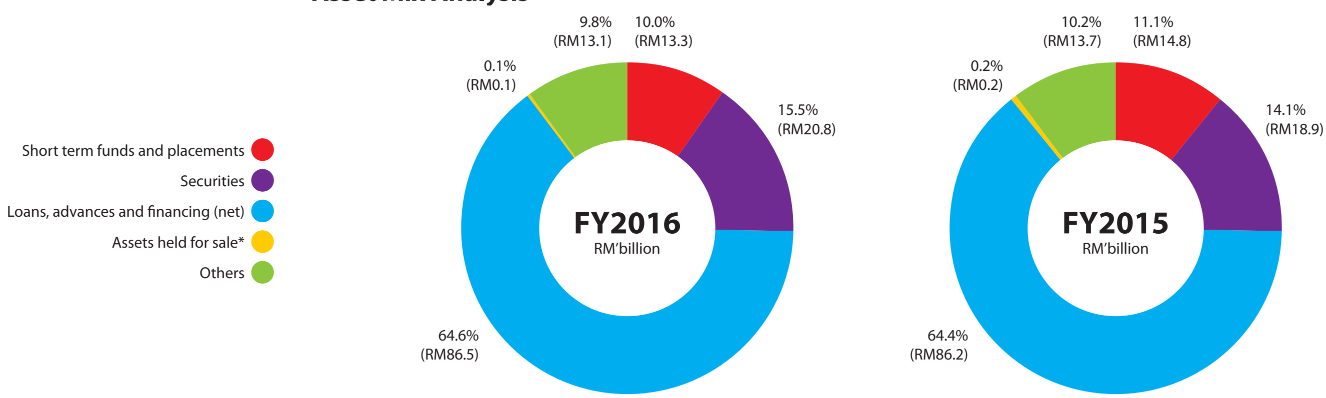
Profit Equalisation Reserve ("PER") refers to a reserve set up from appropriation of Islamic banking income in order to maintain a certain level of return to Investment Account holders of the Islamic banking business. In FY2016, the Group discontinued with the application of PER.

Balance Sheet

The Group's total assets decreased marginally by RM0.1 billion to RM133.8 billion.

- Bank balances and Deposits and placements with financial institutions decreased (-RM1.5 billion) mainly due to lower customer deposits as well as higher investment in securities. Deposits declined due to the Group's strategy to forgo expensive corporate deposits in view of the flat growth in loans.
- Increase in derivative financial assets (+RM0.4 billion) was mainly due to increase in forward contracts and cross currency swaps. This is attributable to more active forward hedging by customers in response to volatile market for US dollar against Ringgit.
- Increase in investments in fixed income securities mainly for interest income returns, liquidity purposes especially on high quality liquid assets and to realise gains from trading activities.

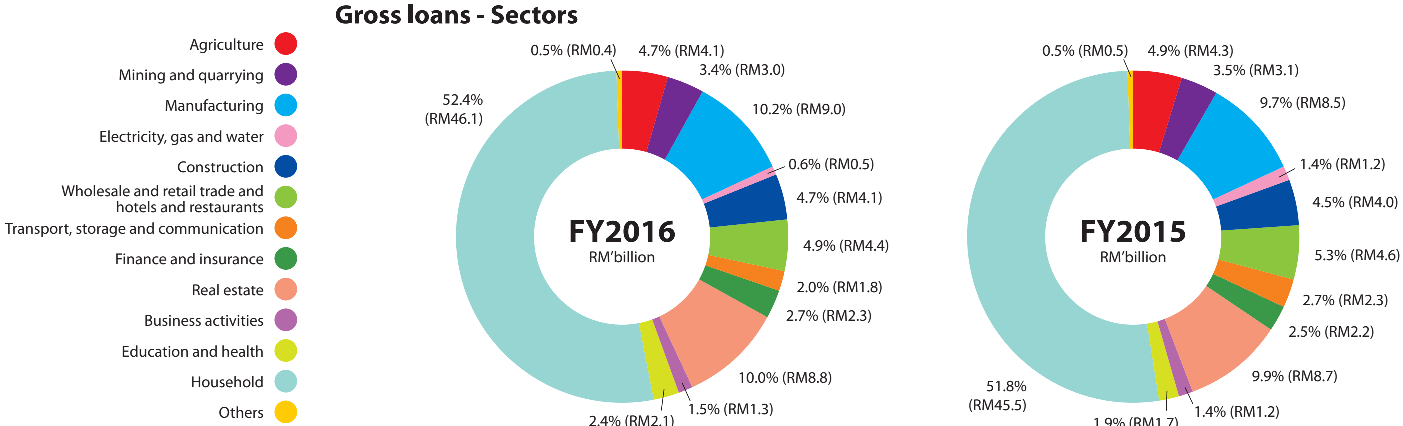
Asset Mix Analysis



Loans By Type Of Customers

	FY2016		FY2015	
	RM Billion	%	RM Billion	%
Individuals	45.4	51.6%	45.0	51.3%
SME	12.4	14.1%	12.1	13.8%
Corporate	25.4	28.9%	26.4	30.0%
Others	4.7	5.4%	4.3	4.9%
Total	**87.9**	**100.0%**	**87.8**	**100.0%**

Gross loans - Sectors



Gross Loans And Financing: RM87.9 Billion (+0.1% Or +RM0.1 Billion)

- Loans growth was flat year-on-year compared with negative growth last year. Excluding Auto Finance, gross loans growth would have been 2.5%, driven mainly by 13% growth in mortgages, which outpaced the industry. Auto Finance continues to be impacted by de-risking, though the pace of attrition has slowed in the second half as we saw disbursements pickup in FY2016 amidst slowing industry car sales. We are expecting some growth in FY2017 for Auto Finance.
- In wholesale, overall loans growth was weighed down by large corporate repayments in the first half before delivering a stronger last quarter, lifting overall group loans growth to 1.3%. We have been lagging industry growth in the SME sector and are pleased to note that it now constitutes a larger proportion of our wholesale portfolio, up 2% to 28% in FY2016.

Securities: RM20.8 Billion (+9.7% Or +RM1.8 Billion)

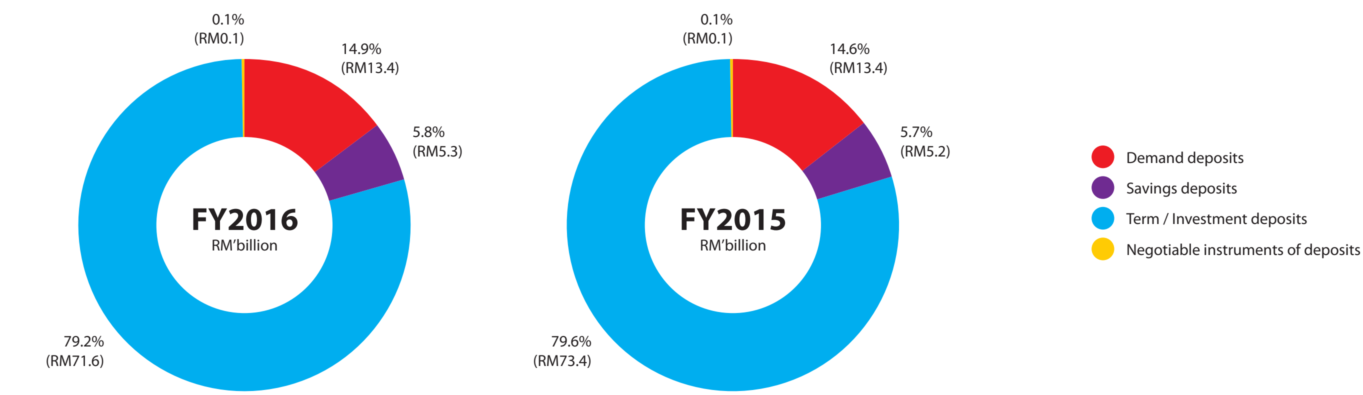
Securities comprised financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity.

- Securities Held For Trading ("HFT") are acquired for the purpose of benefiting from short term price movements or to lock in arbitrage profits. HFT increased by RM0.2 billion to RM4.9 billion at end of FY2016. Holding of private debt securities increased offset by reduction in Money Market instruments by RM0.6 billion mainly in Malaysian Government securities and Government Investment issues.
- Securities Available-For-Sale ("AFS") are acquired for yield and liquidity purposes. AFS increase by RM1.3 billion mainly due to increase money market securities for liquidity purposes and private debt securities for stable income flows.
- Securities Held-To-Maturity ("HTM") are securities with fixed or determinable payments and fixed maturity that the Group has an intention and ability to hold to maturity. Investment in MYR denominated HTM is largely unchanged except for the increase in foreign currency HTM to meet liquidity requirements in foreign currency.

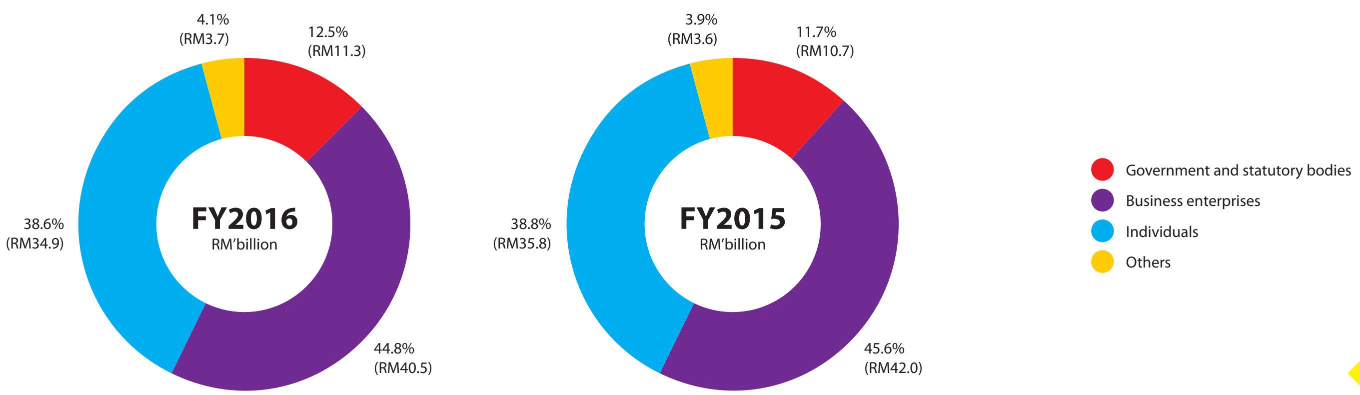
Assets And Liabilities Held For Sale

In the previous financial year, the Group entered into conditional sale and purchase agreements for the proposed disposal of its equity interest in PT AmCapital Indonesia ("AMCI") and certain property and equipment of its insurance subsidiary. As the disposals have not been completed at end of the financial year, the related assets and liabilities are reclassified as assets and liabilities held for sale. For the current financial year, the assets and liabilities classified as held for sale refers to the proposed disposal of its equity interest in AmTrustee Berhad and certain property and equipment of its insurance subsidiary.

Deposits From Customers -Type



Deposits From Customers -Source



Deposits And Funding

- The Group's primary source of funding is from customer deposits, comprising term and investment deposits, savings account deposits, current account deposits, and negotiable instruments of deposits. Other major sources of funds include shareholders' funds, debt capital, term funding, interbank and other borrowings.

- The Group stresses the importance of customer deposits as a source of funds to finance lending/financing to customers. They are monitored using adjusted loan/financing to deposit ratio ("LDR") which compares net loans/financing to customers as a percentage of adjusted customer deposits (inclusive of loans/financing sold to Cagamas Berhad and term funding with original maturity of 3 years and above). The Group aims for a LDR of approximately 90% with emphasis placed on supporting loans growth through stable funding sources. As at 31 March 2016, the adjusted customer deposits was at RM102.1 billion, resulting in an adjusted LDR of the Group of 84.7%, a slight increase from the adjusted LDR of the Group of 83.8 in FY2015 .

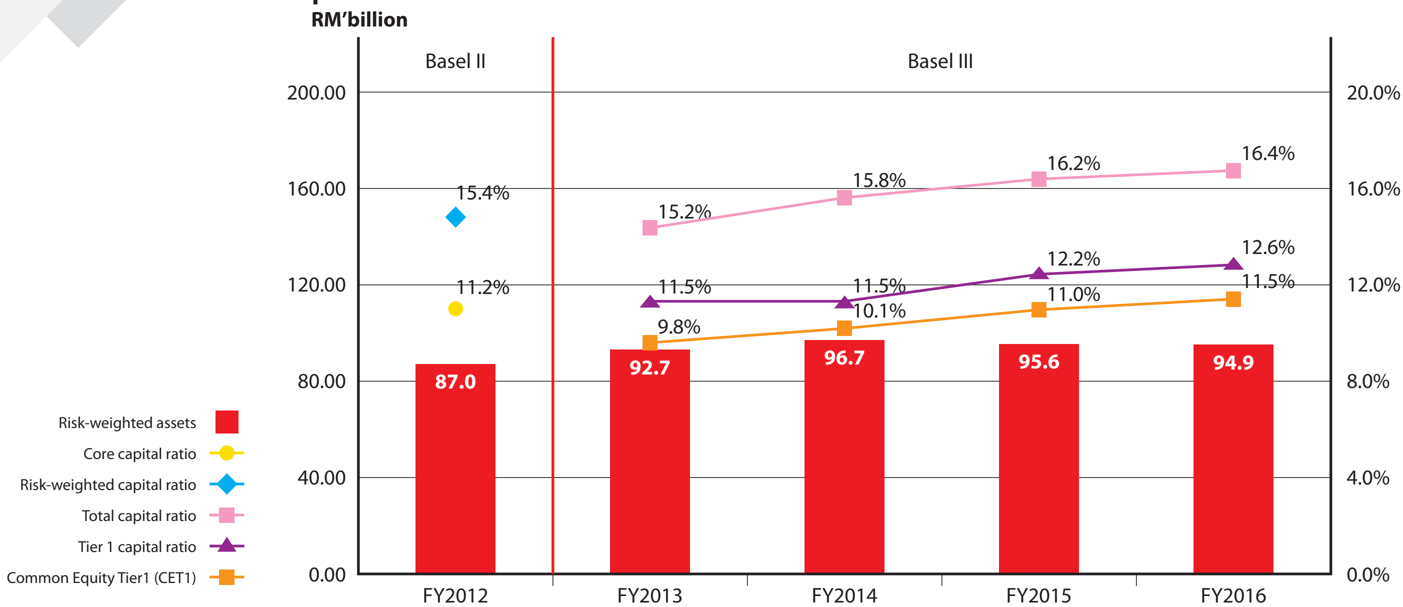
- Customer deposits contracted 1.9% (RM90.4 billion in FY2016 vs RM92.1 billion in FY2015), driven by both business and retail and wholesale deposits as the Group was impacted by liquidity outflows in the banking system during the year. We managed to maintain CASA (low cost deposits) balances at RM18.7 billion as opposed to an industry decline, with CASA composition at 20.7% (vs 20.3% in FY2015).

- Term funding initiatives included senior notes, sukuk and credit-link notes issuances. As at 31 March 2016, term funding of the Group stood at RM8.6 billion (+RM0.3 billion), comprising senior notes and sukuk of RM6.8 billion and credit-link notes of RM0.3 billion and term loans and revolving credit of RM1.6 billion

- Loans sold to Cagamas Berhad with recourse were slightly higher at RM3.9 billion compared to RM2.8 billion last year.

We have outlined plans to lower cost of funding by growing CASA composition, increase contribution of deposits from retail and SME and optimise stable funding mix. We will see traction in CASA composition as we progressively tap our distribution channels, improve product mix and penetrate the faster growing SME segments.

Capital Ratios



Efficient Capital Levels

The Group maintains adequate capital levels to support business growth, meet regulatory requirements and maintain good credit ratings. We continuously review our capital mix, streamline corporate structures, and proactively manage developments in Basel III requirements.

There is room to further improve capital efficiency as our percentage of risk-weighted assets over total assets at 71% is higher than the industry (62%). We will reap some benefits as we progressively leverage our new internal base rating models and drive sharper focus on capital allocation across the businesses.

During the year, the Group repaid in full one tranche of its Innovative Hybrid Tier 1 Capital Securities amounting to USD200 million on 27 January 2016. The capital securities were recognised as capital instruments under Tier 1 capital and eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

Our capital levels remain sound, with the Group's aggregated banking entities' total capital ratio, before the proposed dividend, at 16.4% (FY2015: 16.2%) and Tier 1 capital ratio of 12.6% (FY2015: 12.2%). Our CET1 levels continue to strengthen organically through capital retention strategies, and remain significantly in excess of minimum regulatory requirements at 11.5% before the proposed dividends (FY2015: 11.0%).

Credit Ratings

During the year, the Company and its banking subsidiaries continue to be accorded with strong credit and financial ratings from local and foreign rating agencies.

Standard & Poor's has upgraded its outlook on AmBank (M) Berhad to Stable from Negative in November 2015 and at the same time, affirmed all credit ratings.

RAM Ratings has reaffirmed its ratings on the Company and its banking subsidiaries in December 2015.

Moody's has revised Malaysia's sovereign rating outlook to Stable from Positive in January 2016. As a consequence, its outlook on AmBank (M) Berhad was revised to Stable while all credit ratings were reaffirmed.

The credit ratings of the Company and its principal subsidiaries are as follows:

RATING AGENCY	DATE ACCORDED	RATING CLASSIFICATION	RATING
AmBank (M) Berhad			
Standard & Poor's Ratings Services	November 2015	Foreign long-term issuer credit rating Foreign short-term issuer credit rating Outlook	BBB+ A-2 Stable
RAM Rating Services	December 2015	Long-term financial institution rating Short-term financial institution rating Outlook	AA2 P1 Stable
Moody's Investor Service	January 2016	Long-term foreign currency deposit rating Short-term foreign currency deposit rating Outlook	Baa1/ P-2 Stable
AmInvestment Bank Berhad			
RAM Rating Services	December 2015	Long-term financial institution rating Short-term financial institution rating Outlook	AA2 P1 Stable
AmBank Islamic Berhad			
RAM Rating Services	December 2015	Long-term financial institution rating Short-term financial institution rating Outlook	AA2 P1 Stable
AMMB Holdings Berhad			
RAM Rating Services	December 2015	Long-term corporate credit rating Short-term corporate credit rating Outlook	AA3 P1 Stable

Dividend

We seek to balance between rewarding shareholders and long-term sustainability of the business. This year, we made the difficult decision to lower dividend payout ratios as we focused on internal capital generation to support future growth plans. The Directors are recommending a final cash dividend payment of 10.5 sen per share in respect of the current financial year, which together with the interim dividend of 5.0 sen per share amounts to a cumulative total dividend of 15.5 sen per share, down 11.8 sen per share compared to FY2015.

Note: The total of the components in the tables in this section are based on actual summation method and then rounded up to the nearest million.

Group Financial Highlights

	YEAR ENDED 31 MARCH				HALF-YEAR ENDED 30 SEPTEMBER			
	RM Million		Growth Rate +/(-)%		RM Million		Growth Rate +/(-)%	
	2016	2015	2016	2015	2015	2014	2015	2014
Operating revenue	**8,416.0**	9,142.5	**(7.9)**	(4.8)	**4,197.2**	4,793.7	**(12.4)**	0.7
Profit before tax and allowances for impairment on loans, advances and financing	**1,566.9**	2,573.7	**(39.1)**	2.3	**930.5**	1,432.8	**(35.1)**	18.7
Impairment writeback/ (allowances) on loans, advances and financing	**164.1**	30.5	**>100.0**	>100.0	**52.9**	(85.8)	**>100.0**	(>100.0)
Profit before tax and zakat	**1,731.0**	2,604.3	**(33.5)**	6.4	**983.4**	1,347.0	**(27.0)**	8.8
Profit attributable to shareholders	**1,302.2**	1,918.6	**(32.1)**	7.6	**722.0**	982.8	**(26.5)**	8.9
Total assets	**133,764.0**	133,803.8	**(0.1)**	0.8	**133,402.1**	124,135.2	**7.5**	(4.1)
Loans, advances and financing (net)	**86,513.3**	86,173.8	**0.4**	(1.1)	**85,270.2**	84,741.7	**0.6**	1.4
Customer deposits	**90,358.6**	92,130.0	**(1.9)**	2.7	**89,280.3**	85,346.4	**4.6**	(3.3)
Commitments and contingencies	**125,037.1**	116,765.1	**7.1**	12.8	**133,763.2**	109,036.3	**22.7**	7.7
Shareholders' equity	**15,168.5**	14,455.1	**4.9**	10.0	**14,759.3**	13,821.6	**6.8**	10.5
Post-tax return on average shareholders' equity (%)^	**8.8**	13.8	**(5.0)**	(0.3)	**9.8****	14.3**	**(4.5)**	(0.2)
Post-tax return on average total assets (%)	**1.1**	1.6	**(0.5)**	0.1	**1.2****	1.7**	**(0.5)**	0.2
Earnings per share (sen)								
Basic	**43.3**	63.8	**(32.1)**	7.6	**48.1****	65.3**	**(26.4)**	8.8
Fully diluted	**43.3**	63.8	**(32.1)**	7.6	**48.1****	65.3**	**(26.4)**	9.0
Single tier dividend per share (sen)	**15.5**	27.3	**(43.2)**	13.3	**5.0**	12.0	**(58.3)**	66.7
Net assets per share (RM)	**5.03**	4.80	**4.8**	10.1	**4.90**	4.59	**6.8**	10.5
Cost to income (%)	**58.8**	45.7	**13.1**	(0.1)	**52.0**	43.3	**8.6**	(4.6)
Number of employees	**10,842**	**11,035**	**(1.7)**	**(10.1)**	**11,013**	**11,353**	**(3.0)**	(11.1)
Assets per employee (RM'million)	**12.3**	12.1	**1.7**	12.0	**12.1**	10.9	**10.8**	7.8
Pre-tax profit per employee (RM'000)	**159.7**	236.0	**(32.3)**	18.3	**178.6****	237.3**	**(24.7)**	22.4

Refer to page 83 for explanation of legend

Five-Year Group Financial Highlights

	FINANCIAL YEAR ENDED 31 MARCH				
	2016	2015	2014@	2013	2012
1. REVENUE (RM MILLION)					
i. Operating revenue	**8,416.0**	9,142.5	9,606.0	8,705.9	7,983.6
ii. Profit before tax and allowances for impairment on loans, advances and financing	**1,566.9**	2,573.7	2,516.0	2,312.3	2,415.6
iii. Impairment writeback/(allowances) on loans, advances and financing	**164.1**	30.5	(67.8)	(173.3)	(381.9)
iv. Profit before tax and zakat	**1,731.0**	2,604.3	2,448.2	2,139.0	2,033.6
v. Profit attributable to shareholders	**1,302.2**	1,918.6	1,782.4	1,620.7	1,484.4
2. BALANCE SHEET (RM MILLION)					
Assets					
i. Total assets	**133,764.0**	133,803.8	132,739.5	127,572.3	112,922.8
ii. Loans, advances and financing (net)	**86,513.3**	86,173.8	87,170.6	82,586.3	75,683.4
Liabilities and Shareholders' Equity					
i. Customer deposits	**90,358.6**	92,130.0	89,698.9	84,830.0	77,307.2
ii. Adjusted customer deposits[1]	**102,097.6**	102,814.7	98,267.6	93,057.7	84,587.8
iii. Paid-up share capital	**3,014.2**	3,014.2	3,014.2	3,014.2	3,014.2
iv. Shareholders' equity	**15,168.5**	14,455.1	13,142.9	12,067.7	11,111.1
Commitments and Contingencies	**125,037.1**	116,765.1	103,478.9	102,467.5	99,615.0
3. PER SHARE (SEN)					
i. Basic net earnings	**43.3**	63.8	59.3	54.0	49.6
ii. Fully diluted net earnings	**43.3**	63.8	59.3	54.0	49.6
iii. Net assets	**503.2**	479.6	436.0	400.4	368.6
iv. Single tier/gross dividend	**15.5**	27.3	24.1	22.0	20.1
4. FINANCIAL RATIOS (%)					
i. Post-tax return on average shareholders' equity^	**8.8**	13.8	14.1	13.9	13.8
ii. Post-tax return on average total assets	**1.1**	1.6	1.5	1.4	1.4
iii. Net loans to customer deposits	**95.7**	93.5	97.2	97.4	97.9
iv. Adjusted net loans to customer deposits	**84.7**	83.8	88.7	88.7	89.5
v. Cost to income	**58.8**	45.7	45.8	47.9	41.6
5. SHARE PRICE (RM)					
i. High	**6.50**	7.34	8.08	6.80	6.71
ii. Low	**4.27**	6.16	6.44	6.13	5.38
iii. As at 31 March	**4.60**	6.36	7.18	6.55	6.31

[1] Inclusive of recourse obligation on loans, advances and financing sold to Cagamas and term funding with original maturity of 3 years and above

** Annualised

^ Adjusted for non-controlling interests

@ After adjusting for adoption of amendments to MFRS 132-Offsetting Financial Assets and Financial Liabilities that have been applied retrospectively for one financial year.

Financial Calendar

2015

19 August
Announcement of unaudited consolidated results for the financial first quarter ended 30 June 2015

20 August
24th Annual General Meeting

11 September
Payment of final single tier dividend of 15.3% for the financial year ended 31 March 2015

19 November
Announcement of unaudited consolidated results for the financial half year ended 30 September 2015

18 December
Payment of interim single tier dividend of 5.0% for the financial year ended 31 March 2016

2016

26 February
Announcement of unaudited consolidated results for the financial third quarter ended 31 December 2015

27 May
Announcement of audited consolidated results for the financial year ended 31 March 2016

27 July
Notice of 25th Annual General Meeting

18 August
25th Annual General Meeting

Group Risk Management

AmBank Group embraces risk management as an integral part of our Group's business, operations and decision-making processes. Against the backdrop of a challenging economic environment where financial markets have become more volatile, it is critical for the Group to have a robust and effective risk management system to ensure that the Group continues to be profitable and achieve sustainable growth in shareholder value.

Risk Strategy

Our overall strategy for Risk is driven by the initiatives formulated earlier under our Advanced Risk Recognition Programme. These initiatives include:

- Enhancing risk governance
- Upgrading risk infrastructure
- Developing more comprehensive risk appetite strategy, execution and monitoring framework
- Improving funding and liquidity risk management
- Improving underlying asset quality and enhancing portfolio diversification
- Materially lowering loan loss provisions
- Developing robust risk/reward pricing models
- Ensuring International Financial Reporting Standard (IFRS) readiness
- Positioning AmBank for IRB status under Basel II

Risk Governance

Our risk governance and culture is driven across the Group through the "Three Lines of Defence" framework, in which "risk is everyone's responsibility" to manage. Supporting this framework are policies and procedures to enforce our core standards.

Our Priorities In FY2017

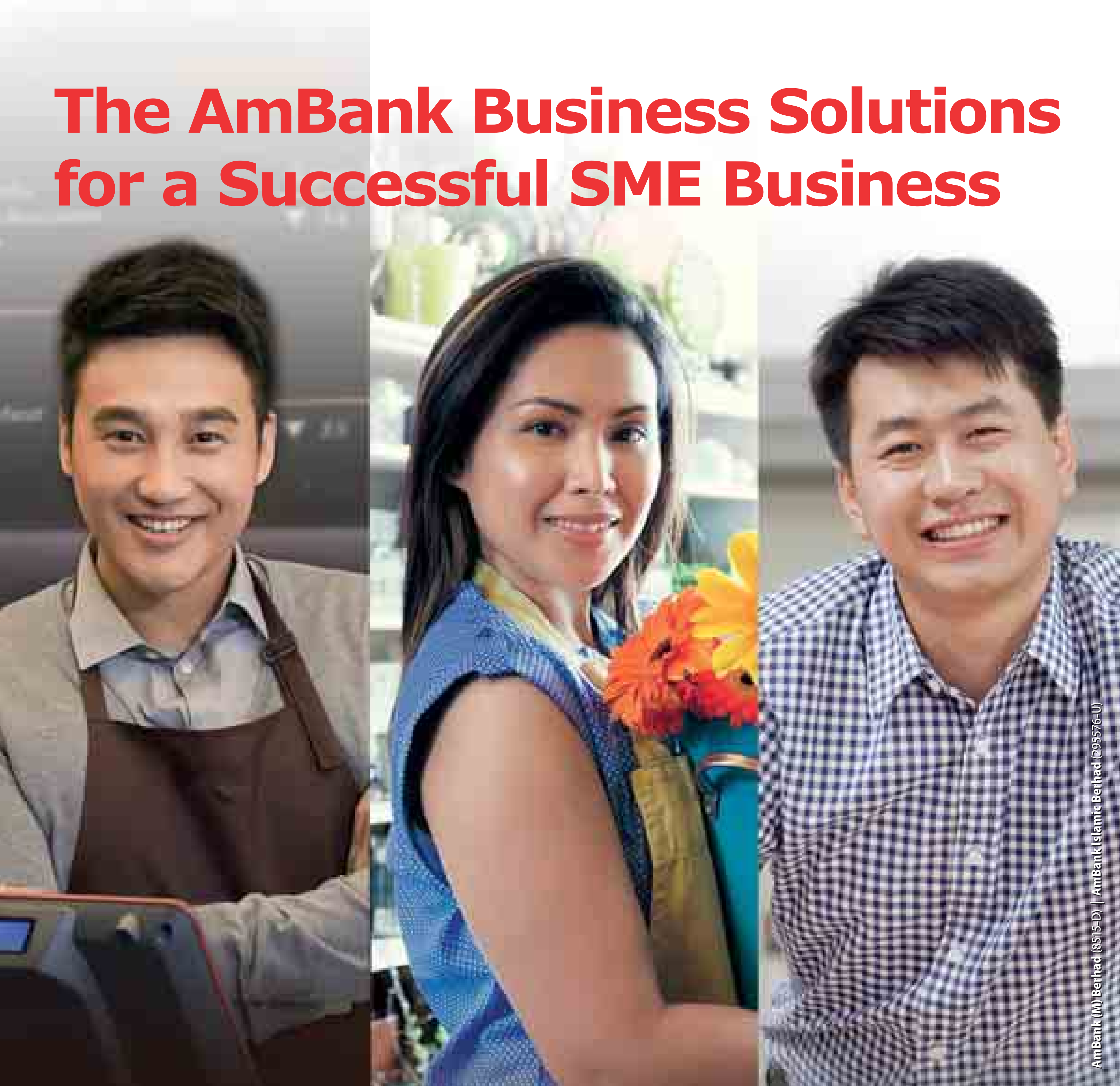
Group Risk will continue to support the Group's business strategies while continuing to be vigilant:

- Enhancing the Group's risk management capabilities to identify and control new emerging risks
- Continue to drive risk and compliance culture across the Group
- Ensure the Group's capital position is strong and earnings growth is achieved in a sustainable manner

Key Highlights In FY2016

The key highlights of progress made under our Advanced Risk Recognition Programme in FY2016 were as follows:

- Developed new Advanced Internal Ratings Based (AIRB) compliant retail and wholesale credit risk models
- Simplified credit memorandum templates to improve turnaround time
- Issued a new Group Collateral Policy designed to meet Basel IRB requirements for capital relief
- Introduced a new wholesale credit pricing tool
- Implemented standardised facility documentation for commercial and mid-corporate segments to streamline documentation practices
- Set up a new IT Risk Management Unit within Group Operational Risk to provide an independent view on risks relating to IT
- Set up a Shariah Risk Management Unit within Group Operational Risk to institutionalise Shariah compliance culture within AmBank Group
- Group Risk Appetite Framework (GRAF) expanded to include sales activities



biz solutions

small Business Banking
In partnership, we grow

From business current account, overdraft/cashline facility, simple asset financing to working capital, or even financing complicated projects, our comprehensive range of integrated and innovative solutions are designed not only to meet your business needs but to take your business to the next level and beyond.

Contact our Relationship Manager today for a discussion at +603 2178 3188.

PERBANKAN ISLAM

AmBank Islamic

AmBank

ambank.com.my

Business Operations Review

AmBank Group offers a comprehensive range of both conventional and Islamic financial solutions through our retail banking, wholesale banking, general insurance, life assurance and family takaful businesses.

Retail Banking

Retail Banking offers a comprehensive suite of financial solutions which are designed to be relevant and meet our customers' financial needs. This includes deposits, loans & financing, credit cards, wealth management, priority banking, insurance, small business banking, young professional solutions, foreign currency exchange and remittance services.

FY2016 Performance Review

In FY2016, we continued to climb the growth trajectory steadily by focusing efforts to achieve sales and service excellence in our core products and growth segments. Despite headwinds in the macro environment, our efforts delivered growth to garner a Profit Before Tax (PBT) of RM614 million.

Recognising our appeal in the mortgage space, one of the business focus in FY2016 was to further entrench ourselves in the primary and secondary mortgage market. Through a coordinated approach of strategic business partnerships and alignment of internal capabilities to enhance sales productivity, we recorded a double-digit growth of 13 per cent in mortgage loans. Auto finance loans also registered 15.5 per cent growth in disbursement as we re-orient our proposition towards higher value customer profiles, whilst credit cards grew three times in average monthly sign-ups.

While deposits had to fend from cautious market sentiment and a competitive pricing environment, we gained traction in growing our employer base of AmBank@Work solution and resulting Current Account and Savings Account (CASA) sign-ups. Deposits will continue to be a core agenda in FY2017 as we tap into our existing and new customer base to ensure everyone banks with AmBank.

Aligned with our aspiration to develop segment profitable propositions in FY2016, our TRUE products that comprise a suite of current account, savings account, debit and credit cards continue to appeal to the young professionals segment achieving 36,440 sign-ups a year after launch. We also made headway in growing the wealth business in the emerging affluent segment, with a positive uptake of our structured investment and Bancassurance products. We continue to see results from our focused effort to grow Small Business Banking (SBB) with 93 per cent activation of current accounts, which lays the foundation for harvesting more profitability from this segment.

People capabilities continue to be paramount to drive the success of the Retail business. In FY2016, we continued to have programmes in place to embed strong service culture and values amongst our staff. This emphasis will carry through the coming year as we embark on realigning and developing our organisation to unlock talent, increase internal process efficiencies and ultimately enable our staff to bring the best to our customers with speed and relevancy.

In the coming financial year, we will strengthen the business by sharpening our approach to nurture customer relationships across their life cycle, build main bank relationships and enhance fee-based income and profitability. This will be done via an intense focus on target growth segments underpinned by compelling customer value propositions and our deposits, wealth, cards and merchant products.

Deposits

With conservative market sentiment coming out of the GST implementation and resulting price war in the deposits landscape, Current Account and Savings Account (CASA) reduced by 1.9 per cent year-on-year, constituting 25.4 per cent of total retail customer deposits. Overall, deposits held steady with a slight shortfall of 2.9 per cent and we held on to the Fixed Deposits (FD) base by reducing attrition rate to 3.2 per cent.

Focused initiatives were implemented to acquire new funds whilst retaining existing depositor base. These included tactical Fixed Deposit "Top Rate" promotions and quarterly retention campaigns. We also launched the FD simplification project that significantly reduced the turnaround time to open an account and deposit with AmBank.

Through business cocktails and campaigns, AmBank@Work solicited new employer sign-ups to grow by 53.6 per cent and saw increased average deposits balance. On top of these campaigns, we also deployed new ground troops to advocate for deposits within our distribution channels and drive higher acquisition.

Growing deposits, especially CASA utilisation amongst existing and new customer base, will be a key priority in FY2016. On-going process simplification initiatives will support this growth, as we look towards enhancing the customer experience with online deposit functionalities as part of our virtual banking aspirations.

Mortgage

Mortgage receivables registered a 13 per cent growth year-on-year as we focused our penetration in both primary and secondary markets. In tandem with launching competitive product packages, we improved the productivity of our sales force and realised efficiencies across the loan process by aligning support functions of credit processing and approval, risk, collection and lending operations. We also successfully established strategic tie-ups with key business partners by leveraging relationships with top developers, lawyers, valuers and real estate agents.

Asset quality continues to improve, with Gross Impaired Loans ratio decreasing from 2.21 per cent to 1.79 per cent in FY16. This improvement is attributed to the Bank's prudent risk-based pricing framework and business underwriting strategies targeting growth in better quality assets.

Our aspiration in FY2017 is to be the preferred bank for mortgages and Islamic financing by continuously driving improvement on process turnaround times and delivering superior customer experience.

Auto Finance

In FY2016, Auto Finance disbursements grew by 15.5 per cent and contributed a significant 37 per cent of total retail Profit Before Tax (PBT).

In line with our strategy to balance our Auto Finance portfolio with more selective loan acquisitions, we targeted sales in the new non-national vehicle segment that brought with it customers from the affluent and emerging affluent markets and healthier risk grades. A more rationalised and competitive interest rate pricing also induced better margins for new business underwritten in FY2016.

Our FY2017 focus will be on increasing our market presence within the target growth segments through product innovation, targeted campaigns, dealer incentive programmes and holistic retention initiatives. We also intend to capture market share on Motor Insurance by diversifying new application and renewal channels.

AmCards

Our commitment in supporting Bank Negara Malaysia's Payment Card Reform Framework led us to be among the first banks in Malaysia to deploy PIN-enabled cards compliant to global Europay, MasterCard and Visa (EMV) standards. With the newly PIN-enabled cards, we also concluded our final phase of integrating existing MBF branded cards into the AmBank Group brand, which were further enhanced with improved rewards and privileges for our valued cardmembers.

In a year where rewards and cardmember benefits were revised downwards due to intense pressure on interchange revenue, we maintained our rewards and benefits programme to offer the best rewards and travel benefits to our cardmembers. To date, our air miles conversion for Enrich, KrisFlyer, Asia Miles and AirAsia BIG remained as one of the most competitive travel rewards offering in the market.

In FY2016, aggressive acquisition programmes together with improved sales and support channels doubled new cards approved for the year.

In line with evolving digital consumer demands and market trends, AmBank Visa Checkout was also launched to provide a convenient, swift and secure mode of payment for our cardmembers. Recognising the emergence of e-commerce, we also entered into collaborations with household e-commerce merchants such as 11Street and GEMFIVE, amongst others, to provide attractive offers for our online savvy cardmembers.

We also defended our top three merchant acquirer position by focusing on multi-outlet merchants and executing key merchant engagement/anti-attrition programmes with value-added services.

FY2017 will see the full deployment of Chip & PIN enabled credit cards and merchant terminals, including MCCS compliant and PIN-enabled debit cards as part of the industry-wide requirement to migrate to PIN & PAY by 1 January 2017. We will also continue to innovate solutions for merchants and build collaborations with business partners to deliver growth and increase our market presence in the coming year.

Wealth Management

FY2016 saw our efforts to diversify fee-based income and grow wealth business in the emerging affluent segment bearing early fruit.

The pilot deployment of trained Insurance Specialists at strategic branches nationwide to provide customer centric financial planning and protection advisory proved effective. In the coming year, we will continue to refine and extend the Insurance Specialists model nationwide to build our footprint in this area.

For investment, we continue to expand our portfolio of quality investment products by inking strategic partnerships with Maybank Asset Management and Amanah Saham National Berhad (ASNB) to provide our customers a wider range of Investment Advisory Products. Sales of our structured investment products took flight and we acquired sales of RM1.2 billion in Dual Currency Investment and Equity Linked Products, which we sold through Relationship Managers (RM) under our AmSignature priority banking brand.

As part of our strategic priorities in FY2017 to grow our wealth business in target growth segments, we will focus on placing more wealth advisory talents/RMs within our branches and expand the number of priority banking centres to extend our reach to customers.

True For Young Professionals

Nearly a year after the launch of the TRUE proposition and suite of products, we have seen a steady growth in our customer base with a total of 36,440 customers across TRUE products. This can be attributed to our innovative products and bundling according to the needs of the segment and successful campaigns to engage and promote to the target community. The success of TRUE demonstrates that when we apply a customer view to innovate products and services, we can carve a niche and extract value from the market.

Moving forward, TRUE by AmBank will focus on evolving the customer base through ongoing initiatives like TRUE@Uni and TRUE-i – an Islamic variant of the TRUE proposition – while enhancing our online platform for ease of application and a truly seamless digital experience.

Small Business Banking (SBB)

SBB initiated its five stages of transformation from July 2013 and is currently in the tail end of the "Entrench & Grow" phase where we now have the necessary foundation in place to be the bank of choice for Small Business Banking (SBB) customers. In FY2016, we continued with a liability-led strategy to deliver superior financial returns and customer experience to small businesses that chose to bank with us.

Some of the highlights for FY2016 include:

- Activation for Current Accounts (CA) acquired remained high at 93 per cent, while average balance grew by 6.7 per cent.
- Rolled out the Application Scorecard and Behavioural Scorecard to provide structure on the business lending guidelines and pre-requisites.

Being a target growth segment for Retail in FY2017, we will continue to appeal to new customers and strengthen existing relationships through innovative lending initiatives and propositions that save our SME customers time and money on their banking partnership with AmBank. In addition, we will invest significant increased efforts to protect our existing base through the creation of an anti-attrition unit within SBB.

Retail Distribution

In FY2016, we continued with our transformation to become a high quality retail bank that provides superior customer experience. With this as our aim, we have committed to invest up to RM7.7 million to expand our cash deposit machines and Automated Teller Machine (ATM) network, and upgrade existing machines to ensure reliable performance to AmBank's customers.

AmBank's first two Bureau de Change (BDC) at Gateway@KLIA2 also continued to excel in providing ease and convenience to travellers and customers 24/7. In spite of a much higher target for FY2016, these two BDCs exceeded expectations to achieve 112 per cent of the targeted exchange volume. Following this success, we will review our plans to penetrate other key airport locations to expand our footprint in the travellers market.

Virtual Banking

At Retail Banking, we continue to expand the digitalisation of our banking solutions. In FY2016, we successfully deployed JomPay, Malaysia's national bill payment eco-system, within our Internet/Mobile Banking and ATMs to provide customers access to an expansive list of billers. We also enabled Instant Transfer services as part of our Online Banking solution to benefit customers with truly "anyday, anywhere, anytime" real-time banking experiences.

Over the year, our Online and Mobile Banking subscriber bases have grown and online transactions continue to register 20 per cent year-on-year increase.

We also continue to leverage on social media as a platform for engaging with our customers and building our brand. As part of AmBank's #LifeGetsFun photo-based contest to officiate our Instagram page, we garnered 1,500 photo entries and 1,300 followers to come up tops as the number one bank on Instagram for the period. This effort won us the Order of Excellence Award for Best Social Media or Word of Mouth Campaign at the 2015 Promotion Marketing Awards of Asia (PMAA) Dragons of Malaysia Awards.

We continue to embark on initiatives to increase consumer awareness and education on cybercrimes through the bank's website, secured email and social media channels. Through initiatives to further improve online banking security, monetary losses throughout the year have declined.

In the coming years, Virtual Banking will continue to drive the digital roadmap to provide modern banking experiences to customers and improve our banking operational efficiency.

Islamic Banking

AmBank Islamic Berhad (Bank)'s strategic direction would be in tandem with the Group's. Whilst the Bank would continue to operate in its existing market segments, the Bank aspires to add further value to the Group by penetrating into niche market segments that were hitherto untapped by the Group. This would be in line with the Group's strategic intent of moving into under-penetrated segments or "whitespaces" that have not been served well. The Bank would also enhance the manner in which it serves the market via *inter alia* streamlined marketing efforts, simplified processes and documentation, and improved speed and responsiveness to its customers. In order to further compete in the increasingly challenging business environment, the Bank is embarking on initiatives to introduce Islamic specific offerings over the medium term.

As an Islamic bank, the adherence to Shariah norms and requirements is of the utmost importance. To this end, the Bank will continuously review the effectiveness of its Shariah governance framework and ensure that its business and operations comply with Shariah requirements. Given the increasingly complex operating environment, the Bank will also work more closely with the Group's independent control functions to ensure the effectiveness and integrity of the Bank's non-Shariah related compliance, risk management and internal audit functions.

Capacity building would be an integral focus of the Bank in order to have the right skills set, optimal level of resources and a succession plan. The Bank has revamped its training approaches whereby training modules are tailored to meet the specific requirements of the business. In addition, training on Islamic banking is provided in a systematic manner to ensure consistent and relevant delivery throughout the Group. These are vital to ensure the sustainability of the Bank's business and operations.

FY2016 Performance Review

The banking industry continued to face margin compression and weaker profitability amid slower economic growth, heightened competition for deposits and rising credit costs. Faced with these challenges, the Bank adopted a more prudent balance sheet management by growing its auto financing portfolio in a selective manner and controlling the growth of its wholesale banking portfolio. As part of the need to rebalance its financing book and create a more sustainable earnings stream, the Bank had focused on substantially growing its mortgage portfolio.

The challenging external environment was compounded by the Administrative Monetary Penalty (AMP) of RM49.7 million, imposed by Bank Negara Malaysia for regulatory breaches in respect of transactions that occurred in previous financial years. To prevent the recurrence of such major breaches, the Bank would be part of the Group's efforts to improve the Group's overall compliance programme.

Notwithstanding the challenging external environment and the need to manage the legacy regulatory breaches, the Bank managed to continuously improve the quality of its asset portfolio and implement its new strategy of prudent balance sheet management and strengthening its foundation, which resulted in the Bank achieving a commendable profit after tax, zakat and minority interests (PATZMI) of RM233 million. If the AMP were excluded, the Bank would achieve PATZMI of RM282 million, an increase in PATZMI by almost 20 per cent compared to the previous financial year.

To meet its business growth requirements and to have adequate buffer in light of the more challenging and complex economic environment, the Bank had raised RM250 million of Tier-II capital in December 2015.

Business Highlights

New Chief Executive Officer and Senior Management

After more than one year without a Chief Executive Officer (CEO), Eqhwan Mokhzanee joined the Bank as its CEO at the beginning of the financial year. One of his priorities was to recruit new talent into the Bank's management team as part of the Bank's on-going efforts to strengthen its human capital capabilities. Amongst the key recruitment included the Head of Wholesale Banking Department, Head of Distribution Management, Head of Shariah Review and Head of Shariah Risk Management.

Branding

In order to align the linkage of the Islamic brand under the umbrella brand of the AmBank Group, the AmIslamic Bank brand was rebranded to AmBank Islamic and the logo colours were harmonised with the AmBank Group brand colours of red and yellow on 18 May 2015. Correspondingly, the legal entity name was changed from AmIslamic Bank Berhad to AmBank Islamic Berhad.

In view of the rebranding exercise, the Bank continued to foster stronger brand recognition by making a presence in various national and international events namely:

- The 12th Kuala Lumpur Islamic Finance Forum (KLIFF) 2015
- The International Finance News (IFN) Conference in 2015
- The Sixth OIC World BIZ 2015

IFSA and Products

In compliance with the Islamic Financial Services Act 2013 (IFSA) that distinguishes Islamic deposit and investment products, all Islamic deposit products that adopted the Shariah contracts of *Mudarabah* and *Wakalah bi al-istithmar* were classified as investment products.

Pursuant thereto, the Bank also relaunched a number of products to adopt the Shariah contracts of Commodity *Murabahah, Wadi'ah Yad Dhamanah and Wakalah bi al-Istithmar*. The products that were relaunched during the financial year were:

- **Term Deposit** Based on the Shariah contract of *Commodity Murabahah*, these included Term Deposit-i, Afdhal Term Deposit-i, Am50Plus Term Deposit-i, AmQuantum Term Deposit-i and ValuePlus Term Deposit-i. These products enable customers to enjoy fixed profit rates and at the same time, these deposits are guaranteed by the Malaysia Deposit Insurance Corporation (PIDM).

- **Family First Solution-i** The conversion from adopting the Shariah contract of *Mudarabah* (profit sharing) to *Wadi'ah Yad Dhamanah* (savings with guarantee) was carried out and subsequent thereto, the profit distribution based on a profit-sharing ratio would no longer be applicable but instead, the Bank may distribute *hibah* (gift) at the Bank's absolute discretion.

- **HomeLink and PropertyLink Investment Account-i** Based on the Shariah contract of *Wakalah bi al-Istithmar* (agency for investment) whereby the customer as the principal shall appoint the Bank as an agent for the purpose of investment where an indicative expected return rate will be made available and the actual returns, if any, will be automatically credited into the customer's new account(s) on a monthly basis.

In addition, the Bank had introduced the following products:

- **Restricted Profit Sharing Investment Account-i** Based on the Shariah contract of *Mudarabah* whereby investment account holders agree to participate in the specific financial / investments activities undertaken by the Bank and share the profit generated from the financing and/or investment activities based on an agreed profit sharing ratio.

- **Hire Purchase Variable Rate** Based on the Shariah contract of *Ijarah* and was reintroduced by the Bank subsequently to the enhancement to the Bank's systems.

Shariah Governance
The Bank further strengthened its Shariah governance framework by formally establishing three independent Shariah functions: Shariah Risk Management, Shariah Review and Shariah Research & Advisory. The Shariah Audit function is part of the Group Internal Audit Department.

With the strengthening of Shariah risk management capabilities, the Bank was able to conduct an enhanced Shariah risk management profiling exercise. Further thereto, the Bank has aligned the focus of Shariah review to the areas that have been identified by Shariah risk management to have significant risk of Shariah Non-Compliance (SNC). The objective was to identify any lapses in controls or processes that could lead to SNC incidents.

The Bank had also embarked on the review of a number of business areas to consciously identify weaknesses vis-à-vis Shariah requirements. As a result of the exercise, a number of transactions that originated in previous years were discovered to be Shariah non-compliant within the financial year. Pursuant to these incidents, the Bank has enhanced controls to mitigate against recurrences, including improvements in systems, documentation and process flows as well as manuals and guides. Moving forward, the Bank would draw from the lessons learnt from the review exercise to continue strengthening its processes to minimise the recurrences of SNC incidents.

Senior Management Oversight
To further strengthen the oversight by the Bank's senior management, the Bank had formally established AmBank Islamic's Heads of Department Committee and Oversight Committee. The Heads of Department Committee discusses the strategic, financial performance, human resource, industry development, product and other business and organisation matters. The Oversight Committee focuses on Shariah, risk management, compliance, internal audit, liquidity and other control issues.

Training Programme
The Bank also commenced implementing the 2016/2017 training programme endorsed by the Board. The training programme included a systematic and targeted training for board members, Shariah Committee members, management and staff of AmBank Group who are involved in Islamic banking business.

Corporate Social Responsibility

Similar to previous years, the Bank has maintained its commitment in serving the community through the distribution of business *zakat*. For the current financial year, a total business *zakat* amounting to RM1,411,036 was distributed, out of which RM380,400 was paid to state *zakat* collection centres whilst the balance of RM1,030,636 was distributed to eligible recipients such as associations, foundations and charity homes throughout Malaysia. Out of the RM1,030,636 distributed, RM250,000 was distributed to Yayasan Pelajaran Mara for the on-going Student Adoption Programme that is going into its fifth year of a planned 10-year programme.

Wholesale Banking

The Wholesale Banking aims to improve client centricity, efficiency and productivity through the new coverage and segmentation models. Through re-prioritising coverage by segments, the Relationship Management teams will be the single point of contact to enhance customer experience across sales, product solutions and servicing to achieve product excellence and clear segregation between product strategy and distribution. This will remove any duplicated functions in the business and support areas across the Group.

Wholesale Banking focuses on building and developing strong relationships with clients and provides wholesale banking services supported by a wide spectrum of commercial and investment banking products and services. Together with our product partners – consisting of Investment Banking, Markets and Transaction Banking divisions – we continuously strive for excellence in offering innovative, quality and differentiated products and services to the wholesale customers. This holistic platform services clients with end-to-end financial solutions from origination execution, through enhancing clients' share of wallet, acquire new clients, while diversifying and differentiating itself in the markets place, in line with the Group's strategic objectives.

Our Regional Business Centers ("RBCs") in Penang, Johor, Kota Kinabalu and Kuching continue to play a key role in the division's growth and together with an off-shore branch in Labuan, ensure that we have footprint across Malaysia as well as the Labuan International Business and Financial Centre.

Corporate Finance

The Corporate Finance Division provides an extensive range of corporate finance and advisory services comprising Mergers and Acquisitions (M&A), takeovers, Initial Public Offerings (IPO), restructuring, privatisations, issuance of equity and equity-linked instruments as well as valuations and independent advisory services. We service a diverse spectrum of clientele from various sectors including construction, infrastructure, financial institutions, plantation, property development as well as oil and gas.

Our department facilitates seamless origination and execution of equity capital market transactions, bridging the connectivity between the client coverage teams and the product divisions.

In FY2016, the capital market saw the listing of 13 new companies on Bursa Malaysia Securities Berhad, of which AmInvestment Bank was involved in four of the issues in various roles. We were the Principal Adviser, Underwriter and Placement Agent for Ikhmas Jaya Group Berhad's RM296.4 million IPO with a retail oversubscription rate of 8.2 times as well as the Principal Adviser, Joint Underwriter and Joint Placement Agent for Pecca Group Berhad's RM267.0 million IPO with a retail oversubscription rate of 13.1 times. We were also the Joint Underwriter for the IPO of Malakoff Corporation Berhad and Red Sena Berhad, which raised RM2.7 billion and RM400.0 million respectively.

On the M&A front, notable deals include acting as the Principal Adviser (for IJM Land Berhad) for the RM1.9 billion privatisation of IJM Land Berhad by IJM Corporation Berhad via a members scheme of arrangement, the RM1.9 billion acquisition of real estate corporations by IOI Properties Group Berhad as well as the RM655.0 million disposal of oil palm plantation subsidiaries and land by Golden Land Berhad to Pontian United Plantations Berhad, a wholly-owned subsidiary of Felda Global Ventures Berhad. We were also the Joint Adviser for the RM507.0 million acquisition of companies with land and development rights by Sunsuria Berhad.

We also acted as the Independent Adviser for the takeovers of OSK Property Holdings Berhad by OSK Holdings Berhad (RM234.0 million), Perdana Petroleum Berhad by Dayang Enterprise Holdings Berhad (RM729.0 million), Kulim (Malaysia) Berhad by Johor Corporation via a selective capital reduction and repayment exercise (RM2,260.0 million) as well as the management buyout and reverse takeover of Symphony House Berhad by Ranhill Holdings Berhad (RM860.0 million).

In terms of secondary fund raising deals, we acted as the Joint Principal Adviser, Joint Underwriter and Joint Placement Agent for Eco World Development Group Berhad's rights issue with warrants and private placement (RM1,400.0 million) as well as the Joint Adviser and Joint Underwriter for Sunsuria Berhad's rights issue with warrants (RM380.0 million). We were also the Joint Underwriter for the rights issue of Hong Leong Financial Group Berhad (RM1,100.0 million).

Moving forward, the Corporate Finance Division will continue to leverage on our full-fledged advisory services to enhance value for all stakeholders. We also seek to continue utilising our underwriting abilities to provide total solutions to our clients.

Notable IPOs For FY2016

IKHMAS JAYA GROUP BERHAD

RM296M

Principal Adviser, Underwriter and Placement Agent

July 2015

PECCA GROUP BERHAD

RM267M

Principal Adviser, Joint Underwriter and Joint Placement Agent

April 2016

MALAKOFF CORPORATION BERHAD

RM9.0B

Joint Underwriter

May 2015

RED SENA BERHAD

RM500M

Joint Underwriter

December 2015

Notable M&A Deals For FY2016

IJM LAND BERHAD	IOI PROPERTIES GROUP BERHAD	GOLDEN LAND BERHAD	SUNSURIA BERHAD
RM1.98B	RM1.93B	RM655M	RM507M
Principal Adviser	Principal Adviser	Principal Adviser	Principal Adviser
Privatisation	Acquisition of real estate corporations	Disposal of oil palm plantation subsidiaries and land	Acquisition of companies with land and development rights
April 2015	January 2016	October 2015	June 2015

Notable Independent Adviser Roles For FY2016

OSK PROPERTY HOLDINGS BERHAD	PERDANA PETROLEUM BERHAD	SYMPHONY HOUSE BERHAD	KULIM (MALAYSIA) BERHAD
RM234M	RM729M	RM860M	RM2,260M
Independent Adviser	Independent Adviser	Independent Adviser	Independent Adviser
Takeover offer	Takeover offer	Reverse takeover and management buyout	Selective capital reduction and repayment
October 2015	August 2015	February 2016	April 2016

Notable Fund Raising Deals For FY2016

ECO WORLD DEVELOPMENT GROUP BERHAD	SUNSURIA BERHAD	HONG LEONG FINANCIAL GROUP BERHAD
RM1.43B	RM380M	RM1.1B
Joint Principal Adviser, Joint Underwriter, Joint Placement Agent	Joint Adviser, Joint Underwriter	Joint Underwriter
Rights issue with warrants and private placement	Rights issue with warrants	Rights issue
May 2015	July 2015	December 2015

Capital Markets Group

The Capital Markets Group is focused on providing integrated financing solutions to our sovereign, corporate and institutional clients through our capabilities in fixed income, derivatives and credit solutions and advisory services. We strive to be the partner of choice among our clients to assist them in realising their business goals and supporting them in their long-term growth.

AmInvestment Bank continues to assert its leadership position as a dominant capital markets player despite challenging market conditions, extending our top three position on the Bloomberg Underwriter Rankings for MYR-denominated Private Debt Securities (PDS) for the 13th consecutive year in 2015. Our track record of successfully executing deals in the volatile and challenging market environment is a testament to our unwavering commitment to provide service of the highest quality to our clients.

In 2015, the Malaysian economy expanded by 5 per cent amidst global market uncertainties underscored by the US Fed's consideration of the timing and quantum of Fed rate normalisation, economic slowdown in China, depressed oil prices and volatile

Ringgit exchange rate. The Malaysian economic growth is expected to moderate in 2016 with credible growth of 4.2 per cent supported by domestic activities and exports, complemented by a more stable currency and signs of improving sentiments.

Gross PDS issuances in 2015 amounted to RM78.2 billion, a marginal decline of 0.9 per cent in volume over the corresponding period in 2014. The majority of the new PDS issuances in 2015 comprised Government-Guaranteed & AAA-rated issuances (44 per cent), followed by AA-rated issuances (42 per cent), unrated issuances (11 per cent) and A-rated issuances (3 per cent).

Unrated bond issuances continue to gain prominence in the Malaysian market with the removal of mandatory bond rating requirement by January 2017. Drawing on our vast experience and expertise in syndication, the Capital Markets Group is committed to assist our clients to capitalise on this opportunity and in developing private placement strategies with a diversified investor base.

The Capital Markets Group is ideally positioned to meet the requirements of our clients as we provide a full suite of customised debt and capital financing solutions comprising PDS and *Sukuk* issuances, loan syndication, structured finance, capital and project advisory services and primary syndication and underwriting services. With a strong team comprising professionals experienced in finance, accounting, tax, actuarial, legal, credit rating, risk management, engineering and securities regulations, we offer our clients innovative and customised financing solutions that meet and exceed expectations.

During the year in review, AmInvestment Bank was awarded, amongst others, the Project Finance Bank of the Year in Malaysia by The Asset Triple A Asia Infrastructure Awards 2015 and the Best Loan House in Malaysia by The Asset Triple A Country Awards 2015, a testimony of our capabilities in project financing and loan syndication space.

The Capital Markets Group continues to drive product innovation and efficiency in the market, as highlighted by our key transactions below:

Legend

PA	Principal Adviser	LA	Lead Arranger	LM	Lead Manager
MLA	Mandated Lead Arranger	MLAB	Mandated Lead Arranger/Bookrunner		
JLA	Joint Lead Arranger	JLM	Joint Lead Manager		

Infrastructure And Project Financing

Prasarana Malaysia Berhad JLA JLM

MYR3.055B GG Sukuk Issuance

- Wholly-owned by the Government of Malaysia as a conduit to facilitate, undertake and expedite public infrastructure projects: LRT, KL Monorail and bus operations.
- 2.6 times bid-to-cover ratio for the MYR3.055 billion *Sukuk* issuance.
- Tax remission enhanced the government-guaranteed *Sukuk*'s attractiveness to investors, thereby achieving optimum pricing for financing up to 25 years.

Jambatan Kedua Sdn Bhd JLA JLM

MYR4.6B GG Sukuk Programme

- Integrated financing solutions from short-term funding with Revolving Credit Facilities since 2010 and long-term funding through the *Sukuk* issuance for the Penang Second Bridge Project.
- Well-executed book building strategy: Tightest spread for GG issuance since 2013; 40/43 basis points above MGS for 10/15 year tranche.
- 1.2 times bid-to-cover ratio for the MYR2.0 billion *Sukuk* issuance.

Entertainment/Hotels

GENM Capital Berhad JLM

MYR5.0B MTN Programme

- Timely execution to access market liquidity: Bookbuilding process for the RM2.4 billion MTN issuance was carried out within a half-day period on 11 August 2015 with an upsize from the original RM2.0 billion.
- The issuance marks Genting's return to the local bond market after its debut issuance in 2012.

Investment Management

Valuecap Sdn Bhd PA LA LM

MYR20B Redeemable Unsecured Bond Programme

- AmInvestment Bank secured a sole mandate from Valuecap, a testament to AmInvestment Bank being the execution house of choice.
- Efficient execution process: Thorough planning and well-executed process provided the Issuer with an opportunity to accomplish deal launch, financial close and pricing within a short timeline.

Construction

WCT Holdings Berhad LM

MYR150.0M Sukuk Issuance

- An integrated and established engineering and construction player, Dec 2015's issuance marks WCT's return to the bond/*Sukuk* market after over a year.
- Preliminary engagement and understanding of the client's financing requirements leading up to the issuance enabled a swift time to market.

Energy

Sarawak Energy Berhad JLM
MYR1.5B Sukuk Issuance

- Fourth Sarawak Energy issuance under the Sukuk Musharakah Programme.
- Capitalised on market appetite for long-tenured papers: the *Sukuk* was oversubscribed by over two times with the majority of the interest focused on the longer tenured papers.

Financial Institutions

Gulf Investment Corporation G.S.C. JLM
MYR450.0M Sukuk Issuance

- AmInvestment, AmBank and AmIslamic played multiple roles in this transaction: Originating the *Sukuk*, the sales and distribution process, and acting as the transaction agent for the commodity *Murabahah* contract under Bursa Malaysia's Suq Al-Sila' platform.
- AAA rating by RAM underscored by GIC's privileged position within the GCC, committed support from its shareholders and strengthening fundamentals.

Cagamas Berhad LM
MYR1.5B Sukuk Issuance

- The leading issuer of AAA securities in Malaysia, Cagamas is the national mortgage company responsible for the purchase of housing loans from financial/non-financial institutions.
- Largest single tenor issuance by Cagamas in October 2015 – solely led managed by AmInvestment.

Consumer Financing

AEON Credit Service (M) Berhad JLA JLM
MYR1.0B ICP Programme

- AEON Credit is principally engaged in the provision of easy payment schemes, personal financing schemes, and issuance of credit cards under the Visa and MasterCard brands.
- It is also one of the largest non-bank financiers of consumer durables in Malaysia with the largest merchant base and is a key player in motorcycle financing, responsible for about 21 per cent of the total motorcycles sold in 2014.

Sovereigns, Supras, Agencies

Danga Capital Berhad JLM
MYR1.5B Sukuk Issuance

- A special-purpose vehicle established by Khazanah Nasional Berhad to raise onshore MYR-denominated financing.
- Largest MYR *Sukuk* issuance by Khazanah Group during 1Q16.
- Strong investor interest with two times bid-to-cover by over 30 investors.

Loan Markets

AmInvestment Bank continues to extend its top five position on the Bloomberg Underwriter Rankings for MYR-denominated Malaysia Loans Mandated Arranger for the year of 2015.

Compared to 2014, the Malaysian loan syndication market volume in 2015 dropped to USD12.9 billion, a 34 per cent reduction in volume compared to the same period in 2014 when USD19.6 billion in syndicated loan was raised *(source: Bloomberg Underwriter Rankings for Malaysia Loans Mandated Arranger)*. However, the huge volume in 2014 was driven by the financing of a few significant foreign currency deals in oil & gas, FPSO and property sectors.

For 2015, the loan syndication business in Malaysia was largely driven by cross border transactions, with foreign currency denominated deals making up to 68 per cent of the total loan syndication market volume *(source: Bloomberg Underwriter Rankings for Malaysia Loans Mandated Arranger)*. Growth was mainly driven by oil and gas-related businesses and real estate projects. These two sectors made up 60 per cent of the Malaysian loan syndication business in 2015.

The loan syndication business complements the bond market in meeting clients' large financing requirements, whether for corporate exercises such as mergers and acquisitions, to act as bridge financing or to finance capital expenditure needs.

AmInvestment Bank continues to gain recognition in the loan syndication market as it recently won the Best Loan House in Malaysia at The Asset Triple A Country Awards 2015 on 12 January 2016. The Best Loan House in Malaysia title was awarded to AmInvestment Bank for its solid presence in Malaysia's loan syndication market and its prominent role in arranging a number of deals to finance the country's key infrastructure projects. Some of the key transactions done in 2015 are highlighted below:

Oil & Gas

SapuraKencana TMC Sdn Bhd MLA
USD1.4B (MYR6.0B equiv.)
Multicurrency Syndicated Islamic Facility

- Refinancing of existing USD2.2B Multicurrency Syndicated Islamic Facility into a facility with a longer tenor – the largest Islamic facility in Malaysia to date.
- The deal was arranged by 11 local and foreign financial institutions, of which AmBank Islamic Berhad is the second largest financier.
- SapuraKencana is the largest oil field services player in Malaysia with presence in various regions including Asia Pacific, India, Middle East, Latin America and Africa.

Manufacturing

CTRM Aero Composites Sdn Bhd (CTRM) MLAB
MYR349M Syndicated Financing Facilities

- To part finance CTRM's Shariah-compliant capital expenditure and to finance imported/local purchases against the Bank's Letter(s) of Credit, Inwards Bills under Document against Payment/ Acceptance & Local Inwards Bills/Direct Invoice.
- Its repayment capability is supported by its operating cash flows and strong order book.
- The structure is also supported by a corporate guarantee from DRB-Hicom Defence Technologies Sdn Bhd.
- CTRM is a manufacturing unit of CTRM Group, focusing on the manufacturing of composite components for both aerospace (composite aero structures) and non-aerospace segments.

Press Metal Sarawak Sdn Bhd MLA
USD100M Syndicated Term Loan Facility (STL)

- To part finance Press Metal Bintulu Sdn Bhd (PM Bintulu)'s expansion plans, to pre-fund the debt service reserve account and payment of fees and expenses in relation to the STL.
- The STL is supported by a corporate guarantee from Press Metal Berhad, the leading aluminium producer and the only company with fully integrated upstream and downstream aluminium smelting and manufacturing operations in SEA.
- Proceeds from the STL will be on-lent to PM Bintulu to expand its production capacity at the Samalaju Plant from 320,000 tonnes p.a. to 640,000 tonnes p.a. through the construction of a duplicate plant alongside the existing plant.

Financial Institution

Orix Corporation and its subsidiaries MLA
USD293M Multicurrency Revolving Credit Facility (RC)

- Refinancing of existing Multicurrency RC Facility of USD278.0M and for general working capital.
- The facility is a two-year RC (with option to extend) supported by a corporate guarantee from the parent, Orix Corporation (Japan), who is rated A- by Standard & Poors.
- This RC is meant for Orix Leasing Malaysia Berhad, the largest player in the domestic leasing industry with 40 years' track record, largely specialising in equipment financing to SMEs.

Real Estate

AmFIRST REIT MLAB
MYR250.0M Syndicated Term Loan Facility

- Financing for the acquisition of a freehold three-storey hypermall building in Bukit Mertajam, Pulau Pinang (Mydin HyperMall).
- The proposed acquisition is meant to capitalise on the strong economic growth in Penang's retail segment and to provide a stable income stream for AmFIRST REIT.

Setia Federal Hill Sdn Bhd LA
MYR1.07B Syndicated Term Loan Facility

- To part finance the development of Kompleks Institute Penyelidikan Kesihatan Bersepadu for the Ministry of Health in exchange for lands from the Government of Malaysia and to part finance the mixed development of Setia Federal Hill Project.
- The main source of repayment would be from the sale proceeds of the Setia Federal Hill Project via redemption sum.

AmInvestment Bank's Awards And Accolades

The Asset Triple A Infrastructure Awards 2015

- **Project Finance Bank of The Year (Malaysia)**
  AmInvestment Bank Berhad
- **Oil and Gas Deal of The Year**
  SapuraKencana TMC RM7.7B Multi-Currency Syndicated Islamic Term Financing Facility
- **Project Finance Deal of The Year**
  SapuraKencana TMC RM7.7B Multi-Currency Syndicated Islamic Term Financing Facility
- **Best Oil and Gas Deal (Malaysia)**
  SapuraKencana TMC RM7.7B Multi-Currency Syndicated Islamic Term Financing Facility
- **Best Transport Deal (Malaysia)**
  DanaInfra Nasional Berhad RM21.0B Islamic Facilities comprise of:
  - Syndicated and Islamic Revolving Credit Facilities
  - Government Guaranteed Sukuk Programme

The Asset Triple A Country Awards 2015
Best Loan House, Malaysia
AmInvestment Bank

The Asset Triple A Islamic Finance Awards 2015

- **Best Corporate Sukuk**
  Cagamas Berhad RM3.8B Multi-Tenor Sukuk
- **Best Bank Capital Sukuk**
  AmBank Islamic Berhad RM200.0M Basel III Sukuk
- **Best REIT Sukuk**
  KLCC Berhad RM3.0B Sukuk REIT

Bloomberg Underwriter Rankings 2015
MYR-denominated PDS and *Sukuk* – No. 3 with 17.9 per cent market share
Malaysia Loans Mandated Arranger – No. 4 with 9.5 per cent market share

Islamic Capital Markets

Islamic Capital Markets offers Islamic advisory services and a wide range of innovative Shariah-compliant financial and investment solutions that include sukuk origination, Islamic equity or equity related capital markets offerings, Islamic private equity, Islamic structured finance and Islamic syndicated financing.

The division consists of an innovative team with Shariah expertise that acts as the single point of contact for other divisions within AmInvestment Bank in our drive to deliver innovative and end-to-end Islamic financial solutions. We have put in place the best industry practices to strengthen the Group's wide governance to ensure there is work transparency and strict compliance with Shariah requirements as guided by the parameters of Bank Negara Malaysia's Shariah Governance Framework.

2015 Performance Highlights

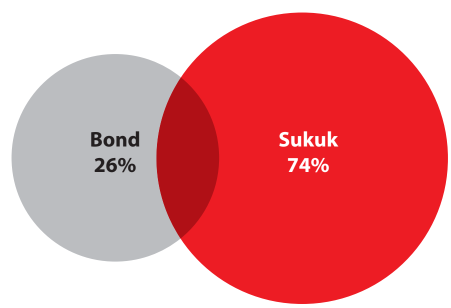
2015 was a tough year for the Group overall due to slower financing (loan) growth and increase in credit/financing costs. Some corporate customers/issuers in certain segments such as construction, oil and gas, wholesale and retail trade, automotive and non-residential property were facing greater earnings pressure and had been delaying their capital expenditure due to various factors such as lesser disposable income per household, the Ringgit's depreciation, and decline in commodity prices such as crude and palm oil. Despite operating in such a challenging and volatile business environment, as at 31 March 2016, the Division managed to complete eight new deals with total facility size of RM15.4 billion. AmInvestment Bank continued to be recognised as a prominent player in the sukuk market, ranking in fourth position in Bloomberg's MYR Sukuk Underwriter League Table 2015, garnering a market share of 13.8 per cent with a value of RM7.5 billion.

All sukuk transactions arranged and participated by AmInvestment Bank were issued under the Shariah principles of Murabahah (via Tawarruq arrangement, leveraging on Bursa Malaysia Suq Al-Sila' commodity trading platform) except for the Sukuk Wakalah issuance by Gulf Investment Corporation. Going forward, there will likely be more sukuk issuances based on the Shariah principles of Wakalah and Ijarah in Malaysia due to the extension of tax incentives given on the upfront costs for these Shariah principles until 2018 as announced in the Budget 2016.

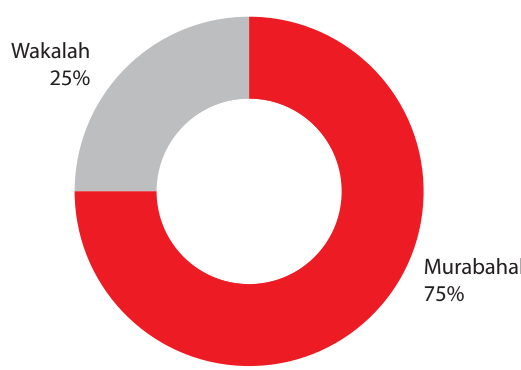
Completed Projects

Sukuk Deals	
Jambatan Kedua Sdn Bhd	RM4.6B Government Guaranteed Sukuk Murabahah Programme
AEON Credit Services Sdn Bhd	RM1.0B Islamic Commercial Papers Programme
Prasarana Malaysia Berhad	RM5.0B Government Guaranteed Sukuk Murabahah Programme
Gulf Investment Corporation	RM450.0M issuance from its existing RM3.5B Sukuk Wakalah Programme
Islamic Syndicated Financing Deals	
CTRM Aero Composites Sdn Bhd	RM130.0M Syndicated Murabahah Tawarruq Term Financing-i
Penang Port Sdn Bhd	RM1.23B Syndicated Commodity Murabahah Term Financing-i Facility
SapuraKencana TMC Sdn Bhd	Syndicated Term Financing-i of up to RM1.0B
Perbadanan Tabung Pendidikan Tinggi Nasional	RM2.0B Government Guaranteed Syndicated Revolving Credit-i Facility

Sukuk VS Bonds



Sukuk Issuance In 2015 By Shariah Principles



Following our dominance in the Islamic finance space, the Assets Triple A has accorded nine new awards to AmInvestment Bank for the year 2015. Islamic Capital Markets' strengths in product innovation have been evident though our first rated Basel III-compliant sukuk by AmBank Islamic Berhad, the landmark deal that won the Best Bank Capital Sukuk category from The Assets Triple A Islamic Finance Awards 2015. We also bagged four awards for the SapuraKencana TMC syndicated Islamic financing transaction, which was recognised as the largest Islamic facility in Malaysia to date.

We remain a strong promoter of the Islamic capital markets sector and through selective sponsorship and industry training, we support the profiling efforts initiated by both Securities Commission as well as Bank Negara Malaysia under the Malaysia International Islamic Finance Centre (MIFC) initiatives. As a demonstration of our commitment, in 2015, we sponsored some significant events in the industry including the 6th OIC World Biz-Business & Investment Zone Exhibition and Conference 2015, Kuala Lumpur Islamic Finance Forum 2015 (KLIFF), and IFN Forum Asia 2015.

The Division also actively participated in sharing of thoughts and knowledge towards further development of the Islamic capital markets via our forums with regulators and Islamic associations or bodies like the Malaysian Investment Banking Association (MIBA), Islamic Banking and Finance Institute Malaysia (IBFIM), and International Shariah Research Academy (ISRA).

Malaysia Sukuk Market Snapshot

For 2015, Ringgit sukuk issuances in the local market totalled RM54.0 billion, which is 12.8 per cent lower than last year's total of RM62.0 billion. The performance was dragged down by uncertainties in the market, which resulted in lacklustre fundraising activities. Percentage of sukuk versus conventional bonds fell to 69 per cent based on data extracted from Bloomberg, due to several large issuances by conventional financial institutions such as Maybank, Cagamas, Alliance, OSK and also out of the RM20.0 billion Bonds Programme by ValueCAP during the year. However, for 2016, we anticipate Ringgit sukuk issuances will surpass issuances in 2015 with more funding requirements from infrastructure and utilities sectors that are expected to continue to dominate in the year 2016. Local investors remain supportive of the debt/Islamic capital markets because of the expected volatility in the equity market that may compel investors to switch to a safer asset class.

Islamic Capital Markets Going Forward

We expect the economic headwinds will continue in 2016; hence, our key strategic priorities to face this challenge as well as to remain competitive amongst our peers are as follows:

- Maintain AmInvestment Bank as a key player in Islamic capital markets and Islamic syndications
- Position AmInvestment Bank as a top three bank for sukuk issuances in various league tables
- Emphasise on client needs and solutions driven through retained focus on expanding or creating product variation and innovation
- Deepen our engagement with the regulator as well to continue as an active supporter to MIFC's initiatives in developing Malaysia as an international marketplace for Islamic finance
- Strengthen teamwork or collaboration between other divisions within the AmBank Group towards increasing productivity, efficiency and cost-effectiveness in line with the leveraging model adopted by the Group

Awards And Accolades In 2015

The Asset Triple A Islamic Finance Awards 2015

- **Best Corporate Sukuk**
  Cagamas Berhad RM3.8B Multi-Tenor Sukuk
- **Best Bank Capital Sukuk**
  AmIslamic Bank Berhad RM200.0M Basel III Sukuk
- **Best REIT Sukuk**
  KLCC Berhad RM3.0B Sukuk REIT

The Asset Triple A Infrastructure Awards 2015

- **Project Finance Bank of the Year (Malaysia)**
  AmInvestment Bank Berhad
- **Oil and Gas Deal of the Year**
  SapuraKencana TMC RM7.7B Multi-Currency Syndicated Islamic Term Financing Facility
- **Project Finance Deal of the Year**
  SapuraKencana TMC RM7.7B Multi-Currency Syndicated IslamicTerm Financing Facility
- **Best Oil and Gas Deal (Malaysia)**
  SapuraKencana TMC RM7.7B Multi-Currency Syndicated IslamicTerm Financing Facility
- **Best Transport Deal (Malaysia)**
  Danainfra Nasional Berhad RM21.0B Islamic Facilities comprise of:
  - Syndicated and Islamic Revolving Credit Facilities
  - Government Guaranteed Sukuk Programme

Global Markets

During the period under review, the disparity of growth between the USD and the rest of the world caused extreme volatility in global rates and foreign exchange markets. Falling oil prices as well as devaluation of the Chinese Yuan contributed to the volatility of USDMYR as well as local interest rates. During the period under review, USDMYR traded to a high of 4.4565 before closing at 3.8995 in March 2016. Reversal of sentiment was mainly attributed to the dovish tone of the Fed on expectations of interest rates hike, BNM's SRR cut in December 2015 as well as recovery of oil prices.

The division underwent re-alignment in September 2015, which saw the formation of Capital Markets Group and Global Markets to demarcate between primary and secondary activities; where all secondary market activities are housed under Global Markets, including Equity Derivatives. Our dedicated multi-product sales team focuses on managing and building client relationships and delivery of product solutions across all asset classes, and is further supported by trading and various support teams, namely research, quantitative analytics and business management.

This is further evidenced by being awarded the Best FX Bank for Corporates & Financial Institutions for the fourth consecutive year by Alpha South East Asia. Such accolades have placed AmBank Group in the frontline for FX, derivatives and fixed income business. In support of the Malaysian Government's initiative to become a leading Islamic financial hub, Global Markets continues to place emphasis on developing innovative Islamic FX and derivatives products as part of the comprehensive product suite.

Awards Won In FYE16

For the fourth consecutive year, Alpha Southeast Asia has awarded AmBank the Best FX Bank for Corporates & Financial Institutions at the Ninth Annual Alpha Southeast Asia Best Financial Institution Awards 2015 ceremony in recognition of our ability to provide efficient and effective FX solutions and services to meet the needs of our wide-based customer segments.

Going forward, Global Markets will continue to build on the earlier momentum of enhancing collaboration by leveraging on the Group's distribution channels and relationships for effective cross-selling efforts as well as to continuously provide substantive, integrated and client-led business underpinned by a full suite of product offerings.

Funds Management

AmInvest is the brand for the Funds Management Division (FMD) with more than 36 years of funds management expertise, encompassing both conventional and Shariah-compliant mandates and specialising in active Asian equities, active global *sukuk* and smart beta global equities.

FMD's total assets under management grew at a commendable 8 per cent over a five-year compound annual growth rate (CAGR). Our Shariah-compliant subset CAGR was 18 per cent over the same period, underlying the huge interest in Shariah-compliant products. Total fund size as at March 2016 was RM36.2billion.

We manage 82 unit trusts, nine private retirement schemes (PRS) and 86 institutional mandates.

Company Accolades

It has been another bumper year for gathering awards and we managed to win 15 awards within the financial year from across the globe.

We have won many repeated awards over the years recognising the company continuously for industry excellence. We won The Investment Management Company of the Year, Malaysia by World Finance from London for the fifth consecutive year. We also won, for the third consecutive year, both the Best Pension Fund Manager and the Best Institutional Fund House, Malaysia by Asia Asset Management, Hong Kong.

We are proud to defend the Best Islamic Asset Management House of the Year, Malaysia title for the second year, given at The Asset Triple A Islamic Finance Awards, Hong Kong. We received the Islamic Fund House of the Year, Malaysia title by Acquisition International, United Kingdom.

On the fund performance specifically, we received numerous awards across asset classes, underlying the expertise of our investment managers. We won the Best Asean Equity Fund 2016 given by the 2016 International Fund Award and Best Equity ASEAN, 3 Years by the Edge & Thomson Reuters Lipper Fund Awards 2016 (The Edge) for our AmAsean Equity fund. Our AmCumulative Growth fund won Best Equity Asia Pacific ex Japan, 10 Years given by The Edge. AmDynamic Bond won the Best Bond Malaysian Ringgit, 10 Years, at the same event. Our AmDynamic Sukuk won the The Best Thematic Fund Performance given at the IFN Islamic Investor Awards 2015.

Fund Launches and Fund Performance

AmInvest successfully launched four new unit trust funds, two conventional and two Shariah-compliant funds.

AmASEAN Equity fund performance is the most notable as this Shariah-compliant fund came out tops in both the conventional and Shariah-compliant rankings for the three-year period and won numerous awards in doing so.

During the year, ABF Malaysia Bond Index exchange traded fund had grown to become the largest exchange traded fund in Malaysia where the fund grew to RM1.4 billion from RM0.7 billion during the year from foreign institutional interests. This demonstrated that having the right product will attract investors at the appropriate time.

Going Forward
AmInvest shall continue to pursue growth with our institutional unit trust agents and distributors with renewed vigor as part of our mission to be the preferred investment solutions provider of choice, offering products that fit into funds platforms, financial planning advisory menus, retirement solutions and institutional investors both domestic and globally.

Transaction Banking
Transaction Banking offers a full suite of trade finance and cash management services. The department offers customised and value added end-to-end solutions to improve working capital cycles and process efficiency for our business/corporate clients. Trade services include domestic sales and purchase financing, import and export financing, structured trade, and trade advisory as well as Islamic trade solutions.

Our cash management services are specifically designed to relieve clients from the routine business of receivables and payables, freeing them to focus on growing their business. Solutions offered include payment solutions, liquidity management, collection solutions, as well as electronic invoice presentment and payment. Both services are supported by an extensive suite of around-the-clock web-based business channels capable of both enquiry and transaction functions.

These include e-AmBiz for cash management and our AmTrade platform for trade services. Transaction Banking continued to adopt best practices and enhance technological platforms for better customer experience. Overall improvements in product solution efficiency is a key strategic area for us to garner sticky funds in view of the pending BASEL III requirements as well as promoting Islamic trade finance and services activities.

Private Banking
AmPrivate Banking is a division of AmInvestment Bank Bhd. It is set up primarily to service high net worth Malaysian clients with unique investment banking propositions.

These propositions are expressed via investment advisory, security dealing and fund management services, and executed using capital market, investment and banking products and services. We complement the AmBank Group's expertise and resources with customised solutions to meet our clients' investment needs. Products and services originated within the AmBank Group are channeled across to private banking clients, who may also choose from a suite of other investment providers under AmPrivate Banking's open architecture platform.

Our private bankers serve clients located throughout Malaysia, offering them access to domestic and foreign exposures in equities, bonds, currencies and alternatives. Complementing our private bankers' advisory services are in-house fund managers that offers discretionary portfolio management.

General Insurance

AmGeneral Insurance Berhad ("AmGeneral Insurance") is founded on a combined business of two former entities, AmG Insurance Berhad ("AmG") and Kurnia Insurans (Malaysia) Berhad ("KIMB") with the acquisition of KIMB by AmBank Group and IAG International Pty Ltd ("IAG") in September 2012. With our strengthened market position, AmGeneral Insurance stands as a pillar of the industry, representing stability and strength with exceptional product offering, distribution and customer service.

Operating under its two well-known and trusted brands, AmAssurance and Kurnia, the company generates business from a comprehensive range of general insurance solutions distributed through a network of 32 AmAssurance and Kurnia branches, servicing 7,000 agents and dealers, as well as through AmBank's branches nationwide.

Financial Performance
AmGeneral Insurance Berhad (AmGeneral Insurance) reported a profit after tax (PAT) of RM192.8 million for FY2016 (FY2015: RM240.0 million). The PAT was impacted by lower investment income as well as higher claims, which was largely caused by disallowance of input tax credit under the goods and services tax (GST).

Highlights Of The Year
In September 2015, AmGeneral Insurance relocated its head office to Menara Shell, Kuala Lumpur, to further support its increasing Klang Valley customers and business partners at a more centralised location. This move signifies our effort to make AmGeneral Insurance a great place to work by promoting an open, engaging, collaborative and agile working environment.

FY2015 was a challenging year due to the highly competitive market conditions and low consumer sentiment of the economy with weaker currency and implementation of the GST last year.

Despite these market challenges, AmGeneral Insurance continued to lead in the motor insurance segment as the number one motor insurer with 17.7 per cent, and is second in overall market share based on Net Premium (ISM statistics as at YTD March 2016). The Company is gaining momentum in other classes of insurance and is seeing results in its strategic corporate initiatives.

During the year under review, AmGeneral Insurance placed focus in creating a stronger customer-centric foundation on which to build a balanced portfolio of products that will best serve the needs of its growing customer base with ever-changing expectations. At the same time, AmGeneral Insurance also ensures that necessary support is given to its huge number of agents that represent both its retail brands, AmAssurance and Kurnia Insurans.

One of these initiatives is centred on policy renewals and providing agents and partners with a host of services that help them connect with customers on their policy reminders. This includes short message service (SMS), mail and an Outbound Call Centre, which make contact with about 150,000 customers per month to assist in driving renewals with their agents.

AmGeneral Insurance has also developed the first-ever white label online insurance platform in the industry called Agent Portal Services (APS) where customers are able to purchase insurance online from their trusted agents via AmGeneral Insurance's platform. To date, over 700 agent portals are activated to facilitate online renewals. The Company's online insurance sales experienced a double-digit growth from 2015 to 2016, which exceeded the insurance industry's average of six to seven per cent.

To simplify the claims process for customers, AmGeneral Insurance launched a new and improved Kurnia and AmAssurance One Touch App where customers are able to request for immediate accident and roadside assistance, submit claims information, and connect with their preferred agent. The mobile app achieved approximately 17,000 downloads thus far.

Also part of the claims process enhancement, AmGeneral Insurance introduced its Specialist Windscreen Repairers who are able to fix or replace customers' windscreens in the matter of hours, with no upfront payment and with a two-year guarantee on the workmanship – the first in the industry.

In line with AmGeneral Insurance's purpose to help make Malaysia a safer place with great insurance solutions and its ambition to be The Most Trusted Insurer in the country, the Company has embarked on a series of road safety campaigns to raise awareness on the importance of being safe on the road and to encourage a positive change in drivers' behaviour.

AmGeneral Insurance was the main sponsor of the KL City Grand Prix. This association elevated our relationship with the motor industry and provided us with a unique opportunity to promote our #PassionForSafety campaign through the expertise of professional motor sports, featuring the Kurnia AmAssurance Mercedes SLS GT3 race car and professional tips on road safety.

In conjunction with the General Insurance Day on 17 October last year, AmGeneral Insurance joined forces with the General Insurance Association of Malaysia (PIAM) to raise awareness for road safety where employees and the public were able to pledge their support and share safety messages on the pledge board and social media.

On 30 March 2016, AmGeneral Insurance launched AutoGen Club that recognises the support and contribution of their loyal partners. AutoGen Club benefits are designed to empower partners to become key insurance solution providers to their customers through the provision of Fast Claims Services and Enhanced Motor Underwriting Guide to meet the needs of their partners and customers.

AmGeneral Insurance also signed a partnership agreement with Opal Auto Mart (Opal) to be the exclusive underwriter for the auto warranty sold under Opal's lifestyle programme that covers both reconditioned and used cars. Opal is the largest extended warranty service provider and administrator for used and reconditioned cars in Malaysia with over 200 specialist workshops nationwide.

On the education front, AmGeneral Insurance signed a Memorandum of Understanding (MoU) with Universiti Kebangsaan Malaysia (UKM) in November last year on an internship programme to sponsor four final-year actuarial science students from UKM's School of Mathematical Sciences. This collaboration is in line with the aspiration of Tan Sri Azman Hashim, who is also the Chairman of Asian Institute of Chartered Bankers (AICB) championing the FSTEP programme, to nurture a pool of new talents to meet the demands of the Malaysian financial services industry. The MoU was signed by Tan Sri Azman Hashim, Chairman of AmBank Group and Professor Datuk Dr. Noor Azlan Ghazali, Vice Chancellor of UKM.

Moving Forward

With the three-year strategic plan in place, AmGeneral Insurance will continue to fulfil key initiatives to grow its top line and to focus on our customers and employees. The Company's preparations for liberalisation are well on track, and we are confident that it's ready to take the lead and compete when the market opens up.

Life Assurance

FY2016 Highlights

To better serve the needs of Malaysians and to add on to the existing range of AmMetLife products, three new products – ProtectSecure Prime, HealthCare Choice and ProtectCare Extra were launched in 2015.

ProtectSecure Prime and HealthCare Choice were launched in August 2015 followed by ProtectCare Extra in December 2015.

ProtectSecure Prime is a traditional non-participating limited premium payment whole life plan which is a bancassurance product distributed through AmBank branches nationwide.

HealthCare Choice is a yearly renewable non-participating medical plan distributed through our agency sales channel. We have also made HealthCare Choice available as a rider, attachable to investment-linked regular premium plans.

ProtectCare Extra is a traditional non-participating regular premium 20-year term plan distributed through our telemarketing sales channel.

From a corporate perspective, the new corporate headquarters of AmMetLife Insurance Berhad was launched on 11 January, 2016. The new corporate premise is strategically located at Menara 1 Sentrum which is right in the heart of Kuala Lumpur's Central Business Division, the latest premier business area in the city.

With this move, we are now easily reachable to all Malaysians. This convenient location which houses our new business premise is our commitment to serve the needs of our customers in the long term.

Performance

In line with our multi-channel strategy, Agency and Employee Benefits have contributed strongly to the growth of New Business over the previous year with a registered growth of 24%. We will continue to grow our Bancassurance Channel as we work with AmBank to tap into the network of bank branches across Malaysia.

Family Takaful

AmMetLife Takaful Berhad (AmMetLife Takaful) (50% plus 1 share held by AmBank Group) offers a comprehensive range of takaful solutions distributed by its authorised takaful agents and bank branches nationwide. We aim to create a customer-centric and modern takaful operator in Malaysia based on a deep and respectful knowledge of Shariah principles and values.

FY2016 Highlights

On 14 May 2015, Mohamad Salihuddin Ahmad was appointed as Chief Executive Officer (CEO) of AmMetLife Takaful Berhad. As CEO, Mohamad Salihuddin will be responsible for executing a transformation strategy to achieve profitable growth, accelerate shareholder return, as well as ensuring the operational effectiveness of the AmMetLife Takaful business in Malaysia.

11 January 2016 marked an important milestone for AmMetLife Takaful with the launch of the new corporate headquarters. The new corporate premise is strategically located at Menara 1 Sentrum which is right in the heart of Kuala Lumpur's Central Business Division, the latest premier business area in the city.

In relation to the Company's gross contribution for the financial year ended 2016, AmMetLife Takaful surpassed the target, primarily contributed by credit related products and Group Employee Benefits. However, it is marginally lower against last year due to non-renewable large sized group term Takaful schemes. Whilst the Bancatakaful channel recorded an improved performance, the Agency channel completed the financial year with a lower achievement as opposed to the target set.

In line with the regulatory requirement to maintain the Capital Adequacy Ratio above the Individual Target Capital Level, the share capital was increased by RM30mil though a non-renounceable rights issue of 30mil new ordinary shares of RM1.00 each at an issue price of RM1.00 per share. The 30mil new shares are fully subscribed by AmBank Group (50%) and MetLife (50%).

Moving Forward

AmMetLife Takaful will implement a number of strategic initiatives to improve the performance and market position. A five-year business plan has been developed to outline the strategies required to promote growth in term of business and the development of the direct channel i.e. e-Channel. The e-Channel is an innovative direct channel business which will promote simple term products via an online platform, this is in-line with the Life Insurance and Family Takaful Framework issued by Regulators. By embracing and leveraging the digital platform, the e-Channel is able to supplement the distribution by Bancatakaful and Agency by providing 'warm' leads for intermediaries to provide a more comprehensive Takaful solution to the potential participants. By developing the direct channel, the company is expecting to generate consistent regular businesses in the next five years to become the preferred Takaful provider.

Group Information Services

The primary focus of Group Information Services (GIS) for the fiscal year was on delivering against our IT mission and vision. Towards the end of the year, GIS has worked on aligning the overall IT strategy to the recently announced business strategy. GIS has continued to partner with our stakeholders to play our role as an enabler and catalyst for change and improvements within AmBank Group.

Investments In IT Facilities And Infrastructure

Over the past year, the Group has invested in the establishment of a new, highly reliable and secure data centre with state-of-the-art technology and equipment. The programme to refresh our IT facilities and infrastructure comprises several major work streams:

- Establishment of a tier-3 data centre with N+1 data centre facilities redundancy
- Implementation of Next-Generation Computing and Infrastructure Platforms
- Migration of live systems into the newly established Production Data Centre
- Implementation of a Tier-3 Disaster Recovery Data Centre

The programme involved migrating and consolidating production applications, servers and core infrastructure from seven Data Centre into the New Production Data Centre. This migration was successfully completed on October 2015.

The successful rollout has resulted in higher business continuity, improved IT service availability, and better cost efficiency in the long run. The outcomes achieved include:

- Regulatory compliance data centre with power and cooling efficiency
- Lights out data centre operations
- Speedy IT service provisioning
- Faster disaster recovery
- Improved IT security
- Technology consolidation and standardisation

Activities are in progress to complete the implementation of the Disaster Recovery Centre, which is planned to be fully completed by this year.

Ongoing Digital Innovation Initiatives And Digital Enablers

The Group has continued to invest and keep pace with digital innovation to meet the needs of both our customers and internal stakeholders.

From our customers' perspective, we have continued to develop and enhance our digitally enabled crowdsourcing community platform, TRUE Lab. This crowdsourcing platform, targeted at young professionals as well as young-at-heart digital customers, continues to be one of the key avenues for the Group to engage and obtain valuable insights from our customers.

Our ongoing digital platform modernisation to transform our online and mobile banking applications is in progress with the key objective of ensuring a better overall experience for our customers. As part of this initiative, we have started to adopt more agile approaches for the development of these capabilities.

For our internal stakeholders, the AmBank Group new intranet portal, Connected 2.0, was successfully launched early in the year. The new portal provides advanced features, appealing designs, improved information searches, enhanced site speed, and useful application links. We are pleased to note that almost all stakeholders have provided positive feedback on the overall usability and functionality of the new portal.

The new Connected 2.0 portal has enabled better communication and collaboration among AmBank employees in supporting the bank's transformation and cultural programme agenda.

Information Security And Technology Risk Management

The objective of information security and technology risk management is to minimise the risk of loss, be it financial or otherwise, through the protection of the AmBank Group's assets including our internal information as well customer information. The Group has implemented strong security policies and controls, coupled with a risk management framework that provides a holistic approach that enables staff to understand and to manage security and technology risks systematically. The key elements include:

- Adoption of an IT governance model, which includes regular reviews of controls and reporting to senior management
- Formulation of an IT security strategy that is reviewed annually to ensure continuous improvement in controls to address new and developing threats
- Formulation and adoption of disaster recovery procedures and facilities for critical business systems that are tested on a regular basis
- Conduct of regular key control tests and audits to ensure that appropriate mechanisms are in place and are being practised for IT security and controls
- Adoption of an IT risk assessment and risk treatment model to monitor and manage the risks of critical information systems

With the objective of infusing a security and risk culture in all staff and to have continuous improvement in these areas, the bank is ISO 27001:2013 certified in the following areas:

- IT risk and information security services
- Network administration services
- System administration services
- Storage management and backup services
- Database administration services
- Data centre management services
- Workspace management services

People Development, Retention And Employee Engagement

GIS has continued to invest in our human capital with a specific focus on technical skills and in the areas of leadership development. In addition to the technical competency training curriculum that has been rolled out over the last few years, additional developmental initiatives have targeted managerial and soft skills training.

Of note was the Coaching for High Performance programme where the entire GIS management team including unit heads attended a two-day instructor-led training on how to better coach staff for higher performance. Following the training, participants were encouraged to apply the knowledge gained in the workplace. There were post-training sessions for participants to share experiences with peers and obtain feedback on areas of improvement.

To bring members of the GIS family together, a Leadership Summit covering all GIS members was organised. The key objective of the summit was to engage all GIS staff to build better self-awareness, reinforce team cohesiveness and build strong comradeship, translating to higher levels of performance necessary for driving the IT strategy.

We will continue to focus on developing our people and are constantly on the lookout for high calibre, enthusiastic talent who can contribute to both GIS and AmBank Group's success. With our strong, committed leadership team and effective employee engagement, GIS is well placed to continue to assist in achieving the Group's strategy.

Human Capital Agenda

The AmBank Group's agenda of strengthening human capital capabilities and fortifying our leadership bench strength continues in 2015/16 with further reinforcement on AmBank Group talent development and succession management programmes, provision of innovative training programmes and enhancement on activities surrounding AmBank Group's Employee Value Proposition (EVP) to better attract talents in the market.

These in turn were supported by better human resources operating efficiencies and self-empowering programmes that cater for individualisation in a cross-generation workforce.

Evolving To Break New Grounds

Continuously challenging employees to innovate and to find creative and smart ways of doing things.

Providing employees with opportunities to learn, grow and be part of this exciting journey towards attaining greater success.

- The launch of an electronic SpeakUp! channel that offers employees with the choice of anonymity to provide open and constructive feedback, suggestions or general information sharing across AmBank Group.
- Enhancement to the level of flexibility and offerings of employee benefits on AmBank Group's my.FlexBen to further empower employees to take charge and maximise the benefit spent on them by AmBank Group, as well as enjoying allowable tax exemptions through a cloud-based flexible benefits system.
- Expansion into a wider coverage of IT and Desktop e-Learning modules on AmBank Group's learning management system, MyLMS, to satisfy more on-demand learning and development needs at the learner's convenience. Participation rate increased by 20 per cent compared to the previous year.
- Structured a 70:20:10 learning reference model adopted for AmBank Group talent pool to encourage more practical, sustainable and observable learning experiences for key individuals.

Growing Across AmBank Group

Making employees proud to be part of AmBank Group.

Achieving professional and personal growth across the Group through structured and varied approaches to training and development programmes.

- Reinforcing the BUILD, then BUY manpower strategy through internal recruitment and reskilling where necessary with more investments made by AmBank Group on core and technical learning, development programme offerings as well as industry-recognised professional certification.

- Continuing with the development of technical competencies across AmBank Group, which would be the building blocks for a more systems-oriented approach to career and succession planning, and to facilitate development and promotion readiness conversations between employees and their supervisors, thereby allowing employees to shape their careers within AmBank Group.

- Commencement on the design and development of a Structured Learning Roadmap mapped against both AmBank Group's behavioural competencies and technical competencies to enable employees to better navigate their ongoing career development needs whilst maximising on AmBank Group's learning and development ROI.

- Continuing of AmBank Group's entry-, mid- and senior-level Talent Development Programme that prescribes a blended learning approach.

- Encouragement and participation of employees in more community-mindfulness programmes internally as part of the Employee Engagement Action Plans and externally by leveraging on Group Corporate Communications' and Marketing's Corporate Social Responsibility initiatives.

Being Recognised For Outperforming

Recognition of employee contribution throughout AmBank Group.

- While the overall Total Reward Philosophy of AmBank Group and pay positioning of job families are benchmarked to the industry via the participation of a yearly Total Reward Survey by independent human resources consulting firms, AmBank Group adopts a differentiated variable pay approach for performing employees.

- Performing senior employees are participants of AmBank Group's Executives' Shares Scheme, designed to encourage collective sustainable performance by senior employees over a period of three years for the Group.

- Significant investments are made on the development of employees who are identified as part of the talent pool with exposure to the Management Board, Board of Directors and external networking opportunities.

Working In A Vibrant And Connected Workplace

Connecting employees across the Group as we live and breathe our shared brand values.

Leaders sustaining a workplace that is vibrant and exciting, and where employees' views are encouraged and always appreciated.

- Launch of a quarterly human resources newsletter named Scoop! that provides employees with a one-stop update on all the activities and people initiatives across the AmBank Group, as well as leadership and people management insights.
- Increased usage of AmBank Group's intranet, Connected, to disseminate and archive information, conduct pulse survey, and support human resources, employee and manager self-service functionality.
- Continuation of monthly Chairman and Group Chief Executive Officer Townhalls and messages.

What's Ahead - 2016/17 Key Plans

With the increasing demand for individualisation and employee empowerment to cater for a diverse workforce in a technologically progressive environment, AmBank Group's next human capital agenda will focus on providing segmented sustainable solutions to retain, engage and develop employees and harness the best from everyone. Therefore, our key plans for 2016/17 would be on:

- **Sustaining Momentum** – to continue with the technical competency framework development and to embed both the technical and behavioural competencies into Role Profiles and Performance Management with the view for future system migration for better management of the process.
- **Career Management** – to identify potential career paths by job families with increasing segmentation in the development intervention to enable employees to take an active role in charting their career and development needs in AmBank Group.
- **Employee Benefits** – to reassign the current benefit spent by AmBank Group to areas that supports the various workforce composition needs and priorities in view of changing demographic trends, work and family issues, health and pension patterns, adjustments to the economy, and plight of low wage earners.
- **Mindfulness, Engagement and Wellness** – to focus employee engagement activities and programmes around personal mindfulness, social interactions and wellness with a blended one-on-one Manager-Employee communication and adoption of tools and mediums that allows live, interactive and community building capability to drive sustainability and Group wide interconnectivity.

Notables and Awards

AmBank Group

Islamic Banking And Finance (IBFIM) Third Certification Awards Ceremony

- Islamic Finance Pioneering Initiative Award (awarded to Tan Sri Azman Hashim)

AmBank (M) Berhad

2015 PMAA Dragons Of Malaysia Awards

- Order of Excellence - Best Social Media or Word of Mouth Campaign (AmBank Istagram Campaign, #LifeGetsFun)

ABF Retail Banking Awards 2015

- Website of The Year, Malaysia

AmInvest

Asia Asset Management 2015 Best Of The Best Awards

- Malaysia's Best Pension Fund Manager
- Best Institutional House

The Asset Triple A Islamic Finance Awards 2016

- Best Islamic Asset Management House of the Year, Malaysia

The Edge-Lipper Malaysia Fund Awards 2016

- Top Performing Funds in the category of Bond Malaysian Ringgit - 10 years (for AmDynamic Bond)
- Equity Asia Pacific Ex-Japan - 10 years (for AmCumulative Growth)
- Equity ASEAN - 3 years (for AmASEAN Equity)

12th Kuala Lumpur Islamic Finance Forum Awards

- Malaysia's Most Outstanding Islamic Fund Manager

World Finance Investment Management Awards 2015

- Malaysia's Best Investment Management Company

AmInvestment Bank

The Asset Triple A Islamic Finance Awards 2016

- Best Corporate Sukuk
- Best Bank Capital Sukuk
- Best REIT Sukuk

Bursa Malaysia Broker Awards 2015

- 2015 Best Participating Organisation Exchange Traded Fund (Champion)

The Asset Triple A Country Awards 2015

- Best Loan House, Malaysia

Ninth Annual Alpha Southeast Asia Best Financial Institution Award

- Best FX Bank for Corporates and Financial Institutions, Malaysia (fourth time in a row)

The Asset Triple A Infrastructure Awards 2015

- Project Finance Bank of The Year, Malaysia
- Oil and Gas Deal of The Year (SapuraKencana TMC RM7.7B Multi-Currency Syndicated Islamic Term Financing Facility)
- Project Finance Deal of The Year (SapuraKencana TMC RM7.7B Multi-Currency Syndicated Islamic Term Financing Facility)
- Best Oil and Gas Deal, Malaysia (SapuraKencana TMC RM7.7B Multi-Currency Syndicated Islamic Term Financing Facility)
- Best Transport Deal, Malaysia (DanaInfra Nasional Berhad RM21.0B Islamic Facilities)

Corporate Social Responsibilities

At AmBank Group, we take pride in our role as part of the catalyst towards building a sustainable future in the industry. With over 40 years of legacy and achievements in developing the community in which we serve, AmBank Group remains focused on creating value and building an even stronger and enduring brand. As an institution, we strive to deliver value-creation practices over the long term for the society, our employees, customers, the marketplace and the environment.

Moving forward, the Group will continue to take a leading role in sustainable growth of the industry, in line with our aspirations by "running the Bank better" and "changing the Bank". The Group has set clear targets and milestones to measure its progress.

As a testimony to our Corporate Social Responsibility ("CSR") efforts, the Group was selected as the winner for Best Corporate Social Responsibility in Malaysia at the Corporate Governance Asia 5th Asian Excellence Recognition Awards 2015.

AmBank Group's sustainability and success are linked to the community at large, the initiatives at the workplace, and the environment.

Making A Difference In The Community

AmBank Group's AmKasih serves as an umbrella platform for all of our CSR efforts in addressing a wide range of issues linked to the development of communities that include the less fortunate, those in distressed situations, youth, sports, culture, and the media.

AmBank-MyKasih Community Programme

Making a difference in the lives of the underprivileged is the main objective of the AmBank-MyKasih Community Programme, a food aid initiative that provides targeted groups with an allowance to help offset the costs of essential daily food items. The Group allocated a budget of RM1 million per year in sponsoring this programme, and it begins with the selection of families and uses factors such as household income, number of children in a family and their ages. With the support from local NGOs, these families are chosen regardless of creed, race or religion.

Simon Su, Regional Director, Sarawak Region, AmBank (M) Berhad (left) and Dennis Lau (second from left) presenting goodie bags to the children from Methodist Children Home Sibu at the Back To School event in Sibu held on 16 January 2016.

The AmBank-MyKasih Community Programme was launched on 4 November 2009 helping 50 families in Sentul, Kuala Lumpur, with Ong Tai Kim supermarket as our partner. Leading-edge technologies via MyKad transactions ensure equitable distribution of the welfare support as the beneficiaries received the aid without any intermediaries. Under this programme, each of these 50 families received RM40 every two weeks for two years to support their daily household needs.

In August 2015, in conjunction with AmBank Group Southern Region Family Day, the Group launched the AmBank-MyKasih Community Programme for the first time in Johor, committing RM104,000 that will benefit a total of 100 families in Masai, Pasir Gudang. Since 2009, AmBank Group has contributed close to RM3 million in assisting 2,157 families throughout the country in areas such as Kota Bharu and Kuala Krai, Kelantan; Sentul, Kuala Lumpur, Ayer Keroh, Melaka; Arau, Perlis; Bayan Baru and Rifle Range, Pulau Pinang; Tambun, Perak; Menggatal and Sandakan, Sabah; Kuching, Sarawak; Pandan Jaya, Cheras, Klang and USJ, Selangor; Masai, Johor and Kuala Terengganu, Terengganu. Currently, these are the communities that are actively benefitting from the AmBank-MyKasih Community Programme:

COMMUNITY	AmBANK-MyKASIH RECIPIENTS (NO OF FAMILIES)	PROGRAMME DURATION
Pasir Gudang, Johor	100	19 August 2015 - 16 August 2016
Bayan Baru, Pulau Pinang	50	5 November 2015 - 16 November 2016
Kuala Terengganu	50	10 September 2014 - 26 October 2016

Tan Sri Azman Hashim (standing in the centre, wearing AmBank's cap) accompanied by Datuk Mohamed Azmi Mahmood, Group Deputy Chief Executive Officer (to Tan Sri Azman's left) and the Senior Management of AmBank Group during the programme launch in Johor.

AmBank Group Back To School Programme

In December 2015 and January 2016, we resumed our annual Back To School programmes in six regions across the country. This time around, this programme benefitted more than 439 students in Subang Jaya, Selangor; Kota Kinabalu, Sabah; Sibu, Sarawak; Seremban, Negeri Sembilan; Dungun, Terengganu and Bagan Serai, Perak. Our fun-filled activities for the children began with a "Back to School" shopping trip for school supplies to get them prepped and ready for the new school year, followed by a sumptuous lunch treat. With this programme, we aim to make a positive impact to underprivileged families and lend a helping hand in growing the children's future. Below is the list of recipients for AmBank Group Back To School Charity Programme FY2015/2016:

COMMUNITY	NO OF CHILDREN	PROGRAMME DATE
Subang Jaya, Selangor (Rumah Kebajikan Bur Hati, House of JOY, City Revival Children's Home, Praise Emmanuel Children's Home)	110	30 November 2015
Seremban, Negeri Sembilan (Pusat Jagaan Baitul Mahabbah, Pertubuhan Kebajikan & Pendidikan Asnaf Murni)	71	3 December 2015
Bagan Serai, Perak (Pertubuhan Kebajikan Anak-Anak Yatim dan Miskin Cahaya Ain Krian, Sekolah Khas Sekolah Kebangsaan Bagan Serai)	50	6 December 2015
Dungun, Terengganu (Kelab Komuniti Dan Rekreasi Terengganu)	60	9 December 2015
Kota Kinabalu, Sabah (Madrasah Wakaf Islamiah Sabah)	88	13 December 2015
Sibu, Sarawak (Methodist Children Home Sibu)	60	16 January 2016

From left to right: Syed Anuar Syed Ali, Head, Group Corporate Communications and Marketing, AmBank Group; Ramzi Toubassy, Chief Executive Officer, AmMetLife Insurance Berhad; Derek Roberts, Chief Executive Officer, AmGeneral Insurance Berhad; Nigel Denby, Chief Risk Officer, AmBank Group; Faradina Ghouse, Group Chief Compliance Officer, AmBank Group; Pushpa Rajadurai, Acting CEO, AmInvestment Bank Berhad; Dato' Sulaiman Mohd Tahir, Group Chief Executive Officer, AmBank Group; Tan Sri Azman Hashim, Chairman, AmBank Group; Dato' Seri Ahmad Johan Raslan, Senior Adviser and Board Member, AMMB Holdings Berhad; Datuk Mohamed Azmi Mahmood, Deputy Group Chief Executive Officer, AmBank Group; Uji Sherina, Group Chief Human Resource Officer, AmBank Group; Eqhwan Mokhzanee, Chief Executive Officer, AmBank Islamic Berhad; Anthony Chin, Acting Head, Retail Banking, AmBank (M) Berhad; Tengku Faradiza Tengku Baharuddin, Senior Vice President, Wholesale Banking Coverage, Institution, AmInvestment Bank Berhad; Thein Kim Mon, Chief Internal Auditor, AmBank Group and Mohamad Salihuddin Ahmad, Chief Executive Officer, AmMetLife Takaful Berhad wishing customers Selamat Hari Raya.

AmBank Group Charity Festivities

The festive seasons at AmBank Group are always filled with joyous occasions, connectivity and the spirit of giving back to the community. In June 2015, AmBank Group together with its sports club Kelab AmBank Group, organised the *Majlis Berbuka Puasa Amal Kumpulan AmBank*. We invited 121 children, senior citizens and single mothers from Rumah Kasih Nurul Hasanah for a day of Hari Raya shopping followed by a *buka puasa* treat with AmBank Group staff and senior management. To further add to the joyful celebration, our honoured guests from Rumah Kasih Nurul Hasanah also received a token of *duit raya*. Through events such as this, we hope to create a deeper bond within the staff of AmBank Group and bring us closer to the community.

Aside from the Central region, *Majlis Berbuka Puasa Amal Kumpulan AmBank* was also carried out in Kuala Kangsar, Perak where we invited 33 children from Pemulihan Dalam Komuniti, Permata Indah, Kota Lama Kiri, and 26 children from Pemulihan Dalam Komuniti, Lempor, Kg Lempor for a *buka puasa* treat. We also had the privilege of hosting a Hari Raya shopping session in the Southern region for 60 children from Yayasan Bandaraya Johor Bahru in Masai, Johor.

AmBank Group Deepavali Charity Programme was held in Klang, Selangor for 50 children, youths, disabled children and senior citizens from Pusat Jagaan Anbe Sivam in Taman Sri Andalas, Klang on 24 October 2015. The recipients also had a mini carnival organised by Kelab AmBank Group members with booths set up in the home itself which included henna painting, face painting, clown performance and magic show followed by a sumptuous lunch of Indian delicacies. AmBank Group also collaborated with Hafisya HH Trading and Mydin Mohamed Holdings Berhad to purchase Deepavali clothing and casual wear for the recipients. Besides that, the Group also sponsored three units of fan, two units of water heater, five units of single mattress, five units of double decker single bed and daily essential items.

Earlier on 17 October 2015, Pusat Jagaan Anbe Sivam received a fresh coat of paint in a Deepavali *gotong-royong* programme organised by the sports club together with the AmBank Outer Central Region staff mainly from the Klang Valley area. A total of 120 Kelab AmBank Group members took part in this activity.

For Chinese New Year, AmBank Group celebrated the Year of the Monkey in Taiping, Perak where the programme benefitted 75 children and youths from Pertubuhan Pengurusan Rumah Anak-Anak Yatim & Miskin Anning, Anak Yatim from SJK (C) Pokok Assam, Anak Yatim from SJK (C) Aulong, Anak Yatim from SJK (C) Sin Min and Anak Yatim from SJK (C) Phui Choi around Taiping. After the shopping session, the children enjoyed a sumptuous luncheon at Legend Inn Hotel where they were entertained by a lion dance performance.

AmBank Group also celebrated Hari Gawai and Pesta Kaamatan in Sawarak and Sabah with underprivileged families. The festival marks the end of the paddy harvesting season and the beginning of the new planting season. Fifty students from SK St Alban Ampungan, Serian in Kuching, Sarawak and 60 students from SJK Sacred Heart and SRK Lok Yuk Tamalang in Sibu, Sabah joined us in this affair.

Creating a Positive Workplace For The AmBank Family

At AmBank Group, we place great importance in cultivating a cohesive and engaged workforce to ensure that we continue to connect with one another, grow and outperform. The Group's ultimate aim is to provide employees with a balanced and healthy lifestyle, a vibrant and connected work environment, skills and personal development, and recognition and career growth.

A Balance And Healthy Lifestyle Through Kelab AmBank Group (KAG)

AmBank Group aims to provide the best support to staff in order to foster their wellbeing, development and intellectual growth. These are intrinsically tied to the value that staff will be able to add to the Group and to the community at large. Kelab AmBank Group ("KAG"), AmBank Group's sports and recreation club for all employees, provides a wide range of sports and social activities as well as competitive challenge events. Below is the full list of KAG's sports and recreational activities throughout the financial year:

AmBank staff at Wisma Pudu all decked out in colourful Indian clothing during the AmBank Group and KAG Deepavali Treats Giveaway on Tuesday, 3 November 2015.

ACTIVITY	DATE	VENUE
Kelab AmBank Group 9-A Side Football Tournament 2015	Saturday, 11 April 2015	Kem Batu Kentonmen, Jalan Ipoh, Kuala Lumpur
Kelab AmBank Group AmBagus 2015	Sunday, 24 May 2015	Dewan Tun Hussein Onn, Level 2, Putra World Trade Centre
Kelab AmBank Group Badminton Tournament 2015	Saturday and Sunday, 5 and 6 September 2015	Uptown Sports Centre, Kajang, Selangor
Fitness@Zumba Class	On-going	Menara AmBank, Wisma AmBank, Menara MBf, and Asthana Arts
AmGames 2015	Friday, 5 June 2015 Saturday, 6 June 2015	UiTM Sports Centre, Shah Alam, Selangor
Scuba Diving Certification Session & Leisure Dive & Snorkeling 2015	Saturday, 12 September to Monday, 14 September 2015	Pulau Tioman, Pahang Darul Makmur
Kelab AmBank Group Futsal Tournament 2015	Saturday, 31 October 2015	Uptown Sports Centre, Kajang, Selangor
Kelab AmBank Group Bowling Tournament 2015	Saturday, 10 October Sunday, 11 October 2015	Pyramid Mega Lanes, Sunway Pyramid Mall, Selangor
Kelab AmBank Group White Water Rafting 2015	Saturday, 17 October 2015	Gopeng, Perak
Kelab AmBank Group Blood Donation Drive 2015	Throughout the month of October	Across all regions
Kelab AmBank Group Eco-Challenge 2015	Saturday, 5 December 2015	Taman Botani Negara, Shah Alam, Selangor
Kelab AmBank Group Sepak Takraw Tournament 2015	Saturday, 19 December 2015	Kompleks Sukan MSN, Taman Keramat AU2, Kuala Lumpur
Kelab AmBank Group Zoo Negara Family Outing	Sunday, 20 December 2015 and Saturday, 20 February 2016	Zoo Negara, Kuala Lumpur
35th Annual General Meeting of the Kelab AmBank Group	Thursday, 24 March 2016	Bangunan AmBank Group

As a caring corporate citizen and in response to our call to initiate a Corporate Social Responsibility (CSR) programme in the flood affected areas that regularly hit the country, AmBank Group are assisting customers, staff and members of the public through various initiatives through Kelab AmBank Group.

Based on our experience, Kelab AmBank Group (KAG) have seen the needs to establish a relief squad to be on standby to assist victims during national disaster. The squad will be equipped with basic knowledge and skills required for first aid and relief mission.

Thus on 19 December 2015 and 9 January 2016, a total of 60 KAG members from various departments participated in the training and certification conducted by Jabatan Pertahanan Awam Malaysia, JPAM. Through this training the volunteers are exposed and trained to the basic skills of first aid, CPR, fire emergency procedure, and wall climbing.

KAG hopes that with the basic knowledge acquired during the brief training, we are ready with a squad that will be able to assist the community through any natural disasters and at the same time safeguard our members' safety.

A Vibrant And Connected Work Environment

In line with fostering connectivity between AmBankers, AmBank Group organised the first-ever Employee Engagement Expo on 19 and 20 May 2015 at Menara AmBank. The two-day expo was a collaborative effort between Retail Bank and Group Operations with the purpose of creating awareness on departmental functions and promoting employee engagement amongst AmBank Group staff.

AmBank Group and Kelab AmBank Group also showed their appreciation for staff and customers through the distribution of treats during festive celebrations. During the month of Ramadhan, we distributed *bubur lambuk* and other traditional treats such as *kuih samprit*. For Malaysia Day Celebration, we distributed specially designed Malaysia Day caps and miniature Malaysia flags to staff and customers. Meanwhile for Deepavali, we distributed traditional Indian treats such as *muruku*, *omapodi* and milk *burgos*.

For skills and personal development and recognition and career growth, please refer to the Human Capital Agenda section on page 104 in this Annual Report.

Responsibility To The Marketplace

As part of its contribution in spurring growth and prosperity in the country and region, the AmBank Group has continuously supported the spirit of innovation via initiatives that promote the growth of the market as well as creating platforms for knowledge sharing aimed at the development of the financial services industry.

As part of our Ramadhan tradition, KAG distributed packets of *bubur lambuk* to customers and staff. Tan Sri Azman Hashim (left) joined in the preparation of making the *bubur lambuk*, accompanied by Syed Anuar Syed Ali, President, KAG and Head, Group Corporate Communications and Marketing (right) and KAG members.

From left to right: Janey Lee, Head, Bancassurance, AmMetLife Insurance Berhad; Anthony Chin, Acting Head, Retail Banking, AmBank (M) Berhad and Ramzi Toubassy, Chief Executive Officer, AmMetLife Insurance Berhad at the Launch of EduCare Club.

Fostering Innovation And Providing Value To The Market

AmBank and Credit Guarantee Corporation Malaysia Berhad ("CGC") signed a Portfolio Guarantee ("PG") agreement on Friday, 24 April 2015 to further enhance Small Medium Enterprise ("SME") financing in Malaysia. Through this partnership, both CGC and AmBank made a commitment to extend RM300 million of financing to five main sectors namely wholesale and retail trade, manufacturing, education, healthcare, construction and resources. These sectors have been identified under the SME Masterplan 2012–2020 with growth potential where Malaysia has both comparative and competitive advantages with a high multiplier effect.

In March 2016, AmBank Islamic Berhad inked a financing agreement with UDA Holdings Berhad along with four other financial institutions for a syndicated Islamic Financing Facility of up to RM500 million. AmInvestment Bank is part of the Joint Mandated Lead Arrangers for the syndicated facility for the leading property developer. The signing ceremony was held at Premiera Hotel, Jalan Tunku Abdul Rahman, Kuala Lumpur and this financing facility will be used to partly fund UDA's eight property projects throughout the country with an estimated gross development value (GDV) of RM1.62 billion.

Continuing on with its innovative streak, AmInvest launched the Advantage Global Equity Volatility Focused, an innovative fund aimed at providing long-term total return from a combination of income and capital growth by investing in a portfolio of global equities. The Fund, a wholesale fund, feeds into HSBC Global Investment Funds – Global Equity Volatility Focused.

In 2015, AmMetLife Insurance Berhad launched the ProtectSecure Prime, a life insurance plan with guaranteed premium from as low as RM150 per month. ProtectSecure Prime offers three premium payment term options – 10 years, 20 years or up to age 60 – after which no further payments will be required to keep the policy in force. In addition, customers will enjoy an annual 10% increase on the initial sum assured upon completion of policy year one up until policy year 10. The best part about ProtectSecure Prime is the unique double coverage feature for extra protection that takes effect between policy year 11 to age 61, in the event of death, total permanent disability or any of the 36 critical illnesses depending on the plan selected. ProtectSecure Prime also offers four different plans with a premium waiver when one of the 36 critical illnesses is diagnosed.

Children are at the heart of everything parents do and with that focus in mind, AmMetLife launched the EduCare Club, an exclusive membership circle for Malaysian parents wanting the best for their children. EduCare Club is a strategic partnership between AmMetLife and leading organisations Kindermusik and Kaplan, renowned for their high quality child development programmes. AmMetLife education plan policy owners will automatically become members of EduCare Club with privileged access to exclusive benefits and discounts from these top child development organisations.

In the same financial year, AmGeneral Insurance also launched its new AmDrive Plus policy for its AmAssurance policyholders. This enhanced personal accident protection plan provides coverage against accidents as well as 24-hour vehicle breakdown assistance and towing services within Malaysia.

For RM70 per annum, the enhanced benefits of AmDrive Plus includes:

- 24-hour vehicle breakdown assistance and FREE towing service up to 450km roundtrip within Malaysia (including unlimited toll charges)
- Medical expenses, corrective dental and/or cosmetic surgery and ambulance fees (up to RM1,000 per accident)
- Hospital income per person up to 60 days per year
- Compassionate flood expenses (up to RM1,000)
- Double indemnity during a national public holiday in Malaysia

To complement AmDrive Plus, two key product benefits have been unveiled namely AmAssurance One Touch and our new Specialist Windscreen Repairers. The AmAssurance One Touch is the latest Android and iOS application that provides convenient access to Auto Assist services at the touch of a button. By tapping the SOS button, an emergency signal and GPS coordinates are sent to the KAA call centre.

From left to right: Grace Quah, Senior Vice President, Agency Distribution & Operations, AmGeneral Insurance Berhad; Derek Roberts, Chief Executive Officer, AmGeneral Insurance Berhad and William Oh, Senior Vice President, Bancassurance, AmGeneral Insurance Berhad.

From left to right: Derek Roberts, Chief Executive Officer, AmGeneral Insurance; Tan Sri Azman Hashim, Chairman, AmBank Group; Professor Datuk Dr Noor Azlan Ghazali, Vice Chancellor, UKM and Professor Dr Sahrim Hj Ahmad, Dean, Faculty of Science and Technology, UKM.

AmGeneral Insurance Berhad signed a Memorandum of Understanding ("MoU") with Universiti Kebangsaan Malaysia ("UKM") on an internship programme to sponsor four Actuarial Science final year students from UKM's School of Mathematical Sciences. Upon completion of the final year, proven candidates will be further sponsored to undergo the Financial Sector Talent Enrichment Programme (FSTEP) with Bank Negara Malaysia and offered a full-time internship and employment with AmGeneral.

Improving Benefits To The Marketplace And Celebrating Customers

As Retail Banking continues to strengthen our business and franchise, we are determined to grow Auto Finance, a key business of AmBank. On 20 June 2015, AmBank participated in the 44th anniversary celebration dinner of the Penang and Province Wellesley Used Cars Autocycle Dealers and Motor Financiers Association that was held in Penang, in conjunction with the Federation and Credit Companies Association of Malaysia ("FMCCAM") 37th Annual Delegates Conference. The dinner was graced by Dato' Sri Liow Tiong Lai, Malaysia's Minister of Transport, and attended by close to 600 guests that included auto industry leaders, association members, customers and AmBank staff.

The Small Business Banking ("SBB") team at Northern Region 2 organised an SBB Partnership Talk on 15 September 2015 at Hotel Taiping Perdana. Approximately 90 SME members from the North Perak Chinese Chamber of Commerce and Industry (NPCCCI) attended the talk. The AmBank SBB team shared some of the SBB solutions that AmBank is offering, namely lendings products, deposits and cards.

AmBank (M) Berhad completed its first PIN & PAY transaction on 14 September 2015 to be amongst the first banks in Malaysia to deploy Personal Identification Number ("PIN") enabled cards that are compliant with global Europay, MasterCard and Visa ("EMV") standards. The transaction was conducted in Popular Bookstore, Avenue K, Kuala Lumpur. This is following an industry-wide requirement for all domestic card issuers and acceptors to migrate from signature to PIN as the standard for verifying customers for all domestic point of sale transactions by 1 January 2017. All credit, debit, charge and prepaid cards in Malaysia that currently support signature will be replaced with new cards programme to support PIN. This industry-wide transition had commenced since July this year and will be completed by 1 January 2017.

On 25 September 2015, AmBank awarded RM150,000 to 20 young professionals who submitted their ideas and aspirations in the TRUE Potential Campaign, which was held from 6 January to 31 March 2015. TRUE by AmBank is a banking solution targeting young professionals aged between 25 to 34 years old delivering a simple and relevant banking experience. As part of the proposition, customers are able to access TRUE Lab, the first banking crowdsourcing platform in Malaysia where the online community is empowered to collaborate and shape the future of banking with AmBank. The fully digital TRUE Potential campaign was held online via TRUE Lab whereby contestants had to submit ideas on how they can live up to their TRUE potential if they were given funds to make their dream a reality. Alina Amir, 27, was selected as the winner after presenting her idea of building a structured after-school programme as a tool to motivate underprivileged students in the country. Second place went to Azra Atiqka Md Rasid, 28, who received RM30,000 for her dream of setting up a bohemian-themed fashion brand that offers items sourced from various communities around the world. Third place was awarded to Joshua Chew Shern Ern, 26, who received RM20,000 for his Queing Notification App idea whilst fourth place went to Heidi Quah, 21, the founder and director of Refuge for Refugees who aspires to own a premise to be used as a school.

AmBank Group, in collaboration with Malaysian Australian Business Council, held a Networking Evening and Talk event at Hilton Hotel in Kuala Lumpur. The talk focused on the topic "What do Bankers Look for in a Business Loan?" and was presented by Wong Yoke Kim, Vice President, Wholesale Banking Coverage, AmBank Group. The purpose of the talk was to help business owners understand better and be more aware of what bankers look for in approving business loans. Some of the topics highlighted by the speaker include the business loan application process, credit assessment, loan purposes, and types of financial products offered by banks.

AmBank organised a special *Ola Bola* movie screening appreciation night for 290 clients at GSC Signature, Gardens Mid Valley, Kuala Lumpur as well as Melaka and Pulau Pinang. The happy occasion was made even more joyous with the presence of the full cast and director of *Ola Bola* to socialise and take photos with guests and Senior Management of AmBank Group, which include Tan Sri Azman Hashim, Chairman, AmBank Group, and Dato' Sulaiman Mohd Tahir, Group Chief Executive Officer, AmBank Group.

Caring For The Environment

Wastage reduction is an area of priority for the AmBank Group. Throughout the buildings and regional offices, practices like double-sided printing, minimising colour prints and using electronic communications instead of hard copy printouts are encouraged where possible. Three of the Group's buildings are designated as non-smoking buildings – Bangunan AmBank Group, Menara AmBank Group and the AmBank Group Leadership Centre – to provide cleaner air for employees and customers alike. Pleasant greeneries and lush landscape areas, most notable in Bangunan AmBank Group and Menara AmBank Group in Kuala Lumpur, have been created to provide pockets of soothing beauty that make for a more pleasant banking experience. The AmBank Group has also sponsored Zoo Negara's Dromedary for over 29 years and plans are being made to extend the sponsorship so that the wellbeing of the beautiful camels will be extended in order for future generations to enjoy this unique animal.

Dato' Sulaiman Mohd Tahir, Group Chief Executive Officer, AmBank Group presenting a mock cheque to Dato' Sr Zaharin Md Arif, President, Malaysian Zoological Society (right) during AmBank Group's visit to Zoo Negara on Sunday, 20 December 2015. Looking on is Syed Anuar Syed Ali, President, KAG and Head, Group Corporate Communications and Marketing, AmBank Group (left).

Calendar Of Events: Business Activities

From left to right: Mohd Zamree Mohd Ishak, President and Chief Executive Officer, Credit Guarantee Corporation; Dato' Agil Natt, Chairman, Credit Guarantee Corporation; Tan Sri Azman Hashim, Chairman, AmBank Group and Pushpa Rajadurai, Acting Chief Executive Officer, AmInvestment Bank, AmBank Group at the signing of the Portfolio Guarantee agreement between AmBank (M) Berhad and Credit Guarantee Corporation Malaysia Berhad ("CGC") on Friday, 24 April 2015.

April 2015

> AmBank signed a Portfolio Guarantee agreement with Credit Guarantee Corporation Malaysia Berhad ("CGC") on 24 April 2015 to further enhance Small Medium Enterprise ("SME") financing in Malaysia. Through this partnership, both CGC and AmBank have committed to extend RM300 million of financing to five main sectors namely wholesale and retail trade, manufacturing, education, healthcare, construction and resources.

> Eqhwan Mokhzanee Muhammad was appointed as the new Chief Executive Officer of AmBank Islamic Berhad effective 1 April 2015.

May 2015

> Mohamad Salihuddin Ahmad was appointed as the new Chief Executive Officer of AmMetLife Takaful Berhad effective 14 May 2015.

> The first ever Employee Engagement Expo was held on 19 and 20 May 2015 at Menara AmBank. The two-day expo was created to promote awareness on departmental functions and to increase employee engagement amongst AmBank Group staff.

June 2015

> Uji Sherina Abdullah was appointed as the new Chief Human Resource Officer of AmBank Group effective 1 June 2015.

> Voon Seng Chuan was announced as the new Independent Non-Executive Director and member of the Board of AMMB Holdings Berhad on 18 June 2015.

> AmInvestment Bank swept the Best Corporate *Sukuk*, Best Bank Capital *Sukuk* and the Best REIT *Sukuk* awards on 8 June 2015 at The Asset Triple A Islamic Finance Awards 2015 luncheon in Kuala Lumpur.

> AmInvest was named Malaysia's Best Islamic Asset Management House of the Year at The Asset's Triple A Islamic Finance Awards 2015 held in Kuala Lumpur on 8 June 2015.

> AmBank participated in the 44th anniversary celebration dinner of the Penang and Province Wellesley Used Cars Autocycle Dealers and Motor Financiers Association on 20 June 2015, which was held in conjunction with the Federation and Credit Companies Association of Malaysia (FMCCAM) 37th Annual Delegates Conference.

July 2015

> AmInvest was named Malaysia's Best Investment Management Company for the fourth consecutive time at the World Finance Investment Management Awards 2015 on 7 July 2015, making it the only investment management company in the history of the Awards worldwide to have received and maintained such high standards.

> AmBank donated a total proceeds of RM8,000 from the WAH Appreciation Week to charity body Rumah Victory on 7 July 2015. WAH, which stands for Warm & Caring, Approachable & Attentive, Helpful & Able, was developed to train AmBank service leaders and staff to portray the WAH Service Persona.

LEFT From left to right: Eqhwan Mokhzanee, Chief Executive Officer, AmBank Islamic Berhad and Datuk Mohamed Azmi Mahmood, Deputy Group Chief Executive Officer, AmBank Group at The Asset Triple A Islamic Finance Awards 2015 luncheon held on Monday, 8 June 2015 at a hotel in Kuala Lumpur.

RIGHT From left to right: Datin Maznah Mahbob, Chief Executive Officer, AmInvest receiving the award for 'Malaysia's Best Islamic Asset Management House of the Year' from Chito Santiago, Managing Editor, The Asset at the award ceremony held in Kuala Lumpur on Monday, 8 June 2015.

> AmBank won the Website of The Year-Malaysia award for its Retail Banking website, **ambank.com.my**, at the 2015 Asian Banking and Finance Retail Banking Awards held on 8 July 2015.

August 2015

> On 10 August 2015, AmMetLife launched its latest product, ProtectSecure Prime, a whole life plan with a guaranteed premium from as low as RM150 per month.

> AmBank Group held its Hari Raya Open House for clients, guests and members of the media at The Majestic Hotel, Kuala Lumpur on 5 August 2015. More than 1,200 guests attended the event.

> AmBank Group organised the Southern Region Family Day gathering attended by 2,600 staff and their family members at Lotus Desaru Beach Resort, Kota Tinggi, Johor, on 22 August 2015. Southern Region comprises the states of Johor, Melaka and Negeri Sembilan.

> AmBank and Kelab AmBank Group ("KAG") gave *Raya* hampers and *duit Raya* to 60 children and teenagers from Yayasan Bandaraya Johor Bahru on 13 August 2015. In line with the festive month, AmBank also donated daily goods to Pertubuhan Kebajikan Baitul Maghfirah and Raudhatul Maryam.

September 2015

> For the fourth consecutive year, AmBank Group was once again named as Best FX Bank for Corporates and Financial Institutions in Malaysia at the Ninth Annual Alpha Southeast Asia Best Financial Institution Awards 2015 on 8 September 2015.

> AmInvest launched the Advantage Global Equity Volatility Focused fund, which aims to provide long-term total returns by investing in a portfolio of global equities.

> AmInvestment Services Berhad, the unit trust and funds management business of AmInvest brand, is now known as AmFunds Management Berhad effective 10 September 2015.

> AmGeneral Insurance Berhad launched its new AmDrive Plus policy on 3 September 2015. This protection plan provides coverage against accidents as well as 24-hour vehicle breakdown assistance and towing services within Malaysia.

Tan Sri Azman Hashim (left with gong) launching Southern Region Family Day on Saturday, 22 August 2015 accompanied by Michael Tan, Organising Chairman (right with gong). Looking on are Senior Management from AmBank Group and also, management from AmBank Johor.

> The Small Business Banking (SBB) team at Northern Region 2 and AmBank Taiping Branch organised an SBB Partnership Talk on 15 September 2015. Approximately 90 SME members from the North Perak Chinese Chamber of Commerce and Industry (NPCCCI) attended the talk.

> AmBank completed its first PIN & PAY transaction on 14 September 2015 to be amongst the first banks in Malaysia to deploy Personal Identification Number (PIN) enabled cards that are compliant with global Europay, MasterCard and Visa (EMV) standards.

> TRUE by AmBank awarded a total of RM150,000 to 20 young professionals who submitted their ideas and aspirations to the TRUE Potential Campaign. The winners were celebrated in an event held in Bangunan AmBank Group on 25 September 2015.

> AmBank Group was the main sponsor for the ninth Art Expo Malaysia Plus 2015, which was held from 10 to 13 September 2015 in Matrade Convention Centre (MECC).

> AmBank received the Order of Excellence award for Best Social Media or Word of Mouth Campaign for its #LifeGetsFun Instagram campaign at the 2015 Promotion Marketing Awards of Asia (PMAA) Dragons of Malaysia Awards.

Jamzidi Khalid, Executive Vice President, Markets Division, AmBank Group (right) receiving the Best FX Bank for Corporates and Financial Institutions in Malaysia award from Siddiq Bazarwala, Publisher, Alpha Southeast Asia on Tuesday, 8 September, 2015.

ABOVE Seohan Soo, Executive Vice President, Capital Markets Group, AmBank Group accepted the awards on behalf of AmInvestment Bank at The Asset Triple A Asia Infrastructure Awards Ceremony in Hong Kong.

BELOW Tan Sri Azman Hashim performing the ground breaking ceremony for the Azman Hashim Universiti Malaysia Sabah (UMS) Gallery project in Kota Kinabalu, Sabah on Wednesday, 7 October 2015.

October 2015

> AmInvestment Bank Berhad was awarded the coveted Project Finance Bank of the Year (Malaysia), Oil and Gas Deal of The Year, Project Finance Deal of The Year/Best Oil and Gas Deal (Malaysia) and Best Transport Deal (Malaysia) awards at The Asset Triple A Asia Infrastructure Awards 2015, which was held on 30 October 2015 in Hong Kong.

> AmBank Group was the main sponsor for the Golden Eagle Award 2015 ceremony on 16 October 2015, with 138 winners honoured that night.

> AmBank Group was the official bank for the Sixth OIC Muslim World Biz Business and Investment Zone Exhibition and Conference 2015, which was held from 27 to 30 October 2015 at Putra World Trade Centre, Kuala Lumpur.

> The Malaysia Australia Business Council (MABC) held its annual gala dinner on 2 October 2015 at Hilton Kuala Lumpur where AmBank Group came on board as the platinum sponsor.

> Tan Sri Azman Hashim, Chairman, AmBank Group, attended the ground-breaking ceremony for Azman Hashim UMS Gallery on 7 October 2015 at the Universiti Malaysia Sabah (UMS) campus in Kota Kinabalu, Sabah.

November 2015

> Dato' Sulaiman Mohd Tahir took the helm as Group Chief Executive Officer of AMMB Holdings and Chief Executive Officer of AmBank on 23 November 2015.

> The Institute of Chartered Accountants in England and Wales (ICAEW) honoured AmBank Group's Internal Audit Department at the ICAEW Annual Dinner 2015 on 6 November 2015. AmBank Group is the approved Authorised Training Employer (ATE) for the ACA learning and professional development programme.

> Tan Sri Azman Hashim officially unveiled the Azman Hashim USM Sports Arena at Universiti Sains Malaysia (USM) in Pulau Pinang on 25 November 2015.

> AmGeneral Insurance Berhad signed a Memorandum of Understanding ("MoU") with Universiti Kebangsaan Malaysia ("UKM") on 23 November 2015 to sponsor four actuarial science final year students from UKM's School of Mathematical Sciences.

> AmBank Group started its annual Back To School Charity Programme in Subang, Selangor, on 30 November 2015 for 110 children and youths comprising 58 boys and 52 girls, aged three to 16 years old from four charity homes around Klang Valley.

> AmBank Group demonstrated the spirit of camaraderie and harmony amongst Malaysians with its colourful Deepavali celebrations held on 3 November 2015 at the foyer of AmBank Group, Jalan Raja Chulan in Kuala Lumpur, and 11 other locations. *Omapodi, palkova*, a traditional Indian milk dessert as well as *muruku* were distributed to customers and employees.

December 2015

> AmInvest was awarded with the title of Malaysia's Most Outstanding Islamic Fund Manager at the 12th Kuala Lumpur Islamic Finance Forum Awards Ceremony held on 1 December 2015.

> AmMetLife launched the EduCare Club on 6 December 2015, an exclusive membership circle for Malaysian parents wanting the best for their children.

> Tan Sri Azman Hashim presented the Azman Hashim-IIUM Ummatic Scholarship to 10 undergraduate students of International Islamic University Malaysia (IIUM) at a ceremony held on 15 December 2015 at Azman Hashim Complex in IIUM.

January 2016

> AmMetLife and AmMetLife Takaful held a launching ceremony to commemorate the relocation of the companies' Head Office from Menara AmMetLife in Jalan Lumut to Menara 1 Sentrum in Jalan Tun Sambathan, Kuala Lumpur on 11 January 2016.

Tan Sri Azman Hashim (sixth from left), Prof Dr Torla Haji Hassan, Deputy Rector of Academic and Planning, IIUM (seventh from left) and the recipients of the third batch of the Azman Hashim-IIUM Ummatic Scholarship posing for a group photo after the presentation ceremony at Dewan Zabedah, Azman Hashim Complex on Tuesday, 15 December 2015.

March 2016

> Faradina Ghouse was appointed as the Group Chief Compliance Officer of AmBank Group effective 15 March 2016.

> Three of AmInvest's unit trust funds were honoured for providing consistent strong risk adjusted returns relative to peers at The Edge | Thomson Reuters Lipper Fund Awards 2016 on 7 March 2016. The funds were AmDynamic Bond, AmCumulative Growth and AmASEAN Equity.

> The Global Markets and Transaction Banking team conducted an intensive two-day Foreign Exchange Administration (FEA) and Foreign Exchange (FX) training for over 80 staff from 25 branches.

> AmGeneral Insurance launched its exclusive AutoGen Club on 30 March 2016 that recognises the support and contribution of their loyal partners, with benefits which include Fast Claims Services and Enhanced Motor Underwriting Guide to meet the needs of their partners and customers.

> Malaysia's first and only bond Exchange Traded Fund (ETF), ABF Malaysia Bond Index Fund (ABF Malaysia), doubled its approved fund size from 1.0 billion to 2.25 billion units within just two months due to overwhelming interest from investors.

> AmBank Islamic has inked a financing agreement with UDA Holdings Berhad along with four other financial institutions on 30 March 2016 for a syndicated Islamic Financing Facility of up to RM500 million. AmInvestment Bank is part of the Joint Mandated Lead Arrangers for the syndicated facility for the leading property developer.

> AmBank Group, in collaboration with Malaysian Australian Business Council, held a Networking Evening and Talk event at Hilton Kuala Lumpur on 31 March 2016. The talk focused on the topic "What do Bankers Look for in a Business Loan?" and was presented by Wong Yoke Kim, Vice President, Wholesale Banking Coverage, AmBank Group.

> The Minority Shareholder Watchdog Group (MSWG) and Institutional Investor Council held its Governance Week 2016 conference from 30 March until 1 April 2016. AmBank Group came on board as the silver sponsor for the three-day event and Dato' Sulaiman Mohd Tahir was a panelist for the CEO session themed "Corporate Governance in GLCs and Financial Institutions".

> AmInvestment Bank was the Principal Adviser, Joint Underwriter and Joint Placement Agent for Pecca Group Berhad's Initial Public Offering (IPO), held on 29 March 2016.

> AmBank Islamic continuously provide superior customer experience with the appointment of 175 AmBank Group Islamic Banking Champions across all branches. With these appointments, each branch will now have a dedicated consultant on Islamic banking facilities offered by the bank.

From left to right: Datuk Ahmad Abu Bakar, Group Managing Director, UDA Holdings Berhad; General Tan Sri Yaacob bin Mohd Zain (R), Chairman, Non-Independent Non-Executive Director, Affin Hwang Capital; Dato' Dr Mohd Shafei Abdullah, Chairman, UDA Holdings Berhad; Maimoonah Hussain, Managing Director, Investment Banking, Affin Hwang Capital; Seohan Soo, Executive Vice President, Capital Markets Group, AmBank Group; Dato' Sulaiman Mohd Tahir, Group Chief Executive Officer, AmBank Group; Datuk Wan Azhar Wan Ahmad, Independent Non-Executive Director, Bank Pembangunan Malaysia Berhad and Eqhwan Mokhzanee, Chief Executive Officer, AmBank Islamic Berhad during the signing ceremony on Wednesday, 30 March 2016.

Calendar Of Events: Social And Sports Activities

April 2015

- AmBank Group badminton player Chan Wan Seong, Executive Vice President, Wholesale Banking Coverage emerged victorious in the 44th World Morning Cup 2015, Chinese Taipei which was held from 17–19 April 2015.
- Out of 80 golfers, Zakimi Zaman Khan, Senior Manager from Banking Operations Support was named as champion for the second time at the Kelab AmBank Group (KAG) Masters golf tournament held at Staffield Country Resort, Mantin, Negeri Sembilan on Saturday, 18 April 2015.
- For the fourth consecutive year, AmBank Group is the main sponsor for the RSGC AmBank Junior Amateur Open Golf Championship 2015 which commenced from 7–9 April 2015 at the majestic Royal Selangor Golf Club (RSGC) and to feature local and foreign golfers.
- The third annual KAG Carnival Candat Sotong 2015 competition brought 215 participants to Marang, Terengganu from 24–25 April 2015.

RIGHT Syed Anuar Syed Ali, President, Kelab AmBank Group/Head, Group Corporate Communications and Marketing, AmBank Group officiating the launch of Kelab AmBank Group Carnival Candat Sotong 2015, which was held in Marang Terengganu from 24-25 April 2015.

BELOW Tan Sri Azman Hashim taking a group photo with the Kelab AmBank Group AmBagus 2015 organising committee and finalists. Accompanying Tan Sri was Syed Anuar Syed Ali, President, Kelab AmBank Group/Head, Group Corporate Communications and Marketing, AmBank Group.

May 2015

- Muhammad Isnin from AmGeneral Insurance won the coveted title of the Kelab AmBank Group's AmBagus 2015 Grand Prize winner on Sunday, 24 May 2015 with his rendition of Sejati by Wings.
- AmBank Group organised a Pesta Kaamatan treat for 60 students from Sekolah Jenis Kebangsaan Cina Sacred Heart Tajau and Sekolah Rendah Kebangsaan Lok Yuk Tamalang on Tuesday, 23 May 2015 in Kudat, Sabah.
- AmBank Group organised a Hari Gawai treat for 70 students from Sekolah Kebangsaan St. Alban Ampungan, Serian on Friday, 22 May 2015 at the Boulevard Shopping Mall in Kuching, Sarawak.

LEFT Tan Sri Azman Hashim (centre) lighting up the AmGames torch to signify the launch of AmGames 2015 accompanied by Datuk Mohamed Azmi Mahmood, Deputy Group Chief Executive Officer, AmBank Group and Syed Anuar Syed Ali, President, Kelab AmBank Group/Head, Group Corporate Communications and Marketing, AmBank Group (to Tan Sri Azman's right).

RIGHT Tan Sri Azman Hashim (centre, in Batik); Tunku Arishah Tunku Maamor, Trustee, Yayasan Azman Hashim (to Tan Sri's right); Shazrina Azman, Trustee, Yayasan Azman Hashim (to Tan Sri's left); Dr Hishamuddin Harun, Chairman, Kampung Pasir Era Rehabilitation Committee (in red jacket); Syed Anuar Syed Ali, Head, Group Corporate Communications & Marketing, AmBank Group/President, Kelab AmBank Group (standing behind Shazrina) and Mohd Nawi Mohd Yusof, Regional Director, East Coast Region, AmBank (M) Berhad (to Syed Anuar's left) taking a group photo with the recipients after the Key Presentation Ceremony.

> Staff from Regional Operating Centres and Credit Assessment & Analysis Johor Bahru kicked off the GO GREEN project on Sunday, 17 May 2015 at Hutan Bandar Johor Bahru, with an aim to provide a cleaner and healthier environment for all.

> 22 AmBank staff and 20 villagers from Kampung Kubor Kuda came together for a cleaning up project on Saturday, 23 May 2015 at the oldest Muslim Cemetery in Kampung Kubor Kuda located around the city centre of Kota Bharu, Kelantan.

> The inaugural "Kelab AmBank Group ATV Adventure" was held on Sunday, 10 May 2015 at the ATV Adventure Park in Kampung Kemensah, Kuala Lumpur. A total of 116 adventurous AmBankers took part in the exploration.

> From the month of March to June 2015, Kelab AmBank Group organised bi-weekly KAG Zumba Classes in Menara AmBank in Jalan Yap Kwan Seng on Mondays and Thursdays, and Menara Kurnia in Petaling Jaya on Tuesdays and Fridays.

June 2015

> AmGames 2015 was held from 5-6 June 2015 with a total of 1,125 participants from nine regions all over Malaysia competing in various sports challenges at the Sports Centre, Universiti Teknologi MARA ("UiTM"), Shah Alam. Head Office 1 (Klang Valley) emerged as the champion for the year.

> AmBank Group through its sports club, Kelab AmBank Group (KAG) held its annual Buka Puasa treat and Hari Raya shopping for 121 children, youths, senior citizens and single mothers from Rumah Kasih Nurul Hasnah, Ampang on Friday, 26 June 2015.

> Ng Sock Khim from Wealth Management, AmBank (M) Berhad took home the Silver and Bronze medal in Table Tennis at the SEA Games 2015 in Singapore which was held from 5–16 June 2015.

> As part of the Group's relief efforts to assist the flood victims in Kelantan, Tan Sri Azman Hashim presented brand new house keys to 17 residents who lost their homes in Kampung Pasir Era on Tuesday, 16 June 2015. Apart from building new houses, AmBank Group also repaired 27 damaged homes.

July 2015

> Part of our Ramadhan tradition, KAG distributed 5,500 packets of *bubur lambuk* to customers and staff on various locations on 29 June, 1 July and 7 July 2015.

> The Group celebrated Hari Raya Aidilfitri with customers and staff at the lobbies of Bangunan AmBank Group, Menara AmBank, Menara Dion and Menara MBF, Wisma AmBank, Menara AmMetLife, Tropicana TF3 and Menara Kurnia by distributing treat packs containing melt-in-your-mouth kuih semperit on Thursday, 6 August 2015.

> Yayasan Azman Hashim and AmBank Group announced on Thursday, 9 July 2015 an additional contribution of RM250,000 to repair another 40 homes in Kampung Pasir Era, Kuala Krai, Kelantan.

> AmBank Group invited 59 disabled persons, orphanages, guardians and single mothers from Pusat Dalam Komuniti (PDK) Kota Lama Kiri and Pusat Dalam Komuniti (PDK) Lempor on Monday, 13 July 2015 for a Buka Puasa and Raya shopping treat.

AmBank Group celebrated Malaysia Day at Bangunan AmBank Group on Thursday, 17 September 2015 and invited Sekolah Menengah Kebangsaan Seafield Choir Group, members of the Young Choral Academy as well as our own AmBank singers to evoke the spirit "Malaysianess". Joining in on the fun was Datuk Mohamed Azmi Mahmood, Deputy Group Chief Executive Officer, AmBank Group (fourth from left) and Syed Anuar Syed Ali, President, Kelab AmBank Group and Head, Group Corporate Communications and Marketing, AmBank Group.

August 2015

> AmGeneral Insurance was the proud sponsor of the Kurnia AmAssurance Racing Team for the inaugural KL City Grand Prix which was held from Friday, 7 August until Sunday, 9 August 2015.

> Following the successful Bursa Bull Charge 2014, AmBank Group once again participated in Bursa Malaysia's The Bursa Bull Charge 2015, which took place on Thursday, 20 August 2015.

September 2015

> AmBank Group for the second year celebrated the Malaysia Day with activities that demonstrated true "Malaysianess" on Wednesday, 17 September 2015. We also distributed 4,800 specially designed Malaysia Day caps and mini national flags to promote togetherness and connectivity.

> AmBank Group sponsored the third edition of the "Bernama All-Ladies Treasure Hunt 2015", organised by the Association of Women and Wives of Bernama Employees (Benita). A total of 160 female participants took part in the treasure hunt in Perak on Saturday, 5 September 2015.

> Ryan Tan from Group Information Services, Retail Banking and Wong Yunn Chee from AmFunds Management made a grand double for themselves when they won the Kelab AmBank Group Badminton Tournament 2015 title, which was held from 5-6 September 2015.

> AmBank Group badminton player Chan Wan Seong made AmBank Group proud by bagging a Bronze Medal in the Men's Singles 60-64 age group category at the Badminton World Federation (BWF) World Seniors Badminton Championship 2015 in Helsingborg, Sweden.

October 2015

> KAG continues its mission to educate and encourage the public on blood donation in Malaysia throughout the months of October to November 2015 by heading to AmBank branches in the Klang Valley as well as Ipoh, Seremban, Kuantan, Kuching and Kota Kinabalu to conduct the blood donation drive.

> 236 enthusiastic KAG members went on an adventurous trip to Gopeng Perak for Kelab AmBank Group's White Water Rafting activity on Saturday, 17 October 2015.

> 120 AmBank *gotong-royong* volunteers painted and transformed Pusat Jagaan Anbe Sivam in Taman Sri Andalas, Klang on 17 October 2015, in time for Deepavali celebrations. On 24 October 2015, Kelab AmBank Group organised a special Deepavali celebration for the residents, which consists of children, youths and single mothers as well as mentally and physically challenged individuals.

> Futsal enthusiasts gave their best kicks at the Kelab AmBank Group Futsal Tournament 2015, held at Uptown Sports Arena on Saturday, 31 October 2015. A total of 39 teams competed for the coveted 'champion' title for three categories, consisting of the Ladies, Men Open and Men Veteran categories.

> In conjunction with the National Sports Day, 800 bowlers took part in the annual KAG Bowling tournament in Sunway Pyramid from 10-11 October 2015. In 2008, this yearly tournament was certified as "The Biggest Bowling Tournament" by Malaysia Book of Records with 656 participants.

LEFT On Saturday, 17 October 2015, enthusiastic KAG members went on an adventurous trip to Gopeng Perak for Kelab AmBank Group's White Water Rafting activity!

RIGHT The KAG Bowling tournament 2015 was attended by Senator Datuk Paul Low Seng Kuaw, Ministry in the Ministry's Department (fifth from right). Posing together with Senator was Syed Anuar Syed Ali, President Kelab AmBank Group and the tournament's participants.

November 2015

> AmInvestment Bank was once again crowned as the Overall Champion of MIBA Games 2015 at the 36th Malaysian Investment Banking Association (MIBA) Annual Dinner which was held at the Grand Ballroom, Hotel Istana, Kuala Lumpur on Friday, 6 November 2015.

> National junior golfer Ashley Lau made it a grand double for Malaysia at the AmBank SportExcel International Junior Golf 2015 when she won the Girl's 15-18 category and also led Malaysia to the Team Championship title at the Templer Park Country Club in Rawang, Selangor from 2-5 November 2015.

December 2015

> AmBank Group has been the main sponsor for Zoo Negara's Dromedary camels since 1991. Continuing on the tradition, we organised a fun family day at the Zoo on 20 December 2015 in conjunction with the mock cheque presentation by Dato' Sulaiman Mohd Tahir, Group CEO, AmBank Group to Dato' Sr. Zaharin Md. Arif, President, Malaysian Zoological Society.

> England clinched the AmBank Group 29th Pacific Rim Sultan Ahmad Shah Cup, held from 26 October – 1 November 2015, by defeating Malaysia 3-0 in the final at the KLHA Stadium in Kuala Lumpur.

> AmBank Group was one of the sponsors for the inaugural Sportswriters Association of Malaysia (SAM) Treasure Hunt 2015 from Kuala Lumpur to Melaka, held on Saturday, 19 December 2015.

> AmBank Group badminton player Chan Wan Seong, Executive Vice President, Wholesale Banking Coverage became the Men Singles World Chinese Badminton champion (age 60+ category) for the first time in the 22nd World Chinese Badminton Championship 2015, Hunan, China.

> The KAG Eco-Challenge was held on Saturday, 5 December 2015 at Taman Botani Negara, Shah Alam Selangor. Into its 14th year, the event attracted 156 participants from 20 Men's Team and 19 newly introduced All Ladies Team.

> Kelab AmBank Group held the annual KAG Sepak Takraw Tournament at Kompleks Sukan MSN, Taman Keramat on Saturday, 19 December 2015 with a total of 30 teams taking part in the tournament, four of which are made up of all female players.

> As a part our CSR efforts, Group Operations department gathered their volunteers at Kechara Soup Kitchen on 5 December 2015 and distributed food to the homeless around KL till the wee hours of the morning.

Senior Management of AmBank Group including Datuk Mohamed Azmi Mahmood, Deputy Group Chief Executive Officer, AmBank Group; Pushpa Rajadurai, Acting Chief Executive Officer, AmInvestment Bank; Syed Anuar Syed Ali, Head, Group Corporate Communications & Marketing; Seohan Soo, Executive Vice President, Capital Markets Group, AmBank Group and Shamsul Bahrom Mohamed Ibrahim, Sports President, AmInvestment Bank/ Deputy Group Chief Internal Auditor, posing for a group photo with AmInvestment Bank's sportsmen and sportswomen at the MIBA Annual Dinner on Friday, 6 November 2015.

The Kelab AmBank Group (KAG) Eco-Challenge was held on Saturday, 5 December 2015 and attracted 156 participants from 20 Men's Team and 19 newly introduced All Ladies' Teams.

RIGHT From left to right: Syed Anuar Syed Ali, Head, Group Corporate Communications and Marketing, AmBank Group; Dato' Sulaiman Mohd Tahir, Group Chief Executive Officer, AmBank Group; Leo Leslie Armstrong, President, Federal Territory Kuala Lumpur Athletic Association and Datuk S. Vegiyathuman, Honorary Secretary, Federal Territory Kuala Lumpur Athletic Association at the cheque presentation ceremony.

BELOW Tan Sri Azman Hashim (centre) officiating the opening ceremony of the Sarawak Region Family Day on Saturday, 12 March 2016 by hitting the drums accompanied by Dato' Sulaiman Mohd Tahir (second from left) and the Senior Management of AmBank Group.

January 2016

> AmBank Group organised a Chinese New Year lunch and shopping treat for 75 children from Pertubuhan Pengurusan Rumah Anak-Anak Yatim & Miskin Anning Perak, Sekolah Jenis Kebangsaan (C) Pokok Assam, Taiping, Sekolah Jenis Kebangsaan (C) Aulong, Taiping, Sekolah Jenis Kebangsaan (C) Sin Min, Simpang and Sekolah Jenis Kebangsaan (C) Phui Choi, Kamunting on Saturday, 23 January 2016.

> Sarawak Region conducted several Deposit Business Engagement Programme at selected branches in Kuching and Sibu throughout the whole month of January 2016.

> AmBank Card holder, Vimal Krishnamurthy, drove away with a Nissan X-Trail SUV as the lucky winner of AirAsia BIG's recent points conversion contest, held from 18 January to 23 February 2016.

> AmBank Group started its annual Back To School Charity Programme in Sibu, Sarawak on Saturday, 16 January 2016 for 60 children and youths comprising 32 boys and 28 girls, aged 6 to 16 years old from Methodist Children Home Sibu.

February 2016

> AmBank Group hosted its Chinese New Year 2016 open house Friday, 19 February 2016, which was attended by approximately 1200 people comprising clients, guests and members of the media.

> AmBank Kuala Lumpur City Day Run 2016 was successfully held on Sunday, 28 February 2016 with approximately 4,000 runners participating in the event. National runner R. Thevan won his second consecutive AmBank title in the 12km Men's Open category, while fellow national runner S. Sheela was the winner in the 12km Women's Open category.

> AmBank Group conducted a second trip to Zoo Negara for KAG members and their families on Saturday, 20 February 2016. This time around, the sports clubs also invited Savers Gang account holders to join in the fun and participate in a colouring contest.

March 2016

> AmBank Group organised the Sarawak Region Family Day gathering on Saturday, 12 March 2016. The event was joined by 811 staff and their family members at the Borneo Convention Centre in Kuching, Sarawak.

> AmBank (M) Berhad organised a special "Ola Bola Movie Screening" appreciation night for 290 clients at GSC Signature, Gardens Mid Valley, Kuala Lumpur on Monday, 7 March 2016.

> AmBank Group was the Main Sponsor for the 19th National Olympic Academy (NOA) Session for Young Participants 2016 which was organised by the Olympic Council of Malaysia (OCM) from 7-11 March 2016.

> Defending champion Kevin Akbar from Indonesia retain his title of The Royal Selangor Golf Club (RSGC) AmBank Junior Amateur Open Golf Championship 2016, held on Tuesday, 29 March 2016.

> AmBank Group participated in The Edge Kuala Lumpur Rat Race® 2016 on Thursday, 30 March 2016. Our team consisted of Derek Roberts, CEO, AmGeneral Insurance, Faizzihni bin Mahadzir, Karen Quek Li Yin, Zahirah Aqilah binti Zulkefle, Vasanta Kumar Karuppiah and Abu Nazril Ahmad.

> Kelab AmBank Group elected and celebrated the new Office Bearers for the year 2016 – 2018 at the KAG Annual General Meeting held in Bangunan AmBank Group on Saturday, 19 March 2016.

ABOVE Standing from left to right: Chiu Keng Guan, Ola Bola movie director; Ganesh Kumar, Executive Vice President, Group Finance, AmBank Group; Eqhwan Mokhzanee, CEO, AmBank Islamic; Dato' Sulaiman Mohd Tahir, Group CEO, AmBank Group; Anthony Chin, Acting Head, AmBank (M) Berhad; Jamzidi Khalid, Executive Vice President, Markets Division, AmBank Group; Wong Ching Yee, Senior Vice President, Group CEO's Office, AmBank Group; Dato' Seri Ahmad Johan Raslan, Executive Director and Senior Adviser, AMMB Holdings; Nigel Denby, Chief Risk Officer, AmBank Group; AmBank staff and casts of Ola Bola (seated) taking a group photo during AmBank's special "Ola Bola Movie Screening" in Kuala Lumpur on Monday, 7 March 2016.

BELOW From left to right: Faizzihni bin Mahadzir, Zahirah Aqilah binti Zulkefle, Karen Quek Li Yin, Derek Roberts, Chief Executive Officer, AmGeneral Insurance, Abu Nazril Ahmad and Vasanta Kumar Karuppiah at The Edge KL Rat Race 2016.

Review And Outlook For The Malaysian Economy

2015 Review Of The Economic Performance

Global economic recovery in 2015 has remained modest, amid slowing world trade, moderate growth in the emerging economies, and the ongoing concerns on the durability of recovery in the advanced economies. It was against a landscape of monetary policy normalisation in the US, continued policy easing in other major economies, and the collapse of energy prices arising from both short-term and structural changes in global supply-and-demand conditions.

These developments have generated large shifts in capital flows and heightened volatility in the international financial markets, which will continue to unfold in 2016. The expectation is for the global environment to remain highly uncertain. With the global landscape changed, it will not revert to periods experienced in the past. To secure sustainable global growth, it will be dependent on the efforts across advanced and emerging economies to adapt to this changing landscape.

Being a highly open economy with increasing integration with the international financial system, Malaysia's domestic economy is significantly affected by both global and regional developments. Despite the challenges, the economy has been able to weather the developments in 2015 and register a respectable growth of 5.0 per cent GDP supported by continued expansion in domestic demand that was primarily driven by the private sector and modest improvements in external demand in the second half of the year.

Private consumption expanded moderately as households adjusted their spending to the higher cost of living arising from the implementation of Goods and Services Tax (GST), adjustments in administrative prices, and the depreciation in the ringgit. Support from the higher cash transfers under the Bantuan Rakyat 1Malaysia (BR1M) scheme, reduction in individual income tax rates for the 2015 assessment year, savings derived from lower domestic fuel prices during the year, continued income growth, stable labour market conditions and inflation supported household spending. Besides, public consumption growth came from the Government's continuous efforts to provide support for growth while remaining committed to the steady reduction in the fiscal deficit.

Slower private investment was due to moderate domestic demand and cautious business sentiments. While investment in new oil and gas explorations toned down, overall private investment continued to be supported by downstream oil and gas activities, and new and on-going projects in the manufacturing and services sectors. Public investment improved with a smaller decline as the Federal Government and public corporations continued to undertake capital spending, thus providing support to the economy.

On the supply side, all major economic sectors grew at a moderate pace with the exception of the mining sector. The moderation reflected a slower expansion of activity in industries catering to domestic demand. However, export-oriented manufacturing and trade-related services benefited from the modest improvement in external demand.

Trade performance was weighed down by the decline in commodity prices and the sluggish demand for commodities and commodity-related manufactured products in the first half of 2015. It improved in the second half of the year following a rebound in export growth supported by higher demand for manufactured products and commodities and ringgit depreciation. For the full year, trade surplus was high, supported by both manufactured and commodity products, and led to a current account surplus that narrowed during the year.

External debt remained manageable although it rose to 72.1 per cent of the GDP as at end-2015, which is equivalent to USD192.2 billion. The rise was due to valuation effects from the depreciation of the ringgit against most currencies during the year.

The Monetary Policy Committee (MPC) maintained the Overnight Policy Rate (OPR) at 3.25 per cent in 2015. The aim was to ensure that monetary conditions are supported for a sustainable growth while maintaining price stability. Against the backdrop of a challenging external environment that affected the outlook for the economy, the monetary policy stance remained accommodative.

Labour market conditions remained broadly stable in 2015 as demand for labour was sustained by the continued expansion across all economic sectors reflected by the steady labour force participation rate at 67.6 per cent (2014: 67.5 per cent) with the unemployment rate edged higher to 3.2 per cent as more cautious business sentiments led to softer employment prospects towards the second half of the year.

2016 Economic Prospects

Growth prospects for the Malaysian economy remain despite a continued challenging external environment and financial landscape that will be a key factor influencing the prospects of the domestic economy. Domestic economic resilience in facing the current difficult environment will depend on the continued strength of the economic fundamentals, structural adjustments and reforms undertaken. A key aspect of this is the diversification of the structure of the domestic economy from an over-dependence on exports to develop new domestic sources of growth. It has reduced the reliance of the economy on any single source of growth and thus vulnerability to shocks in any particular industry.

Besides, growth has become more balanced with sustained private sector-led domestic demand and a series of measures implemented to rein in excesses and imbalances. Financial system is also a key pillar to the economic strength. Although the domestic financial markets and the ringgit were affected by the large shifts in capital flows, the more resilient and developed financial system together with high international reserves and manageable level of external indebtedness have strengthened the capacity of the economy to cope with the external shocks. It has ensured that financial intermediation has remained uninterrupted.

With global developments expected to pose both upside and downside risks added with the economy continuing to be in a period of adjustment with the ongoing implementation of fiscal reforms alongside with weak ringgit exchange rate that have affected the cost of living for households, particularly for the lower-income segment, a decent growth of between 4.0 to 4.5 per cent is projected of 2016.

Domestic demand will continue to be the principal driver of growth supported by private sector spending. Private consumption growth is envisaged to trend below its long-term average, owing to the continued adjustment by households to an environment of higher prices and greater uncertainties. However, continued growth in income and employment as well as support from Government measures targeted at enhancing households' disposable income will provide support to household spending.

Underpinned by uncertainties and cautious business sentiments, the private sector investment will grow at a slower pace compared to its performance in the past five years. Capital expenditure in the upstream mining sector will remain affected by the environment of low energy and commodity prices. Private sector capital spending will mainly come from the implementation of on-going and new investment projects, particularly in the manufacturing and services sectors.

Public sector expenditure is expected to be moderate in tandem with the Government's commitment to be more prudent. Nonetheless, public investment will benefit from higher spending by the Federal Government on fixed assets and the continued implementation of key infrastructure projects by public corporations.

The external sector is poised to remain resilient. Despite subdued commodity prices, export performance is projected to remain positive, supported by the well-diversified nature of Malaysia's exports. On a positive note, gross imports are projected to expand amid an increase in intermediate imports to support the sustained performance of manufactured exports and the higher growth in capital imports due to the continued expansion of domestic private investment. Still, the overall trade balance in 2016 should record a smaller surplus.

On the supply side, all economic sectors are projected to expand moderately in 2016. The services and manufacturing sectors will remain the key drivers of overall growth. Despite the lower oil and gas prices, growth in the mining sector will be supported by new gas production capacity. Growth momentum in the construction sector is projected to moderate slightly in 2016 amid a modest expansion in both residential and non-residential sub-sectors.

Headline inflation will remain manageable around 2.0 to 2.5 per cent supported by low global energy and commodity prices, generally subdued global inflation and more moderate domestic demand. They will be able to mitigate the higher prices coming from several price-administered items and the weak ringgit.

Monetary policy in 2016 will focus on ensuring that monetary conditions remain supportive of sustainable domestic growth with price stability, taking into consideration the evolving risks in the external and domestic environments. It will continue to take into account the risk of financial imbalances, given the expectation of continued volatility in external flows.

Fiscal policy will centre on fiscal consolidation. The 2016 Budget was recalibrated in January 2016 to incorporate the expected decline in global oil prices. Government spending was reprioritised and measures were introduced to broaden revenue sources. Fiscal spending will be prioritised towards high impact infrastructure projects that could have large multiplier effects by increasing the productive capacity of the economy. Emphasis will continue to be towards ensuring inclusive and sustainable growth through welfare enhancements, particularly in the form of socio-economic support to the lower- and middle-income segments to help them cope with the rising cost of living.

Given the expectation of a challenging global financial environment, the economy will likely be confronted by volatile movements in capital flows. Hence, the policies are designed to address immediate-term vulnerabilities and at the same time provide sustainable growth. With a deep and developed financial markets, the economy is well positioned to intermediate any flows by ensuring that the functioning of the domestic financial markets will continue to be orderly and supportive of the real economy.

Financial Statements 2016

Expressed In Ringgit Malaysia
For The Financial Year Ended 31 March 2016

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of AMMB HOLDINGS BERHAD (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The subsidiaries, as listed in Note 15 to the financial statements, provide a wide range of retail banking, wholesale banking, investment banking, Islamic banking and related financial services which also include underwriting of general insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trusts management.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	**1,399,479**	**587,610**
Attributable to:		
Equity holders of the Company	1,302,206	587,610
Non-controlling interests	97,273	-
Profit for the financial year	**1,399,479**	**587,610**

OUTLOOK FOR NEXT FINANCIAL YEAR

For calendar year 2016, the Group forecasts a moderate annual Gross Domestic Product ("GDP") growth of circa 4.2% led by domestic demand mainly from private expenditure and counter balanced by softer exports from lower commodity prices.

Inflation is projected to accelerate to 2.8% in 2016 from 2.1% in 2015 driven by upward adjustments in several administered prices and the weak ringgit exchange rate. However, the inflationary pressure will be mitigated by lower commodity prices, slower demand and high base effect in second half of financial year 2016. Against the backdrop of a challenging and uncertain global environment with downside risk still on the table, monetary policy will remain supportive and accommodative of economic activity.

The banking sector is poised to experience slower growth as the economy expands at a more moderate pace and subdued business sentiment. Despite the potential headwinds in the economy, there are still some bright spots and opportunities such as the Small Medium Enterprise ("SME") sector which has consistently outpaced the GDP growth since 2005, and still has room for growth. The recalibrated Budget 2016 has also provided some impetus to the domestic consumption, as well as emphasis on affordable homes and implementation of infrastructure projects.

BUSINESS PLAN AND STRATEGY

Financial year 2016 ("FY2016") was a challenging year for the Group as it reached the end of a period of de-risking its portfolio. Beginning FY2017, the Group's new strategic growth plan is to be a key player amongst the top banking groups by the year 2020 by embarking on a new growth trajectory and strengthening its franchise value.

The Group plans to capture opportunities in the domestic market by building a business that delivers sustainable return and growth which in turn creates significant value creation for our stakeholders. The strategic aim is to gain market leadership in target growth segments, being retail, SME and wholesale. There will be a focus on winning in faster growing segments and attaining market leadership in key products. To support our strategic priorities, a broader people agenda has been developed to ensure we are amongst the best domestic employer.

Using multiple growth strategies, the Group plans to expand its market share in selected target segments while growing in line with the market in other segments. An immediate strategy is to unlock latent values across the organisation leveraging on our customer bases and internal collaboration opportunities. Using digital technology and data, the Group's strategy is to compete in niche ways in under-penetrated segments or "whitespaces" that have not been served well.

BUSINESS PLAN AND STRATEGY (CONT'D.)

The Group will implement its strategic growth plan under two streams and with clear targets and milestones to measure its progress. Emphasis is on building up business momentum and showing early progressive results. "The Run the Group/ Bank Better" strategic phase targets value creation across the business, prioritising on quick wins, monetising collaboration opportunities, improving funding cost, attracting top talent to build up people capability and increasing efficiency by streamlining operations and improving distribution productivity.

The second stream, "Changing the Group/Bank" strategy will center on delivering unique "segment-of-one" value proposition to preferred customer segments. The Group will focus on harnessing the power of digital transformation and leveraging analytics to capture new sources of competitive advantage, reviewing front-back office operating models and capital structure efficiency, enhancing marketing capabilities whilst continuously emphasising on people development and culture.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, 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 and of the Company for the current financial year in which this report is made other than as disclosed in Note 33 to financial statements.

DIVIDENDS

During the financial year, the Company paid a final single-tier dividend of 15.3% in respect of the financial year ended 31 March 2015 amounting to RM461,170,284. This amount was noted in the directors' report for that financial year and paid on 11 September 2015 to shareholders whose names appeared in the Record of Depositors on 28 August 2015.

An interim single-tier dividend of 5.0% for the financial year ended 31 March 2016 amounting to RM150,709,242 was paid on 18 December 2015 to shareholders whose names appeared in the Record of Depositors on 4 December 2015.

The directors propose the payment of a final single-tier dividend of 10.5% in respect of the current financial year ended 31 March 2016, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2017.

RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves, provisions and allowances during the financial year other than as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and financing and the making of allowances for doubtful debts and financing, and have satisfied themselves that all known bad debts and financing had been written off and adequate allowance had been made for doubtful debts and financing.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts and financing or the amount of the allowance for doubtful debts and financing in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that current assets, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year, other than those incurred in the normal course of business of the Group and of the Company.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt within this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

ISSUE OF SHARES AND DEBENTURES

The following are changes during the financial year in debt and equity securities that were issued by the Group.

(i) On 21 December 2015, AmBank Islamic Berhad ("AmBank Islamic") had issued Tranche 3 of the Subordinated Sukuk amounting to RM250.0 million under its Subordinated Sukuk Murabahah programme of RM3.0 billion. The profit rate of this tranche is at 5.35% per annum, payable semi-annually and has a tenure of ten (10) years.

(ii) On the first call date of 27 January 2016, AMBB Capital (L) Ltd had redeemed its Hybrid Securities of USD200.0 million comprising 2,000 preference shares of USD100,000 each.

Save as disclosed above and in Note 24 and Note 26 to the financial statements, there were no share cancellations, shares held as treasury shares, resale of treasury shares, and issuance and repayment of other debt and equity securities by the Group and by the Company during the financial year.

SHARE OPTIONS

There were no options granted during the financial year by the Company to take up unissued shares of the Company, other than the options granted under the Executives' Share Scheme, as disclosed below and in Note 28 to the financial statements.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options, other than the options granted under the Executives' Share Scheme.

EXECUTIVES' SHARE SCHEME

At the 22nd Extraordinary General Meeting held on 26 September 2008, the shareholders approved the proposal by the Company to establish an executives' share scheme ("ESS") of up to fifteen percent (15%) (which was subsequently reduced to ten percent (10%) as approved by the Board of Directors pursuant to the ESS By-Laws) of the issued and paid-up ordinary share capital of the Company at any point in time for the duration of the ESS for eligible executives (including senior management) and executive directors of the Group (excluding subsidiaries which are dormant or such other subsidiaries which may be excluded under the terms of the By-Laws) who fulfil the criteria for eligibility stipulated in the By-Laws governing the ESS ("Eligible Executives"). The ESS is implemented and administered by an executives' share scheme committee ("ESS Committee"), in accordance with the By-Laws. The functions of the ESS Committee has since been consolidated with that of Group Nomination and Remuneration Committee ("GNRC") from 29 October 2013. The ESS was established on 12 January 2009 and would be in force for a period of ten (10) years.

The awards granted to such Eligible Executives can comprise shares and/or options to subscribe for shares("Options"). Shares to be made available under the ESS ("Scheme Shares") will only vest or Options are only exercisable by Eligible Executives who have duly accepted the offers of awards under the ESS ("Scheme Participants") subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the GNRC.

To facilitate the implementation of the ESS, the Company entered into a Trust via the signing of a Trust Deed on 24 February 2009 with AmTrustee Berhad ("Trustee"). The Trustee shall, at such times as the ESS Committee shall direct, subscribe for or acquire the necessary number of new or existing ordinary shares to accommodate any future transfer of Scheme Shares to Scheme Participants. For the aforementioned purpose and to enable the Trustee to meet payment of expenses in relation to the administration of the Trust, the Trustee will be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

The salient features of the ESS are disclosed in Note 28 to the financial statements.

During the financial year, the Trustee had purchased 472,400 of the Company's issued ordinary shares from the open market at an average price of RM6.36 per share. The total consideration paid for the purchase including transaction costs amounted to RM3,003,806.

As at 31 March 2016, 4,768,600 shares have been vested and transferred from the Trustee to certain Eligible Employees of subsidiaries in accordance with the terms under the ESS. As at 31 March 2016, the Trustee held 8,558,150 ordinary shares representing 0.28% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM55,842,233.

DIRECTORS

The directors who served on the Board since the date of the last report are:

Tan Sri Azman Hashim
Tun Mohammed Hanif bin Omar
Dato' Rohana binti Mahmood
Dato' Seri Ahmad Johan bin Mohammad Raslan
Soo Kim Wai
Suzette Margaret Corr
Voon Seng Chuan (Appointed on 18 June 2015)
Wasim Akhtar Saifi (Appointed on 23 February 2016)
Dato' Azlan Hashim (Retired on 20 August 2015)
Tan Sri Datuk Clifford Francis Herbert (Retired on 20 August 2015)
Tan Sri Datuk Dr Aris Osman @ Othman (Retired on 20 August 2015)
Alistair Marshall Bulloch (Ceased as Alternate Director to Shayne Cary Elliott, Mark David Whelan and Suzette Margaret Corr on 4 September 2015)
Shayne Cary Elliott (Resigned on 15 October 2015)
Chin Yuen Yin (Resigned on 30 October 2015)
Mark David Whelan (Resigned on 1 March 2016)

DIRECTORS' INTERESTS

Under the Company's Articles of Association, the directors are not required to hold shares in the Company.

The interests in shares and options in the Company, of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

INDIRECT INTERESTS

In the Company

		No. of Ordinary Shares of RM1.00 each			
Shares	**Name of Company**	**Balance at 1.4.2015**	**Bought**	**Sold**	**Balance at 31.3.2016**
Tan Sri Azman Hashim	Amcorp Group Berhad	391,069,003	-	-	**391,069,003**

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee as shown in Note 34 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm in which the director is a member, or with a company in which the director has a substantial financial interest, except for the related party transactions as shown in Note 42 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

(i) BOARD RESPONSIBILITY AND OVERSIGHT

The Board of Directors (the "Board") remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in the Group. Since the Company is a holding company, its major business activities are conducted through its various subsidiaries. The Board complies with the recommendations on corporate governance as set out in the Malaysian Code on Corporate Governance 2012.

The Board supervises the management of the Group's businesses, policies and affairs with the goal of enhancing shareholders' value. The Board meets 16 times in a year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, business developments, human resource (subject to matters reserved for shareholders' meetings By-Laws), and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments.

The Board currently comprises eight (8) directors with wide skills and experience, of which three (3) are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Company and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the Management are fully discussed and examined, as well as take into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Group Chief Executive Officer.

The Senior Management team of the subsidiaries are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Group Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

(ii) COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to Board Committees. These committees, which were created to assist the Board in certain areas of deliberation, are:

1 Group Nomination and Remuneration Committee
2 Audit and Examination Committee
3 Group Risk Management Committee
4 Group Information Technology Committee
5 Governance Committee

The roles and responsibilities of each committee are set out under the respective terms of reference, which have been approved by the Board. The minutes of the Committee meetings are tabled at the subsequent Board meetings for comment and notation.

CORPORATE GOVERNANCE (CONT'D.)

(ii) COMMITTEES OF THE BOARD (CONT'D.)

The attendance of Board members at the meetings of the Board and the various Board Committees is as set out below:

Number of Meetings Attended in Financial Year 2016

	Board of Directors	Audit and Examination Committee	Group Risk Management Committee	Group Information Technology Committee	Group Nomination and Remuneration Committee	Governance Committee
Tan Sri Azman Hashim	16/16 (Chairman)	N/A	N/A	N/A	N/A	N/A
Tun Mohammed Hanif bin Omar	13/16	N/A	N/A	N/A	10/13	N/A
Dato' Rohana binti Mahmood	16/16	2/3[h]	5/5 (Chairman)[i]	3/3[j]	13/13 (Chairman)[k]	17/17 (Chairman)
Dato' Seri Ahmad Johan bin Mohammad Raslan	16/16	N/A	N/A	7/7	N/A	17/17
Soo Kim Wai	16/16	3/3[h]	N/A	N/A	13/13	15/15[p]
Suzette Margaret Corr	15/16	N/A	N/A	N/A	13/13	N/A
Voon Seng Chuan	14/14[e]	3/3 (Chairman)[q]	5/5[h]	6/6 (Chairman)[r]	8/8[s]	N/A
Wasim Akhtar Saifi	3/3[f]	N/A	N/A	N/A	1/1[f]	1/1[f]
Dato' Azlan Hashim	1/5[a]	0/3[a]	N/A	1/2[a]	N/A	N/A
Tan Sri Datuk Clifford Francis Herbert	4/5[a]	3/3[a]	3/3[a]	N/A	6/6[a]	N/A
Tan Sri Datuk Dr Aris Osman @ Othman	4/5[a]	3/3[g]	3/3[a]	N/A	4/6[a]	N/A
Shayne Cary Elliott	5/9[b]	3/3[b]	N/A	N/A	N/A	N/A
Chin Yuen Yin	8/10[d]	3/4[l]	1/2[m]	2/2[n]	3/4[o]	N/A
Mark David Whelan	12/14[c]	N/A	5/7[c]	N/A	N/A	11/16[c]
Number of meetings held in FY 2016	**16**	**6**	**8**	**7**	**13**	**17**

Notes:
1) All attendances reflect the number of meetings attended during the Directors' tenure of service.
2) N/A represents non-committee member.

a Retired on 20 August 2015.
b Resigned on 15 October 2015.
c Resigned on 1 March 2016.
d Resigned on 30 October 2015.
e Appointed on 18 June 2015.
f Appointed on 23 February 2016.
g Ceased as Chairman following retirement as Director.
h Appointed as Member on 20 August 2015.
i Appointed as Chairman/Member on 3 September 2015.
j Ceased as Chairman on 20 August 2015 and remained as Member until cesssation as Member on 3 September 2015.
k Appointed as Chairman on 20 August 2015 (was a member prior to the appointment).
l Assumed Chairmanship on 20 August 2015 and ceased as Chairman following resignation as Director.
m Appointed as Member on 20 August 2015 and ceased as Member following resignation as Director.
n Appointed as Member on 3 September 2015 and ceased as Member following resignation as Director.
o Appointed as Member on 14 July 2015 and ceased as Member following resignation as Director.
p Appointed as Member on 29 April 2015.
q Appointed as Member on 20 August 2015 and assumed Chairmanship on 30 October 2015.
r Appointed as Member on 18 June 2015 and assumed Chairmanship on 20 August 2015.
s Appointed as Member on 14 July 2015.

CORPORATE GOVERNANCE (CONT'D.)

(ii) COMMITTEES OF THE BOARD (CONT'D.)

Group Nomination and Remuneration Committee

The Committee comprises 6 members, all of whom are Non-Executive Directors and chaired by an Independant Non-Executive Director. The Committee is responsible for:

- regularly reviewing the board structure, size and composition, as well as making recommendations to the Board of the Company with regard to any changes that are deemed necessary.
- recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.
- on an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contribution of the Chairman and each Director to the effectiveness of the Board.
- recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved.
- recommending the appointment of Shariah Committee members as well as reviewing the annual performance of the Shariah Committee members and recommending the remuneration for the Shariah Committee members.
- to implement the ESS in accordance with the By-Laws of the Scheme as approved by the shareholders of the Company.

The Committee met thirteen (13) times during the financial year ended 31 March 2016.

Audit and Examination Committee

The Committee comprises 3 members, 2/3 of whom are Independent Non-Executive Directors.

The Board has appointed the Audit and Examination Committee ("AEC") to assist in discharging its duties of maintaining a sound system of internal controls to safeguard the Group's assets and shareholders' investments.

The AEC met six (6) times during the financial year ended 31 March 2016 to review the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The AEC also followed up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in their audit reports. The consolidated financial statements of the Group and its subsidiaries were reviewed by the AEC prior to their submission to the Board of the Company for adoption.

In addition, the AEC has reviewed the procedures set up by the Group to identify and report, and where necessary, seek approval for related party transactions and, with the assistance of the internal auditors, reviewed the related party transactions.

Internal Audit Function
The Group Chief Internal Auditor reports to the AEC. Group Internal Audit assists the AEC in assessing and reporting on business risks and internal controls, operating within the framework defined in the Audit Charter.

The AEC approves Group Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Bank. The results of each audit are submitted to the AEC and significant findings are discussed during the AEC meeting. The minutes of the AEC meetings are formally tabled to the Board for notation and action, where necessary. The Group Chief Internal Auditor also attends the AEC meeting by invitation. The AEC holds separate meetings with the Group Chief Internal Auditor whenever necessary.

The scope of internal audit includes the review of risk management processes, operational controls, financial controls, compliance with laws and regulations, and information technology systems and security.

Group Internal Audit prioritises its efforts on performing audits in accordance with the audit plan, based on a comprehensive risk assessment of all areas of banking activities (for the Company – business activities). The risk-based audit plan is reviewed at least semi-annually taking into account of the changing business and risk environment.

Group Internal Audit also performs investigations and special reviews, and participates actively in major system development activities and projects to advise on risk management and internal control measures.

CORPORATE GOVERNANCE (CONT'D.)

(ii) COMMITTEES OF THE BOARD (CONT'D.)

Group Risk Management Committee

Risk management is an integral part of the Group's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the Risk Appetite Framework and sets the broad risk tolerance level, and approves activities after considering the risk bearing capacity and readiness.

Risk Management Committees have been established at AmInvestment Bank Berhad, ("AmInvestment Bank"), AmBank (M) Berhad ("AmBank") and AmBank Islamic to oversee the overall management of credit, market, liquidity, operational, legal and capital risks impacting the Group. They are assisted by the Group Risk Management Division.

There were eight (8) meetings held during the financial year 31 March 2016.

Risk Management Functions
The Group Risk Management Division is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the Group. The Group Risk Management Division encompasses Wholesale Credit Risk, Retail Credit Risk, Investment Banking and Markets Risk, Operational Risk, Governance and Provisioning (which is responsible for the development of credit models), Legal Risk, Group Risk Projects and Operational Integrity.

The Group Risk Management Division takes its lead from the Board's approved Risk Appetite Framework that forms the foundation of the Group to set its risk/reward profile. The framework is approved annually taking into account the Group's desired external rating and targeted profitability/return on equity ("ROE") and is reviewed periodically throughout the financial year to take account of prevailing or expected changes to the operating environment.

Group Information Technology Committee

The Group Information Technology Committee ("GITC") comprises two (2) members, and chaired by an Independant Non-Executive Director. The Committee is responsible to provide governance for Information Technology and to ensure that the overall strategic IT direction is aligned with the Group's business objectives and strategy. GITC's key responsibilities include to provide strategic direction for IT development within the Group and ensuring that IT strategic plans are aligned with the Group's business objectives and strategy, to ensure the establishment of Group-wide IT policy, procedures and frameworks including IT security and IT risk management, to provide oversight of the Group's long term IT strategic plans and budget, to establish and monitor the overall performance, efficiency and effectiveness of IT services including performance metrics and to review the adequacy and utilisation of the Group's IT resources including computer hardware, software, personnel and other IT related investments.

There were seven (7) meetings held during the financial year ended 31 March 2016.

Governance Committee

The Governance Committee is established as a committee of the Board to assist the Group in discharging its responsibilities in respect of the following:

- To provide oversight over the Group's Composite Risk Rating remediation initiatives; and
- To drive the implementation of governance initiatives, including specific tasks as mandated by the Board.

For purposes of this committee, the Group comprises the following entities:

- AMMB Holdings Berhad;
- AmBank;
- AmInvestment Bank; and
- AmBank Islamic.

The Committee comprises four (4) members, a majority of whom are Non-Executive Directors. The Committee is chaired by an Independent Non-Executive Director.

There were seventeen (17) meetings held during the financial year ended 31 March 2016.

(iii) MANAGEMENT INFORMATION

All Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Company and its subsidiaries that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports, include among others, minutes of meetings of all Committees of the Board, monthly performance of the Group, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued giving sufficient time before the meeting to enable the Directors to be prepared and to obtain further explanations, where necessary, and provides input on Group policies.

RATINGS BY EXTERNAL AGENCIES

AMMB Holdings Berhad and its banking subsidiaries continue to be accorded with strong credit and financial ratings from local and foreign rating agencies.

Standard & Poor's has upgraded its outlook on AmBank (M) Berhad to Stable from Negative in November 2015 and at the same time, affirmed all credit ratings.

RAM Ratings has reaffirmed its ratings on AMMB Holdings Berhad and its banking subsidiaries in December 2015.

Moody's has revised Malaysia's sovereign rating outlook to Stable from Positive in January 2016. As a consequence, its outlook on AmBank (M) Berhad was revised to Stable while all credit ratings were reaffirmed.

Details of AMMB Holdings Berhad and its banking subsidiaries' ratings are as follows:

Rating agency	Date accorded	Rating classification	Ratings
AmBank (M) Berhad			
Standard & Poor's Ratings Services	November 2015	Foreign long-term issuer credit rating Foreign short-term issuer credit rating Outlook	BBB+ A-2 Stable
RAM Rating Services	December 2015	Long-term financial institution rating Short-term financial institution rating Outlook	AA2 P1 Stable
Moody's Investors Service	January 2016	Long-term foreign currency deposit rating Short-term foreign currency deposit rating Outlook	Baa1 P-2 Stable
AmInvestment Bank Berhad			
RAM Rating Services	December 2015	Long-term financial institution rating Short-term financial institution rating Outlook	AA2 P1 Stable
AmBank Islamic Berhad			
RAM Rating Services	December 2015	Long-term financial institution rating Short-term financial institution rating Outlook	AA2 P1 Stable
AMMB Holdings Berhad			
RAM Rating Services	December 2015	Long-term corporate credit rating Short-term corporate credit rating Outlook	AA3 P1 Stable

SHARIAH COMMITTEE

The Shariah Committee reports functionally to AmBank Islamic's Board of Directors and this provides for the independence of the Shariah Committee in exercising their duties.

Shariah Committee comprises five (5) members and is responsible and accountable on matters related to Shariah. This includes:

(i) advising Board of Directors and Management of AmBank Islamic and other entities within the Group on Shariah matters;
(ii) endorsing and validating products and services, and the operations in relation to Islamic Banking; and
(iii) providing advice and guidance on management of zakat and charity funds.

The Shariah Committee members also sit in the Shariah Oversight Committee, a sub-committee to the Shariah Committee performing an oversight function to assess work carried out by Shariah review, Shariah audit, Shariah regulatory review and Shariah risk management. Shariah Oversight Committee is also responsible to provide guidance and advice on matters pertaining to Shariah non-compliance incidents and Shariah non-compliance income (if any).

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI AZMAN HASHIM

VOON SENG CHUAN

Kuala Lumpur, Malaysia
Date: 27 May 2016

Statement By Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, **TAN SRI AZMAN HASHIM** and **VOON SENG CHUAN** being two of the directors of **AMMB HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 146 to 305 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 59 on page 306 have been prepared 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI AZMAN HASHIM

VOON SENG CHUAN

Kuala Lumpur, Malaysia
Date: 27 May 2016

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, **MANDY JEAN SIMPSON**, being the Officer primarily responsible for the financial management of **AMMB HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 146 to 306 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act,1960.

Subscribed and solemnly declared by the abovenamed **MANDY JEAN SIMPSON** at Kuala Lumpur in the Wilayah Persekutuan on 27 May 2016

MANDY JEAN SIMPSON

Before me,

PESURUHJAYA SUMPAH
No. W 530
TAN SEOK KEIT
MALAYSIA

COMMISSIONER FOR OATHS

Lot 350, 3rd Floor, Wisma MPL
Jalan Raja Chulan,
50200 Kuala Lumpur.

Independent Auditors' Report

To The Members Of AMMB Holdings Berhad (Incorporated In Malaysia)

Report on the financial statements

We have audited the financial statements of AMMB Holdings Berhad, which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 146 to 305.

Directors' responsibility for the financial statements
The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatesment, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("the Act") in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors except for those subsidiaries which were put under members' voluntary winding up, as indicated in Note 15 to the financial statements, where such financial statements and auditors' reports were not available, for inclusion in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries that have been audited were not subject to any qualification and in respect of the subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 59 on page 306 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

CHAN HOOI LAM
No. 2844/02/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 27 May 2016

Statements Of Financial Position

As At 31 March 2016

	Note	Group		Company	
		31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
ASSETS					
Cash and short-term funds	5	11,988,321	10,758,600	21,033	12,464
Deposits and placements with banks and other financial institutions	6	1,333,630	4,068,819	5,354	25,131
Derivative financial assets	7	1,884,001	1,437,537	-	-
Financial assets held-for-trading	8	4,920,618	4,674,223	-	-
Financial investments available-for-sale	9	11,680,520	10,387,275	121,860	110,704
Financial investments held-to-maturity	10	4,167,494	3,864,508	-	-
Loans, advances and financing	11	86,513,254	86,173,795	-	-
Receivables: Investments not quoted in active markets	12	565,322	551,163	-	-
Statutory deposits with Bank Negara Malaysia	13	2,590,145	3,214,591	-	-
Deferred tax assets	14	66,044	83,434	-	-
Investment in subsidiaries and other investments	15	-	-	9,507,225	9,507,225
Investment in associates and joint ventures	16	674,463	662,273	-	-
Other assets	17	3,179,108	3,667,045	3,716	20,381
Reinsurance, retakaful assets and other insurance receivables	54(I)	513,555	433,929	-	-
Investment properties	54(IX)	-	7,713	-	-
Property and equipment	18	292,787	266,562	377	536
Intangible assets	19	3,369,998	3,348,121	-	-
Assets held for sale	56	24,740	204,236	-	-
TOTAL ASSETS		**133,764,000**	**133,803,824**	**9,659,565**	**9,676,441**
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	20	1,743,769	2,301,664	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	21	3,935,775	2,769,585	-	-
Derivative financial liabilities	7	2,022,807	1,385,478	-	-
Deposits from customers	22	90,358,576	92,130,049	-	-
Investment accounts of customers	57(XV)	18,411	-	-	-
Term funding	23	8,607,614	8,302,354	1,206,000	1,206,000
Debt capital	24	4,094,077	4,580,573	-	-
Redeemable cumulative convertible preference share	54(VIII)	204,760	198,821	-	-
Deferred tax liabilities	14	83,050	116,557	-	-
Other liabilities	25	3,809,943	3,917,675	37,259	40,873
Insurance, takaful contract liabilities and other insurance payables	54(I)	2,761,460	2,544,649	-	-
Liabilities directly associated with assets held for sale	56	4,370	48,995	-	-
Total Liabilities		**117,644,612**	**118,296,400**	**1,243,259**	**1,246,873**
Share capital	26	3,014,185	3,014,185	3,014,185	3,014,185
Reserves	27	12,154,293	11,440,960	5,402,121	5,415,383
Equity attributable to equity holders of the Company		15,168,478	14,455,145	8,416,306	8,429,568
Non-controlling interests	29	950,910	1,052,279	-	-
Total Equity		**16,119,388**	**15,507,424**	**8,416,306**	**8,429,568**
TOTAL LIABILITIES AND EQUITY		**133,764,000**	**133,803,824**	**9,659,565**	**9,676,441**
COMMITMENTS AND CONTINGENCIES	47	**125,037,110**	**116,765,056**	**-**	**-**
NET ASSETS PER SHARE (RM)	52	**5.03**	**4.80**	**2.79**	**2.80**

The accompanying notes form an integral part of the financial statements.

Income Statements

For The Financial Year Ended 31 March 2016

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Operating revenue	53	8,416,039	9,142,521	664,258	1,390,013
Interest income	30	4,097,215	4,327,234	1,240	4,655
Interest expense	31	(2,459,459)	(2,346,099)	(56,277)	(67,116)
Net interest income/(expense)		1,637,756	1,981,135	(55,037)	(62,461)
Net income from Islamic banking business	57(XXVI)	805,837	864,687	-	-
Income from insurance business	54(III)	1,447,839	1,495,615	-	-
Insurance claims and commissions	54(III)	(1,068,519)	(1,077,566)	-	-
Net income from insurance business	54(III)	379,320	418,049	-	-
Other operating income	32	870,393	1,457,585	663,018	1,385,358
Share in results of associates and joint ventures		2,502	3,188	-	-
Net income		3,695,808	4,724,644	607,981	1,322,897
Other operating expenses	33	(2,176,863)	(2,089,442)	(20,062)	(11,224)
Acquisition and business efficiency income/(expenses)	35	2,558	(68,436)	-	-
Operating profit		1,521,503	2,566,766	587,919	1,311,673
Writeback for impairment on loans, advances and financing	36	164,092	30,534	-	-
Net impairment writeback/(loss) on:					
Financial investments	37	11,924	(2,541)	-	-
Doubtful receivables - net		(4,046)	36,867	-	-
Foreclosed properties	17(e)(iii)	(277)	(5,770)	-	-
Property and equipment	18	(700)	(4,116)	-	-
Intangible assets	19	(919)	(1,336)	-	-
Writeback of provision for commitments and contingencies	25(i)	40,841	19,255	-	-
Transfer to profit equalisation reserve	25(ii)	(1,406)	(35,379)	-	-
Profit before taxation and zakat		1,731,012	2,604,280	587,919	1,311,673
Taxation and zakat	38	(331,533)	(559,727)	(309)	(1,197)
Profit for the financial year		**1,399,479**	**2,044,553**	**587,610**	**1,310,476**
Attributable to:					
Equity holders of the Company		1,302,206	1,918,630	587,610	1,310,476
Non-controlling interests		97,273	125,923	-	-
Profit for the financial year		**1,399,479**	**2,044,553**	**587,610**	**1,310,476**
EARNINGS PER SHARE (SEN)	40				
Basic		**43.33**	**63.83**		
Fully diluted		**43.33**	**63.82**		

The accompanying notes form an integral part of the financial statements.

Statements Of Other Comprehensive Income

For The Financial Year Ended 31 March 2016

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Profit for the financial year		1,399,479	2,044,553	587,610	1,310,476
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to income statement					
Remeasurement of defined benefit liability		781	1,016	-	-
Income tax effect	39	(154)	(224)	-	-
		627	792	-	-
Items that may be reclassified to income statement					
Translation of foreign operations		21,993	60,237	-	-
Net movement on cash flow hedges		5,173	(4,672)	-	-
Financial investments available-for-sale					
- net unrealised gains on changes in fair value		28,306	120,046	-	-
- net gains reclassified to income statement		(38,529)	(56,980)	-	-
- share of reserve movements in equity accounted joint ventures		2,863	3,303	-	-
Income tax effect	39	(5,887)	(13,138)	-	-
		13,919	108,796	-	-
Other comprehensive income for the financial year, net of tax	39	14,546	109,588	-	-
Total comprehensive income for the financial year		**1,414,025**	**2,154,141**	**587,610**	**1,310,476**
Total comprehensive income for the financial year attributable to:					
Equity holders of the Company		1,315,459	2,039,275	587,610	1,310,476
Non-controlling interests		98,566	114,866	-	-
		1,414,025	**2,154,141**	**587,610**	**1,310,476**

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity

For The Financial Year Ended 31 March 2016

		Attributable to Equity Holders of the Company														
			Non-Distributable									Distributable				
												Retained earnings				
Group	Note	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Profit equalisation reserve RM'000	AFS reserve/ (deficit) RM'000	Cash flow hedging reserve/ (deficit) RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Non- participating funds RM'000	RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2014		3,014,185	2,537,372	1,938,849	-	1,260	(41,687)	3,030	8,213	79,456	(58,434)	132,993	5,527,704	13,142,941	951,448	14,094,389
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	1,918,630	1,918,630	125,923	2,044,553
Other comprehensive income/(loss), net		-	-	-	-	-	63,509	(3,511)	60,243	-	-	-	404	120,645	(11,057)	109,588
Net income/(loss) on financial investments available-for-sale	39	-	-	-	-	-	63,509	-	-	-	-	-	-	63,509	(11,439)	52,070
Net loss on cash flow hedge	39	-	-	-	-	-	-	(3,511)	-	-	-	-	-	(3,511)	-	(3,511)
Translation of foreign operations	39	-	-	-	-	-	-	-	60,243	-	-	-	-	60,243	(6)	60,237
Remeasurement of defined benefit liability	39	-	-	-	-	-	-	-	-	-	-	-	404	404	388	792
Total comprehensive income/(loss) for the financial year		-	-	-	-	-	63,509	(3,511)	60,243	-	-	-	1,919,034	2,039,275	114,866	2,154,141
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^		-	-	-	-	-	-	-	-	-	(81,655)	-	-	(81,655)	-	(81,655)
Share-based payment under ESS, net		-	-	-	-	-	-	-	-	32,455	-	-	-	32,455	-	32,455
ESS shares vested to employees of subsidiaries		-	-	-	-	-	-	-	-	(41,918)	53,979	-	-	12,061	-	12,061
Transfer of ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	-	-	-	-	-	(4,252)	(4,252)	(100)	(4,352)
Transfer to regulatory reserve		-	-	-	2,800	-	-	-	-	-	-	-	(2,800)	-	-	-
Net utilisation of profit equalisation reserve		-	-	-	-	2,644	-	-	-	-	-	-	(2,644)	-	-	-
Unallocated surplus transfer		-	-	-	-	-	-	-	-	-	-	63,800	(54,175)	9,625	-	9,625
Redemption of shares in a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	(2,543)	(2,543)
Arising from disposal of equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	(142,618)	318,412	175,794	-	175,794
Dividends paid	41	-	-	-	-	-	-	-	-	-	-	-	(871,099)	(871,099)	(11,392)	(882,491)
Transactions with owners and other equity movements		-	-	-	2,800	2,644	-	-	-	(9,463)	(27,676)	(78,818)	(616,558)	(727,071)	(14,035)	(741,106)
At 31 March 2015		**3,014,185**	**2,537,372**	**1,938,849**	**2,800**	**3,904**	**21,822**	**(481)**	**68,456**	**69,993**	**(86,110)**	**54,175**	**6,830,180**	**14,455,145**	**1,052,279**	**15,507,424**

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity (CONT'D.)

For The Financial Year Ended 31 March 2016

		Attributable to Equity Holders of the Company														
			Non-Distributable									Distributable				
												Retained earnings				
Group	Note	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Profit equalisation reserve RM'000	AFS reserve/ (deficit) RM'000	Cash flow hedging reserve/ (deficit) RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Non- participating funds RM'000	RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2015		3,014,185	2,537,372	1,938,849	2,800	3,904	21,822	(481)	68,456	69,993	(86,110)	54,175	6,830,180	14,455,145	1,052,279	15,507,424
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	1,302,206	1,302,206	97,273	1,399,479
Other comprehensive income/(loss), net		-	-	-	-	-	(13,187)	4,117	22,003	-	-	-	320	13,253	1,293	14,546
Net income/(loss) on financial investments available-for-sale	39	-	-	-	-	-	(13,187)	-	-	-	-	-	-	(13,187)	996	(12,191)
Net gain on cash flow hedge	39	-	-	-	-	-	-	4,117	-	-	-	-	-	4,117	-	4,117
Translation of foreign operations	39	-	-	-	-	-	-	-	22,003	-	-	-	-	22,003	(10)	21,993
Remeasurement of defined benefit liability	39	-	-	-	-	-	-	-	-	-	-	-	320	320	307	627
Total comprehensive income/(loss) for the financial year		-	-	-	-	-	(13,187)	4,117	22,003	-	-	-	1,302,526	1,315,459	98,566	1,414,025
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^^		-	-	-	-	-	-	-	-	-	(3,004)	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net		-	-	-	-	-	-	-	-	10,722	-	-	-	10,722	-	10,722
ESS shares vested to employees of subsidiaries		-	-	-	-	-	-	-	-	(30,977)	33,271	-	-	2,294	-	2,294
Transfer of ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	-	-	-	-	-	(258)	(258)	(33)	(291)
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net utilisation of profit equalisation reserve		-	-	-	-	(3,904)	-	-	-	-	-	-	3,904	-	-	-
Unallocated surplus transfer		-	-	-	-	-	-	-	-	-	-	(8,460)	8,460	-	-	-
Redemption of shares in a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	(3,677)	(3,677)
Arising from disposal of equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of foreign currency translation reserve		-	-	-	-	-	-	-	(6,160)	-	-	-	6,160	-	-	-
Dividends paid	41	-	-	-	-	-	-	-	-	-	-	-	(611,880)	(611,880)	(196,225)	(808,105)
Transactions with owners and other equity movements		-	-	-	-	(3,904)	-	-	-	(20,255)	30,267	(8,460)	(593,614)	(602,126)	(199,935)	(802,061)
At 31 March 2016		**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**

Statements Of Changes In Equity (CONT'D.)

For The Financial Year Ended 31 March 2016

		Attributable to Equity Holders of the Company					
			Non-Distributable			Distributable	
Company	**Note**	**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 1 April 2014		3,014,185	2,536,065	79,456	(58,434)	2,454,052	8,025,324
Profit for the financial year		-	-	-	-	1,310,476	1,310,476
Other comprehensive income, net		-	-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-	1,310,476	1,310,476
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^		-	-	-	(81,655)	-	(81,655)
Share-based payment under ESS, net		-	-	32,455	-	-	32,455
ESS shares vested to employees of subsidiaries		-	-	(41,918)	53,979	2,006	14,067
Dividends paid	41	-	-	-	-	(871,099)	(871,099)
Transactions with owners and other equity movements		-	-	(9,463)	(27,676)	(869,093)	(906,232)
At 31 March 2015		**3,014,185**	**2,536,065**	**69,993**	**(86,110)**	**2,895,435**	**8,429,568**
At 1 April 2015		3,014,185	2,536,065	69,993	(86,110)	2,895,435	8,429,568
Profit for the financial year		-	-	-	-	587,610	587,610
Other comprehensive income, net		-	-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-	587,610	587,610
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^^		-	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net		-	-	10,722	-	-	10,722
ESS shares vested to employees of subsidiaries		-	-	(30,977)	33,271	996	3,290
Dividends paid	41	-	-	-	-	(611,880)	(611,880)
Transactions with owners and other equity movements		-	-	(20,255)	30,267	(610,884)	(600,872)
At 31 March 2016		**3,014,185**	**2,536,065**	**49,738**	**(55,843)**	**2,872,161**	**8,416,306**

^ Represents the purchase of 12,221,600 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.68 per share.

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

The accompanying notes form an integral part of the financial statements.

Statements Of Cash Flows

For The Financial Year Ended 31 March 2016

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 (Restated) (Note 58) RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation and zakat		1,731,012	2,604,280	587,919	1,311,673
Add/(Less) adjustments for:					
Amortisation of fair value gain on terminated hedge		(27,313)	(26,664)		
Amortisation of intangible assets	33,35	97,936	85,173	-	-
Amortisation of issuance costs of debt capital		292	223	-	-
Accretion of discount less amortisation of premium for securities		(135,673)	(150,243)	-	-
Depreciation of property and equipment	33,35	57,193	62,458	159	169
Loss/(Gain) on disposal of property and equipment	32	520	(30)	-	-
Dividend income from investments	32	(46,961)	(40,753)	(662,867)	(1,384,876)
Impairment loss/(writeback) on doubtful receivables, net		4,046	(36,867)	-	-
Impairment (writeback)/loss on financial investments	37	(11,924)	2,541	-	-
Impairment loss on foreclosed properties	17(b)(iii)	277	5,770	-	-
Impairment loss on property and equipment	18	700	4,116	-	-
Impairment loss on intangible assets	19	919	1,336	-	-
Property and equipment written off	33	22	180	-	-
Surrender of trading rights licence	33	154	-	-	-
Sundry receivables written off		-	176	-	-
Allowance for losses on loans, advances and financing, net	36	403,050	595,623	-	-
Net loss/(gain) on revaluation of derivatives		191,879	(103,915)	-	-
Net gain on revaluation of financial assets held-for-trading		(1,865)	(27,349)	-	-
Net (gain)/loss on sale of financial assets held-for-trading		(12,812)	24,903	-	-
Net gain on sale of financial investments available-for-sale		(60,244)	(56,850)	-	-
Net gain on disposal of subsidiaries	32	(11,965)	(475,873)	-	-
Writeback of provision for commitments and contingencies		(40,841)	(19,255)	-	-
Scheme shares and options granted under Executives' Share Scheme ("ESS")	33	11,036	31,386	-	-
Share in results of associates and joint ventures		(2,502)	(3,188)	-	-
Transferred to profit equalisation reserve		1,406	35,379	-	-
Unrealised loss on term funding and debt capital		195,797	294,100	-	-
Gain on capital repayment by a subsidiary		(21,706)	-	-	-
Operating profit/(loss) before working capital changes carried forward		2,322,433	2,806,657	(74,789)	(73,034)
Decrease/(Increase) in operating assets:					
Securities purchased under resale agreements		-	(50,336)	-	-
Deposits and placements with banks and other financial institutions		538,814	(1,423,879)	-	-
Financial assets held-for-trading		(215,933)	(732,730)	-	-
Loans, advances and financing		(739,915)	474,078	-	-
Reinsurance, retakaful assets and other insurance receivables		(79,626)	35,604	-	-
Other assets		721,221	(648,562)	(7,738)	(5,628)
Statutory deposit with Bank Negara Malaysia		624,446	(91,630)	-	-
Increase/(Decrease) in operating liabilities:					
Deposits from customers		(1,771,473)	2,431,171	-	-
Investment accounts of customers		18,411	-	-	-
Deposits and placements of banks and other financial institutions		(557,895)	(1,819,259)	-	-
Term funding		226,077	1,451,174	-	(700,000)
Recourse obligation on loans and financing sold to Cagamas Berhad		1,167,838	(546,941)	-	-
Insurance, takaful contract liabilities and other insurance payables		216,811	23,977	-	-
Other liabilities		17,630	427,985	(3,891)	(11,752)
Cash generated from/(used in) operations		2,488,839	2,337,309	(86,418)	(790,414)
Taxation and zakat (paid)/refunded, net		(568,536)	(549,615)	4,117	(1,519)
Net cash generated from/(used in) operating activities		1,920,303	1,787,694	(82,301)	(791,933)

The accompanying notes form an integral part of the financial statements.

Statements Of Cash Flows (CONT'D.)

For The Financial Year Ended 31 March 2016

		Group		Company	
	Note	31 March 2016	31 March 2015 (Restated) (Note 58)	31 March 2016	31 March 2015
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
(Purchase)/Disposal of financial investments - net		(1,410,066)	1,379,430	(8,166)	79,740
Dividends received from other investments		46,961	30,565	-	-
Proceeds from disposal of property and equipment		8,032	429	-	-
Proceeds from disposal of assets held for sale	56 (b)	83,775	-	-	-
Subscription of shares in joint venture		(15,000)	-	-	-
Purchase of property and equipment	18	(114,240)	(75,876)	-	-
Purchase of intangible assets	19	(130,354)	(86,020)	-	-
Dividends received from subsidiaries		-	-	659,877	1,381,267
Purchase of receivables: investments not quoted in active markets		(10,000)	(378,193)	-	-
Purchase of shares for ESS by the appointed trustee		(3,004)	(81,655)	(3,004)	(81,655)
ESS shares vested to eligible employees		33,271	53,979	33,271	53,978
Cash flows (used in)/generated from investing activities		(1,510,625)	842,659	681,978	1,433,330
Transfer of ESS shares recharged - difference on purchase price for shares vested		(258)	(4,252)	995	2,006
Dividend received from associate		8,202	12,459	-	-
Cash (outflow)/inflow from disposal of subsidiaries		(40,221)	653,038	-	-
Net cash (used in)/generated from investing activities		(1,542,902)	1,503,904	682,973	1,435,336
CASH FLOWS FROM FINANCING ACTIVITIES					
Redemption of shares in subsidiary by non-controlling interests		(3,677)	(2,543)	-	-
Proceeds from subordinated sukuk		250,000	-	-	-
Repayment of Non-Cumulative Non-Voting Guaranteed Preference Shares		(827,737)	-	-	-
Repayment of medium term notes		-	(247,800)	-	-
Dividends paid by Company to its shareholders		(611,880)	(871,099)	(611,880)	(871,099)
Dividends paid to non-controlling interests by subsidiaries		(196,225)	(11,392)	-	-
Net cash used in financing activities		(1,389,519)	(1,132,834)	(611,880)	(871,099)
Net (decrease)/increase in cash and cash equivalents		(1,012,118)	2,158,764	(11,208)	(227,696)
Cash and cash equivalents at beginning of the financial year		13,629,676	11,471,077	37,595	265,291
Effect of exchange rate changes		7,663	(165)	-	-
Cash and cash equivalents at end of the financial year (Note 1)		**12,625,221**	**13,629,676**	**26,387**	**37,595**

Note 1: Cash and Cash Equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group		Company	
	31 March 2016	31 March 2015 (Restated) (Note 58)	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	11,988,321	10,758,600	21,033	12,464
Deposits and placements with banks and other financial institutions	1,333,630	4,068,819	5,354	25,131
Reclassified to assets held for sale (Note 56(a))	3,369	41,169	-	-
Less: Deposits with original maturity more than 3 months	(700,099)	(1,238,912)	-	-
Cash and cash equivalents	**12,625,221**	**13,629,676**	**26,387**	**37,595**

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements

As At 31 March 2016

1. CORPORATE INFORMATION

AMMB Holdings Berhad ("AMMB" or the "Company") is a public limited liability company incorporated and domiciled in Malaysia, and listed on the main market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of the Company is located at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal activity of the Company is that of investment holding.

The subsidiaries, as listed in Note 15, provide a wide range of wholesale banking, retail banking, investment banking and related financial services which also include Islamic banking business, underwriting of general insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trust management services. During the current financial year, the Group completed the disposal of PT AmCapital Indonesia ("AMCI") and its subsidiary.

There have been no significant changes in these activities during the financial year, other than as mentioned above.

The consolidated financial statements of the Company and its subsidiaries ("AMMB Group" or the "Group") and the separate financial statements of the Company have been approved and authorised for issue by the Board of Directors on 5 May 2016.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis unless otherwise indicated in the financial statements.

2.2 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRSs"), and the requirements of the Companies Act, 1965 in Malaysia.

2.3 Presentation of financial statements

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The statements of financial positions are presented in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (i.e. "current") and more than 12 months after the reporting date (i.e. "non-current") is presented in Note 48.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2016.

Subsidiaries are entities (including structured entities) over which the Group has control.

The Group controls an investee if, and only if, the Group has:
- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statement, from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (Cont'd.)

The income statement and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the income statement; and
- reclassifies the parent's share of components previously recognised in OCI to the income statement or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.5 Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the income statement. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 13 Financial Instruments: Recognition and Measurement ("MFRS 139"), is measured at fair value with changes in fair value recognised in the income statement. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

(b) Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(c) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associates or joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

The aggregate of the Group's share of profit or loss of the associates and joint ventures is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the associates or joint ventures.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments in associates or joint ventures are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associates or joint ventures and their carrying values, then recognises the loss as "impairment loss on associates or joint ventures" in the income statement.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

In the Company's separate financial statements, investments in associates or joint ventures are stated at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in the income statement.

(d) Transactions with non-controlling interests

Non-controlling interests represent the portion of equity in subsidiaries not held directly or indirectly by the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position separately from the Group shareholders' equity. Any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. In such circumstances, the carrying amounts of the non-controlling interests shall be adjusted to reflect the changes in relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributable to the owners of the Group.

(e) Foreign currencies

(i) Functional and presentation currency

The Group's consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(e) Foreign currencies (Cont'd.)

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed, at which time, the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the income statement are also recognised in OCI or the income statement, respectively).

(iii) Group entities

On consolidation, the assets and liabilities of foreign subsidiaries and operations are translated into RM at the exchange rates prevailing at the reporting date and their income statements are translated at the average exchange rates for the financial year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign subsidiary or operation, the component of OCI relating to that particular foreign subsidiary or operation is recognised in the income statement.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Purchased computer software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Freehold land has an unlimited life and therefore, is not depreciated. Depreciation of other property and equipment is calculated on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets.

The annual depreciation rates for the various classes of property, plant and equipment are as follows:

Leasehold land	2% or remaining lease period (whichever is shorter)
Buildings	2% or over the term of short term lease (whichever is shorter)
Leasehold improvements	15% to 20%
Motor vehicles	20%
Computer equipment	20%
Office equipment, furniture and fittings	15% - 50%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

(g) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of investment properties is calculated on a straight-line basis over the estimated useful lives of the assets. The investment properties related to freehold land is not depreciated.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(g) Investment properties (Cont'd.)

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment properties only when there are changes in use. For transfers from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied properties become investment properties, the Group accounts for the properties in accordance with the policy under property, plant and equipment up to the date of the change in use.

(h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) The Group as a lessee

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in "interest expense" in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term. The aggregate benefits of incentives provided by the lessor are recognised as a reduction of rental expenses over the lease term on a straight-line basis.

(ii) The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(i) Intangible assets, other than goodwill arising from business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Following initial recognition, intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually, or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(i) Intangible assets, other than goodwill arising from business combination (Cont'd.)

(i) Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual software project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- the ability to use the intangible asset generated.

Following initial recognition of the software development expenditure as an asset, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight-line basis over the period of expected benefit of 3 to 7 years, except for certain major core infrastructure projects where the useful life has been determined to be 10 years. During the period of development, the asset is tested for impairment annually.

(j) Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes party to the contractual provisions of the instrument. This includes regular way trades; purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(iii) Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as described below:

(a) Financial assets and financial liabilities at fair value through profit or loss: held–for–trading

Financial assets or financial liabilities held-for-trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "investment and trading income". Interest and dividend income or expense is recorded in "investment and trading income", "interest income" or "interest expense", as appropriate and in accordance with the terms of the contract, or when the right to the payment has been established.

Included in this classification are debt securities and equities.

(b) Financial assets and financial liabilities at fair value through profit or loss: designated as fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities designated at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "investment and trading income". Interest is earned or accrued in "interest income" or "interest expense", respectively, using the effective interest rate ("EIR"), while dividend income is recorded in "investment and trading income" when the right to the payment has been established.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement (Cont'd.)

(c) Financial assets and financial liabilities at fair value through profit or loss: derivatives

The Group uses derivatives such as interest rate swaps and futures, credit default swaps, cross-currency swaps, forward foreign exchange contracts and options on interest rates, foreign currencies and equities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in "investment and trading income".

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the income statement.

(d) Financial investments available–for–sale ("AFS")

Financial investments AFS include equity investments and debt securities. Equity investments classified as financial investments AFS are those that are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Group has not designated any loans, advances and financing as financial investments AFS.

After initial measurement, financial investments AFS are subsequently measured at fair value with unrealised gains or losses recognised in OCI in the "AFS reserve" until the investment is derecognised, at which time the cumulative gain or loss is recognised in "other operating income", or the investment is determined to be impaired, when the cumulative loss is reclassified from the "AFS reserve" to the income statement in "impairment losses on financial investments". Interest earned whilst holding financial investments AFS is reported as interest income using the EIR method. Dividends earned whilst holding financial investments AFS are recognised in the income statement as "other operating income" when the right to the payment has been established.

The Group evaluates whether the ability and intention to sell its financial investments AFS in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial investments due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial investments. Reclassification to loans and receivables is permitted when the financial investments meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial investments accordingly.

For a financial investment reclassified from the financial investments AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the investment that has been recognised in equity is amortised to the income statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Unquoted shares in organisations which are set up for specific socio-economic reasons and equity instruments received as a result of loan restructuring or loan conversion which do not have a quoted market price in an active market that are carried at cost less impairment as their fair values cannot be reliably measured are also classified as financial investments AFS.

(e) Financial investments held-to-maturity

Non-derivative financial instruments with fixed or determinable payments and fixed maturities are classified as financial investments held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, financial investments held-to-maturity are measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "interest income" in the income statement. The losses arising from impairment are recognised in the income statement in "impairment losses on financial investments".

If the Group were to sell or reclassify more than an insignificant amount of financial investments held-to-maturity before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as financial investments AFS. Furthermore, the Group would be prohibited from classifying any financial investments as held-to-maturity during the following two years.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement (Cont'd.)

(f) Financial assets at amortised cost – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "interest income" in the income statement. The losses arising from impairment are recognised in the income statement in "impairment losses on loans, advances and financing" for loans, advances and financing or "doubtful receivables" for losses other than loans, advances and financing.

(g) Financial liabilities at amortised cost

Financial liabilities issued by the Group, that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, term funding, debt capital and other borrowings are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

(iv) "Day 1" profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in "investment and trading income". In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

(v) Reclassification of financial assets

The Group may reclassify a non-derivative trading asset out of the "held-for-trading" category and "available-for-sale" category under rare circumstances and into the "loans, advances and financing" category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

For a financial asset reclassified out of the "available-for-sale" category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to the income statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the income statement.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement (Cont'd.)

(vi) Derecognition of financial assets and financial liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired.
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
    - the Group has transferred substantially all the risks and rewards of the asset, or
    - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(k) Repurchase and reverse repurchase agreements

Securities sold under repurchase agreements at a specified future date are not derecognised from the statement of financial position as the Group retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest, as a liability within "securities sold under repurchase agreements", reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the EIR. When the counterparty has the right to sell or repledge the securities, the Group reclassifies those securities in its statement of financial position to "financial assets held-for-trading pledged as collateral" or to "financial investments available-for-sale pledged as collateral", as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within "securities purchased under reverse repurchase agreements", reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in "net interest income" and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within "financial liabilities held-for-trading" and measured at fair value with any gains or losses included in "investment and trading income".

(l) Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in "net trading income".

(m) Sell and buy back agreements for Islamic securities

These are obligations of the Group to perform its commitment to buy back specified Islamic securities at maturity. Gains and losses are recognised upon sale and shown as trading gain or loss from financial assets held-for-trading.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(n) Fair value measurement

The Group and the Company measure financial instruments such as financial assets at fair value through profit or loss, financial investments available-for-sale and derivatives at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group and to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets or liabilities that are recognised at fair value in the financial statements 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.

The fair value hierarchies of financial instruments that are measured at fair value are disclosed in Note 51.

The fair value hierarchies of financial assets, financial liabilities and non-financial assets that are not measured at fair value, but for which fair value is disclosed, are also disclosed in Note 51.

(o) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Loans, advances and financing are classified as impaired in accordance with the criteria as disclosed in Note 50.2 Credit Risk Management - Impairment - Definition of past due and impaired loans.

(i) Financial assets carried at amortised cost – loans and receivables

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Group has reclassified trading assets to loans, advances and financing, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(o) Impairment of financial assets (Cont'd.)

(i) Financial assets carried at amortised cost – loans and receivables (Cont'd.)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income continues to be accrued as "interest income on impaired loans, advances and financing" in the income statement on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to "impairment losses on loans, advances and financing" in the income statement.

Financial assets which are not individually significant, or that have been individually assessed but with no impairment loss are, grouped together for collective impairment assessment. These financial assets are grouped based on the Group's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics of the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that do not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows for a group of assets should reflect and be directionally consistent with changes in related observable data from year to year. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Financial investments AFS

For financial investments AFS, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as financial investments AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "interest income". If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as financial investments AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from OCI and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised in OCI.

(iii) Rescheduled and restructured loans

Where possible, the Group seeks to reschedule or restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been rescheduled or restructured, any impairment is measured using the original EIR as calculated before the modification of terms. Management continually reviews impaired rescheduled or restructured loans for a certain period to ensure all terms are adhered to and that future payments are likely to occur before reclassification back to performing status.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(o) Impairment of financial assets (Cont'd.)

(iv) Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources. (See Note 50.2 for further analysis of collateral).

(v) Collateral repossessed

The Group's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Group's policy.

(p) Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, the Group applies hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognised in the income statement. For situations where the hedged item is a forecast transaction, the Group also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statement.

(i) Fair value hedges

The change in the fair value of a hedging derivative is recognised in "investment and trading income" in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in "investment and trading income" in the income statement.

For fair value hedges relating to items recorded at amortised cost, any adjustment to carrying value is amortised through the income statement over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the income statement.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the "cash flow hedge reserve", while any ineffective portion is recognised immediately in "investment and trading income" in the income statement.

Amounts recognised as OCI are transferred to the income statement when the hedged transaction affects the income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(p) Hedge accounting (Cont'd.)

(iii) Hedges of a net investment

Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in OCI while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

(q) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(r) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

The following assets have specific characteristics for impairment testing:

(i) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(ii) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(s) Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at cost less impairment losses. The policy for the measurement of foreclosed properties is in accordance with Note 2.5(o)(v) on collateral repossessed.

(t) Cash and cash equivalents

Cash and short-term funds in the statement of financial position comprise cash and bank balances with banks and other financial institutions and short-term deposits maturing within one month.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term funds with original maturity of less than 3 months excluding deposits and monies held in trust and net of outstanding bank overdrafts.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(u) Assets held for sale

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. This condition is regarded as met only when the sale is probable and the assets are available for immediate sale in their present condition, management has committed to the sale and the sale is expected to have been completed within one year from the date of the classification. Such assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Additional disclosures are provided in Note 56. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

(w) Contingent liabilities and contingent assets

A contingent liability is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or in extremely rare cases whereby there is a liability that cannot be recognised because it cannot be measured with sufficient reliability. The contingent liability is not recognised but instead is disclosed in the financial statements. A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group is also disclosed as a contingent liability unless the probability of outflow or economic resources is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The Group does not recognise contingent assets in the financial statements but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(x) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(y) Profit Equalisation Reserve ("PER")

PER is the amount appropriated out of the total Islamic banking gross income in order to maintain a certain level of return to Investment Account Holders ("IAH") which is as stipulated by Bank Negara Malaysia's Guidelines on Profit Equalisation Reserve. This amount appropriated is shared by the IAH and the Group. The creation of PER establishes an obligation to manage distribution to the IAH from Shariah perspective. The PER of the IAH is classified as a liability and is recognised at cost. The subsequent apportionments of profit to the IAH are recognised in the income statement. The eventual distribution of PER as profit distributable to IAH will be treated as an outflow of funds due to the settlement of obligation to the IAH. The PER of the Group is allocated from retained profits and classified as a separate reserve in equity and is non-distributable. Subsequent apportionment from and distributions to retained profits are treated as transfers between reserves. During the current financial year, the Group discontinued with the application with PER as disclosed in Note 3.2(a).

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(z) Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Operating revenue of the Group comprises all types of revenue derived from commercial banking and non-financial services rendered by the subsidiaries.

Operating revenue of the Company comprises gross interest income, dividend income, fee and commission earned and other income.

The following specific recognition criteria must be met before revenue is recognised.

(i) Interest/financing income and similar income and expense

For all financial assets and financial liabilities measured at amortised cost, interest bearing financial investments classified as AFS and financial assets and financial liabilities designated at fair value through profit or loss, interest/financing income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded in the income statement. However, for a reclassified financial asset for which the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(a) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include loan arrangement, commission income, asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

(b) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

(iii) Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iv) Investment and trading income

Results arising from trading activities include all gains and losses from changes in fair value, dividends for financial investments held-for-trading and financial investments available-for-sale. This includes any ineffectiveness recorded in hedging transactions.

(v) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(z) Recognition of income and expenses (Cont'd.)

(vi) Sale of unit trusts

Revenue from sale of unit trusts is recognised upon allotment of units, net of cost of units sold.

(vii) Customer loyalty programmes

Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated between the award credits and the other components of the sale. Income generated from customer loyalty programmes is recognised in the income statement.

(aa) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution pension plan

The Group makes contributions to the Employee Provident Fund ("EPF") in Malaysia. Such contributions are recognised as an expense in the income statement as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plans

The calculation of defined benefit liability, based on the present value of the defined benefit obligations at the end of the reporting less the fair value of plan assets, is performed annually by qualified actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash out flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligations.

The Group recognises the following changes in the net defined benefit obligations in the income statement:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Past service costs are recognised in the income statements on the earlier of:

- the date of the plan amendment or curtailment; or
- the date that the Group recognises restructuring-related costs.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding net interest) and the effect of the asset ceiling (if any, excluding net interest), are recognised immediately in OCI in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to the income statement in subsequent periods.

(iv) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(v) Share-based payment transactions

The Company operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of the Company are granted to eligible directors and employees of the Group based on certain financial and performance criteria and such conditions as it may deem fit.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(aa) Employee benefits (Cont'd.)

(v) Share-based payment transactions (Cont'd.)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for the period is recorded in "personnel costs" and represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity-settled award are modified, the minimum expense recognised in "personnel costs" is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (Note 40).

(ab) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

(ac) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior financial years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside the income statement, either in OCI or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(ac) Taxes (Cont'd.)

(ii) Deferred tax (Cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the income statement.

(ad) Zakat

This represents business zakat payable by the Group to comply with Shariah principles as approved by AmBank Islamic's Shariah Committee. Zakat provision is calculated using the profit and loss method at a zakat rate of 2.5% of the net profit after tax and is based on the percentage of Muslim shareholders of the Company. The amount of zakat assessed is recognised as an expense in the period in which it is incurred.

In the financial year, the Group has fulfilled its obligation to pay business zakat to state zakat authorities and other identified beneficiaries (asnaf) comprising poor and needy students under the student adoption programme, flood victims and non-governmental organisations.

(ae) Earnings Per Share ("EPS")

The Group presents basic and diluted EPS data for its ordinary shares in Note 40. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period net of treasury shares. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(af) Segment reporting

Segment reporting in the financial statements are presented on the same basis as is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to operating segments. Reportable segments are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are distinguishable components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

(ag) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all the liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

(ah) Shares held in trust for ESS and contracts on own shares

Own equity instruments of the Company that are acquired by the Company for the ESS are reflected in equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Company's own equity instruments is recognised directly in equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

When the Company holds own equity instruments on behalf of their clients, those holdings are not included in the Company's statement of financial position.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(ai) Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of their clients. Assets held in a fiduciary capacity are not recognised as assets of the Group.

(aj) Product classification

The insurance subsidiary issues contracts that transfer insurance risks or financial risks or both.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance risk is the risk other than financial risk.

An insurance contract is a contract under which the insurance subsidiary (the "insurer") has accepted significant insurance risk from another party (the "policyholders") by agreeing to compensate the policyholders if a specified uncertain future event (the "insured event") adversely affects the policyholders. As a general guideline, the insurer determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during this financial year, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

(ak) Reinsurance

The insurer cedes insurance risk in the normal course of business for all its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the insurer from its obligations to the policyholders. Premiums, contributions and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the insurer may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the insurer will receive from the reinsurer. The impairment loss is recorded in the income statement.

Gain and loss on buying reinsurance, if any, will be recognised in the income statement at the inception of the agreement.

The insurer also assumes reinsurance risk in the normal course of business for general insurance contracts when applicable.

Premiums, contributions and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums, contributions or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.

(al) Insurance receivables

Insurance receivables are amounts receivable under the contractual terms of an insurance contract. On initial recognition, insurance receivables are measured at fair value based on the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost using the effective yield method.

Insurance receivables are assessed at each reporting date for objective evidence of impairment. If there is objective evidence that the insurance receivable is impaired, the insurer reduces the carrying amount of the insurance receivables accordingly and recognises that impairment loss in the income statement. The insurer gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for impairment of financial assets.

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.5j(vi) , have been met.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(am) General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account premiums, movements in premiums and claims liabilities and commissions.

(i) Gross premiums

Gross premiums are recognised as income in a financial year in respect of risks assumed during the particular financial year.

(ii) Reinsurance premiums

Inwards facultative reinsurance premiums are recognised in the financial year in respect of the facultative risk assumed during the particular financial year, as the case of direct policies, following individual risks' inception dates.

Inwards treaty reinsurance premiums comprise both proportional and non-proportional treaties. In respect of reinsurance premiums relating to proportional treaties it is recognised on the basis of periodic advices received from the cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inception dates of these risks and contractually accounted for, as such to reinsurers under the terms of the proportional treaties. In respect of reinsurance premiums relating to non-proportional treaties which cover losses occurring during a specified treaty period, the inwards treaty reinsurance premiums are recognised based on the contractual premiums already established at the start of the treaty period under the non-proportional treaty contract.

(iii) Premium liabilities

Premium liabilities represent the insurer's future obligations on insurance contracts as represented by premiums received for risks that have not yet expired. In determining premium liabilities at reporting date, the method that most accurately reflects the actual unearned premium is used, as described in Note 2.5 (an).

(iv) Claims liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance.

The amount of claims liabilities is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the reporting date.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the reporting date, using a mathematical method of estimation.

(v) Acquisition costs

The gross costs of acquiring and renewing insurance policies and income derived from ceding reinsurance premiums are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

(an) General insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged. The valuation of general insurance contract liabilities is in accordance with the Risk-Based Capital ("RBC") Framework for Insurers issued by Bank Negara Malaysia ("BNM").

These liabilities comprise claims liabilities and premium liabilities.

(i) Claims liabilities

Claims liabilities are recognised in respect of both direct insurance and inward reinsurance. Claims liabilities refer to the obligation by the insurer, whether contractual or otherwise to make future payments in relation to all claims that have been incurred as at valuation date. These include provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserve ("IBNER") together with related claims handling costs. Claims liabilities consist of the best estimate value of the claims liabilities and the Provision of Risk Margin for Adverse Deviation ("PRAD") calculated at the overall level. The liability is discounted at a risk free rate. No provision for equalisation or catastrophe reserve is recognised. The liabilities are derecognised when the claim is paid and settled, discharged or cancelled.

(ii) Premium liabilities

Premium liabilities are recorded at the higher of the following:

- aggregate of the unearned premium reserves ("UPR"); and
- the best estimate value of the insurer's unexpired risk reserve ("URR") as at the valuation date and the PRAD calculated at the overall level.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(an) General insurance contract liabilities (Cont'd.)

(iii) UPR

The UPR represent the portion of the premiums of insurance policies written less deductible acquisition costs that relate to the unexpired period of the policies at the end of the financial year.

In determining UPR at the end of the reporting period, the method that most accurately reflect the actual unearned premium used is as follows:

i. 25% method for Malaysian marine cargo, aviation cargo and transit business of annual Malaysian general policies business;
ii. Daily time apportionment method for all other classes; and
iii. 1/24th method for inward treaty business.

(iv) URR

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the insurer's expenses, including overheads and cost of reinsurance expected to be incurred during administering these policies and settling the relevant claims and expected future premium refunds. The URR is discounted at a risk free rate.

(v) Liability adequacy test

At each reporting date, the insurer reviews its unexpired risks and a liability adequacy test ("LAT") is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking account of the investment return expected to arise on assets relating to the relevant general insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums less related deferred acquisition costs is inadequate, the deficiency is recognised in the income statement by setting up a provision for liability adequacy.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of Amendments and Annual Improvements to standards

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments and annual improvements to standards which became effective for the Group and the Company on 1 April 2015.

- Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of these amendments and annual improvements to standards did not have any material impact on the financial statements of the Group and the Company.

The nature of the amendments and annual improvements to standards are described below:

(a) Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.1 Adoption of Amendments and Annual Improvements to standards (Cont'd.)

(b) Annual Improvements to MFRSs 2010-2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below:

(i) MFRS 2: Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

(ii) MFRS 3: Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

(iii) MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgments made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

(iv) MFRS 116: Property, Plant and Equipment and MFRS 138 Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

(v) MFRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

(c) Annual Improvements to MFRSs 2011-2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below.

(i) MFRS 3: Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

(ii) MFRS 13: Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 139.

(iii) MFRS 140: Investment Property

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 Significant change in regulatory requirements: Bank Negara Malaysia ("BNM") Guidelines

(a) BNM Policy Document on Investment Account and the Transition Policy under the Islamic Financial Services Act 2013 ("IFSA")

On 14 March 2014, BNM issued a policy document on Investment Account ("policy document") aimed at outlining the regulatory requirements on the conduct of investment accounts that are consistent with the IFSA and that comply with standards on Shariah issued by BNM. This policy document comes into effect on 14 March 2014.

On 14 February 2014, BNM issued the Transition Policy under IFSA ("transition policy"), allowing Islamic financial institutions a transition period until 30 June 2015 to comply with IFSA and BNM standards on Shariah and policy document on Investment Account. Pursuant to the application of the policy document on Investment Account and the transition policy, the Group:

(i) segregated investment deposit products of customers from deposit accounts and presented these separately as investment accounts in the financial statements;

(ii) discontinued with the application of profit equalisation reserve ("PER"). The available amounts in PER had been distributed to the remaining account holders in the form of hibah;

The policy document and the transition policy have been applied prospectively in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors as these investment accounts are new products offered by the Group.

The accounting policy adopted for Investment Account is as follows:

Unrestricted Investment Account ("URIA")

The Group's URIA is based on the Shariah concept of Wakalah bil Istithmar. It refers to an arrangement whereby the Investment Account Holder ("IAH") (as the principal or "muwakkil") appoints the Group as an agent (the "wakil") for the purpose of investment. The Group as wakil shall not be liable to compensate losses except losses due to its own misconduct, negligence or breach of specified terms. The amount invested by the IAH aims to provide the IAH with steady flow of income by investing in low risk investments which the Group deems appropriate. The Group may however change the investment strategy if the Group decides that it will be in the best interest of the IAH to do so in order to achieve the investment objectives. The Group at present does not imposed specific Wakalah fees to the IAH.

Restricted Investment Account ("RIA")

The Group's RIA is based on Mudarabah concept where the IAH agree to participate in the specific financial/investment activities undertaken by the Group and share the profit generated from financing and/or investment activities based on an agreed profit-sharing ratio. The IAH shall bear the losses arising from the assets funded under the Mudarabah concept except in cases of misconduct, negligence or breach of contracted terms by the Group. Therefore, any allowances for impairment and capital charged will be transferred to the IAH to reflect the potential losses to the IAH. Currently, the existing RIA arrangement is between AmBank Islamic Berhad and AmBank (M) Berhad.

Distribution of profit between the unrestricted IAH and the Group

The unrestricted IAH place funds with the Group in exchange for an expected rate of return ("ERR") for the agreed period of the investment. The Group mobilises the investment account funds in accordance with its investment strategy to generate returns. In the event that the actual rate of return ("ARR") is higher than the ERR, the IAH agree that this difference shall be retained by the Group as a performance incentive. On the contrary, if the ARR is lower than the ERR, the Group is obliged to distribute the ARR to the IAH.

The Group adopts the standard methodology in calculating the rate of return and profit distribution to the IAH consistent with Rate of Return framework issued by BNM. The Group neither adopt profit smoothing practices nor employ displaced commercial risk technique in the calculation of the ARR to the IAH.

(b) BNM Policy Document on Classification and Impairment Provisions for Loans/Financing

On 6 April 2015, BNM issued a revised policy document on Classification and Impairment Provisions for Loans/Financing. The requirements in this revised policy document are effective for financial years beginning on or after 1 January 2015, except for the following:

(i) the requirement to classify loans/financing as rescheduled and restructured in the Central Credit Reference Information System ("CCRIS") is effective on or after 1 April 2015; and

(ii) the requirement for a banking institution to maintain, in aggregate, collective impairment allowance and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowance will be effective beginning 31 December 2015.

The revised policy did not result in significant impairment charges to the Group for the current financial year.

The Group had early adopted the requirement in item (ii) above in the financial year ended 31 March 2015.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.3 Standards issued but not yet effective

The following are standards issued but not yet effective up to the date of issuance of the Group's and Company's financial statements. The Group and the Company intend to adopt the relevant standards when they become effective.

Description	Effective for financial year ending
Annual Improvements to MFRSs 2012-2014 Cycle	31 March 2017
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	31 March 2017
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	31 March 2017
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	31 March 2017
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	31 March 2017
Amendments to MFRS 127 Equity Method in Separate Financial Statements	31 March 2017
Amendments to MFRS 101 Disclosure Initiatives	31 March 2017
MFRS 14 Regulatory Deferral Accounts	31 March 2017
Amendments to MFRS 107 Disclosure Initiative	31 March 2018
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	31 March 2018
MFRS 9 Financial Instruments	31 March 2019
MFRS 15 Revenue from Contracts with Customers	31 March 2019
MFRS 16 Leases	31 March 2020

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

(a) Standards effective for financial year ending 31 March 2017

Annual Improvements to MFRSs 2012-2014 Cycle

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

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

The amendment to MFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(ii) MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

(iii) MFRS 119 Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

(iv) MFRS 134 Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements "if not disclosed elsewhere in the interim financial report".

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

(a) Standards effective for financial year ending 31 March 2017 (Cont'd.)

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

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

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

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operation which constitutes a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

Amendments to MFRS 127 Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

Amendments to MFRS 101 Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

(b) Standards effective for financial year ending 31 March 2018

Amendments to MFRS 107 Disclosure Initiative

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

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

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

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

(i) MFRS 9 Financial Instruments

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

(ii) MFRS 15 Revenue from Contracts with Customers

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

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

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

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

(d) 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 income statement.

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.

(e) Standard deferred to a date to be determined by MASB

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

The amendments clarify that:

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the 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 revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements.

4.1 Allowance for impairment on loans, advances and financing (Note 11 and Note 36)

The Group reviews its individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans, advances and financing that have been assessed individually and found not to be impaired and all individually insignificant loans, advances and financing are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether allowance should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan to collateral ratios, etc.), and judgements on cover model risks (e.g. errors for design/development process, data quality, data extraction and transformation) and macro risks (e.g. covering economic, portfolio and procedural issues).

4.2 Impairment losses on financial investments AFS (Note 37)

The Group reviews its debt securities classified as financial investments AFS at each reporting date to assess whether they are impaired. This requires similar judgement as applied to the individual assessment of loans, advances and financing.

The Group also records impairment loss on AFS equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

4.3 Deferred tax assets (Note 14) and income taxes (Note 38)

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group is subjected to income taxes in several jurisdictions and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process may involve seeking advice of experts, where appropriate. Where the final liability for taxation assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.

4.4 Fair value measurement of financial instruments (Note 51)

When the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgement is required to establish fair values. Judgements include considerations of liquidity and model inputs such as volatility for longer-dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities.

4.5 Development costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future economic benefits. The capitalised development costs relates to the development and implementation of new Information Technology systems for the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

4.6 General insurance business – valuation of general insurance contract liabilities (Note 54(VI))

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of IBNR.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the liability at the reporting date. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Link Ratios, Chain Ladder and Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that the insurer's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. We use discounting and in most cases, explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example, to reflect once-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, level of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

4.7 Uncertainty in accounting estimates for general insurance business (Note 54)

The principal uncertainty in the insurer's general insurance business arises from the technical provisions which include the premium liabilities and claims liabilities. The premium liabilities comprise UPR, URR and PRAD while claims liabilities comprise provision for outstanding claims.

Generally, premium and claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premiums and claims liabilities will not exactly develop as projected and may vary from the insurer's/reinsurer's projections.

The estimates of premium and claims liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium and claim liabilities may vary from the initial estimates.

There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to the insurer. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim.

There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

4.8 Pipeline premium

The insurance subsidiary has recognised gross pipeline premium amounting to approximately RM16.3 miilion (2015: RM16.3 million) for the current financial year. Estimation made by the subsidiary is based on the actual pipeline trend during the past 2 years. As estimations are inherently uncertain, actual premiums may differ from the estimated premiums.

4.9 Defined benefits plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, expected rate of returns on investments, future salary increases, mortality rates, resignation rates and future increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high quality government bonds in their respective currencies and extrapolated maturity corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

5. CASH AND SHORT-TERM FUNDS

	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Cash and balances with banks and other financial institutions	2,385,754	1,568,263	21,033	12,464
Deposits and placements maturing within one month:				
Licensed banks	2,949,313	2,718,116	-	-
Bank Negara Malaysia	6,636,000	6,420,060	-	-
Other financial institutions	17,254	52,161	-	-
	11,988,321	**10,758,600**	**21,033**	**12,464**

6. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Licensed banks:				
Subsidiaries	-	-	5,354	25,131
Others	833,630	3,918,719	-	-
Licensed investment banks	-	150,000	-	-
Bank Negara Malaysia	500,000	100	-	-
	1,333,630	**4,068,819**	**5,354**	**25,131**

7. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	31 March 2016			31 March 2015		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
Group	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives						
Interest rate related contracts:	41,047,541	276,216	288,903	38,722,385	164,303	179,699
- One year or less	7,825,391	3,517	2,438	4,102,517	1,889	6,836
- Over one year to three years	14,806,859	45,475	45,109	16,054,025	45,803	37,764
- Over three years	18,415,291	227,224	241,356	18,565,843	116,611	135,099
Foreign exchange related contracts:	45,631,935	1,544,842	1,674,274	38,377,491	1,216,197	1,172,071
- One year or less	42,525,684	1,224,960	1,399,483	33,926,800	784,662	761,802
- Over one year to three years	459,391	9,692	10,746	2,356,883	202,122	217,705
- Over three years	2,646,860	310,190	264,045	2,093,808	229,413	192,564
Credit related derivative contracts:	673,394	19,978	9,679	654,404	40,705	8,931
- One year or less	337,027	485	176	-	-	-
- Over one year to three years	-	-	-	327,515	7,572	-
- Over three years	336,367	19,493	9,503	326,889	33,133	8,931
Equity and commodity related contracts:	233,194	3,014	2,959	676,506	3,262	3,835
- One year or less	159,622	1,881	1,826	606,676	1,506	2,079
- Over three years	73,572	1,133	1,133	69,830	1,756	1,756
	87,586,064	**1,844,050**	**1,975,815**	**78,430,786**	**1,424,467**	**1,364,536**
Hedging derivatives						
Interest rate related contracts - interest rate swaps:						
Cash flow hedge	5,955,000	39,951	35,705	4,790,000	13,070	13,842
- One year or less	350,000	222	304	820,000	100	39
- Over one year to three years	2,435,000	6,129	3,762	1,380,000	1,165	2,642
- Over three years	3,170,000	33,600	31,639	2,590,000	11,805	11,161
Fair value hedge	350,000	-	11,287	350,000	-	7,100
- Over three years	350,000	-	11,287	350,000	-	7,100
Total	**93,891,064**	**1,884,001**	**2,022,807**	**83,570,786**	**1,437,537**	**1,385,478**

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

Purpose of engaging in financial derivatives

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

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

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

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

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

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

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

The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 50.

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value upon inception in the statements 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 income statements. 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.

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

Derivative Financial Instruments and Hedge Accounting (Cont'd.)

(i) Fair value hedge

The Group's fair value hedges principally consist of interest/profit rate swaps that are used to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market interest rates. The financial instruments previously hedged for interest rate risk by its wholly-owned subsidiary, AmBank consist of the Hybrid Securities and loans sold to Cagamas Berhad ("hedged instruments"). With the termination of the fair value hedges on these hedged instruments, the unamortised fair values are amortised to the income statement on the remaining term to maturity of the hedged instruments using effective interest rate method (as disclosed in Note 21 and 24(a)).

Another wholly-owned subsidiary, AmBank Islamic had also undertaken a fair value hedge to hedge the profit rate risk of its unquoted securities as disclosed in Note 12.

(ii) Cash flow hedge

The Group's cash flow hedges principally consist of interest rate swaps that are used to protect against exposures to variability in future interest cash flows on variable rate interest bearing assets and incurring liabilities. This hedging strategy is applied towards housing loan receivables and treasury fixed deposits and short-term treasury deposits. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for each portfolio on the basis of their contractual terms and other relevant factors, including estimates of early repayment for loans and withdrawal for deposits. The aggregate principal balances and interest cash flows over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedges of forecast transactions. Gains and losses are initially recognised directly in equity in the cash flow hedge reserve and are transferred to income statement when the forecast cash flows affect the income statement.

All underlying hedged cash flows are expected to be recognised in the income statement in the period in which they occur which is anticipated to take place over the next 9 years (2015: 10 years).

All gains and losses associated with the ineffective portion of the hedging derivatives are recognised immediately in income statement. The ineffectiveness recognised in the income statement during the financial year in respect of cash flow hedges amounted to a loss of RM9,415,000 (2015: loss of RM2,397,000) for the Group.

8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Company	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	-	9,830	-	-
Malaysian Government Securities	287,528	797,037	-	-
Government Investment Issues	382,004	491,950	-	-
Cagamas bonds	113,352	109,111	-	-
Bank Negara Monetary Notes	-	14,767	-	-
	782,884	1,422,695	-	-
Quoted Securities:				
In Malaysia:				
Shares	67,560	71,323	-	-
Unit trusts	131,961	14,519	-	-
Warrants	80	-	-	-
Private debt securities	38,962	39,394	-	-
Outside Malaysia:				
Shares	102,101	95,933	-	-
	340,664	221,169	-	-
Unquoted Securities:				
In Malaysia:				
Private debt securities	3,760,660	2,863,838	-	-
Outside Malaysia:				
Private debt securities	36,410	166,521	-	-
	3,797,070	3,030,359	-	-
	4,920,618	**4,674,223**	**-**	**-**

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	-	39,691	-	-
Malaysian Government Securities	384,777	350,238	-	-
Government Investment Issues	1,048,494	576,623	-	-
Bank Negara Monetary Notes	-	634,483	-	-
Negotiable instruments of deposit	2,049,644	600,078	-	-
Islamic negotiable instruments of deposit	1,984,615	3,045,886	-	-
Islamic Treasury Bills	28,723	-	-	-
	5,496,253	5,246,999	-	-
Quoted Securities:				
In Malaysia:				
Shares	50,776	51,271	-	-
Unit trusts	1,041,844	681,686	121,860	110,704
Outside Malaysia:				
Shares	5,148	41,636	-	-
	1,097,768	774,593	121,860	110,704
Unquoted Securities:				
In Malaysia:				
Unit trusts	33,725	33,343	-	-
Private debt securities	4,620,364	3,910,263	-	-
Outside Malaysia:				
Unit trusts	-	314	-	-
Private debt securities	312,739	301,957	-	-
	4,966,828	4,245,877	-	-
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	119,489	119,643	-	-
Outside Malaysia:				
Shares	182	163	-	-
	119,671	119,806	-	-
	11,680,520	**10,387,275**	**121,860**	**110,704**

Previously, the Group had reclassified securities amounting to RM69,781,000 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.

The fair value gain that would have been recognised in other comprehensive income for the current financial year if the securities had not been reclassified amounted to RM4,607,000 (2015: RM4,334,000).

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Company	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
At Amortised Cost				
Money Market Instruments:				
Foreign Treasury Bills	780,153	518,486	-	-
Unquoted Securities:				
In Malaysia:				
Private debt securities	3,390,349	3,352,220	-	-
	4,170,502	3,870,706	-	-
Less: Accumulated impairment losses	(3,008)	(6,198)	-	-
	4,167,494	**3,864,508**	**-**	**-**

A reconciliation of the allowance for impairment losses is as follows:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Balance at beginning of the financial year	6,198	3,644
(Writeback)/charge for the financial year (Note 37)	(3,190)	2,554
Balance at end of the financial year	**3,008**	**6,198**

11. LOANS, ADVANCES AND FINANCING

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
At Amortised Cost		
Loans, advances and financing:		
Term loans	23,516,466	26,101,737
Revolving credit	12,705,796	10,990,796
Housing loans/financing	17,834,206	15,529,057
Staff loans	117,824	126,200
Hire-purchase receivables	22,289,047	24,096,098
Credit card receivables	1,565,150	1,712,916
Overdrafts	3,362,823	3,225,224
Claims on customers under acceptance credits	4,068,149	3,756,802
Trust receipts	1,266,807	1,330,515
Bills receivables	948,127	796,914
Others	217,878	156,783
Gross loans, advances and financing	87,892,273	87,823,042
Allowance for impairment on loans, advances and financing:		
Collective allowance	(1,061,750)	(1,413,424)
Individual allowance	(317,269)	(235,823)
	(1,379,019)	(1,649,247)
Net loans, advances and financing	**86,513,254**	**86,173,795**

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

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

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Domestic banking institutions	160,533	6,718
Domestic non-bank financial institutions	2,136,480	2,162,647
Domestic business enterprises:		
Small and medium enterprises	12,433,469	12,154,408
Others	25,353,208	26,389,665
Government and statutory bodies	937,533	458,194
Individuals	45,384,258	45,016,784
Other domestic entities	152,388	196,804
Foreign individuals and entities	1,334,404	1,437,822
	87,892,273	**87,823,042**

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

	Group 31 March 2016 RM'000	31 March 2015 RM'000
In Malaysia	87,257,253	86,959,227
Outside Malaysia	635,020	863,815
	87,892,273	**87,823,042**

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

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Fixed rate:		
Housing loans/financing	581,597	647,158
Hire purchase receivables	20,842,691	22,101,194
Other loans/financing	9,312,703	9,370,037
	30,736,991	32,118,389
Variable rate:		
Base rate and lending/financing rate plus	29,915,438	29,416,068
Cost plus	24,467,953	24,676,178
Other variable rates	2,771,891	1,612,407
	57,155,282	55,704,653
	87,892,273	**87,823,042**

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

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Agriculture	4,127,749	4,285,412
Mining and quarrying	2,994,710	3,075,692
Manufacturing	9,002,061	8,553,568
Electricity, gas and water	496,654	1,237,957
Construction	4,148,298	3,979,622
Wholesale and retail trade and hotels and restaurants	4,348,936	4,611,285
Transport, storage and communication	1,791,661	2,334,695
Finance and insurance	2,336,283	2,169,365
Real estate	8,761,700	8,667,880
Business activities	1,285,646	1,215,866
Education and health	2,102,987	1,707,568
Household of which:	46,062,330	45,518,392
Purchase of residential properties	17,636,684	15,389,672
Purchase of transport vehicles	21,231,382	22,713,649
Others	7,194,264	7,415,071
Others	433,258	465,740
	87,892,273	**87,823,042**

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

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

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Maturing within one year	24,074,634	20,990,183
Over one year to three years	10,009,904	10,034,651
Over three years to five years	13,085,051	12,803,857
Over five years	40,722,684	43,994,351
	87,892,273	**87,823,042**

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

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Gross		
Balance at beginning of the financial year	1,572,730	1,662,141
Impaired during the financial year	1,417,669	1,989,676
Reclassified as non-impaired	(75,246)	(337,426)
Disposal of subsidiary	-	(9,905)
Recoveries	(549,849)	(666,728)
Amount written off	(664,449)	(1,065,479)
Exchange differences	-	451
Balance at end of the financial year	**1,700,855**	**1,572,730**
Gross impaired loans, advances and financing as % of gross loans, advances and financing	1.9%	1.8%
Loan loss coverage	81.1%	104.9%

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

	Group 31 March 2016 RM'000	31 March 2015 RM'000
In Malaysia	1,599,569	1,572,730
Outside Malaysia	101,286	-
	1,700,855	**1,572,730**

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

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Agriculture	2,422	9,142
Mining and quarrying	88,437	7,041
Manufacturing	185,051	206,878
Electricity, gas and water	16,498	21,361
Construction	50,433	21,685
Wholesale and retail trade and hotels and restaurants	33,682	43,289
Transport, storage and communication	25,270	24,277
Finance and insurance	477	451
Real estate	571,936	398,608
Business activities	10,751	15,921
Education and health	7,043	12,603
Household of which:	701,960	797,552
Purchase of residential properties	326,824	360,538
Purchase of transport vehicles	268,258	366,612
Others	106,878	70,402
Others	6,895	13,922
	1,700,855	**1,572,730**

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

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

	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000
Collective allowance		
Balance at beginning of the financial year	1,413,424	1,950,384
Allowances made during the financial year, net (Note 36)	264,121	504,597
Reclassified to held for sale	-	(25)
Amounts written off and others	(617,070)	(1,043,531)
Foreign exchange differences	1,275	1,999
Balance at end of the financial year	**1,061,750**	**1,413,424**
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	1.2%	1.6%
Individual allowance		
Balance at beginning of the financial year	235,823	167,552
Allowance made during the financial year, net (Note 36)	138,929	91,026
Disposal of subsidiary	-	(9,905)
Amount written off and others	(57,483)	(12,850)
Balance at end of the financial year	**317,269**	**235,823**

12. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000
Unquoted private debt securities, at amortised cost	553,830	543,830
Fair value changes arising from fair value hedge	11,492	7,333
	565,322	**551,163**

The Group has undertaken a fair value hedge on the profit rate risk of unquoted securities of RM350.0 million using interest rate swaps. The gain/(loss) arising from the fair value hedge is as follows:

	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000
Gain/(Loss) for :		
Relating to hedged item	4,159	7,333
Relating to hedging instrument	(4,186)	(7,100)
	(27)	**233**

13. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposit is 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.

14. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the statements of financial position, after appropriate offsetting:

	Group		Company	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Deferred tax assets	66,044	83,434	-	-
Deferred tax liabilities	(83,050)	(116,557)	-	-
	(17,006)	**(33,123)**	**-**	**-**

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Company	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Deferred tax assets	195,693	202,127	-	-
Deferred tax liabilities	(212,699)	(235,250)	-	-
	(17,006)	**(33,123)**	**-**	**-**

The components and movements of deferred tax assets/(liabilities) prior to offsetting are as follows:

Deferred tax assets

Group 31 March 2016	Balance at beginning of the financial year RM'000	Recognised in income statement RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	Assets held for sale RM'000	Balance at end of the financial year RM'000
Unutilised tax losses	2,498	(2,498)	-	-	-	-
Available for sale deficit	744	-	(4,894)	-	-	(4,150)
Cash flow hedge deficit	150	-	(1,056)	-	-	(906)
Provision for commitments and contingencies	26,884	(7,995)	-	-	-	18,889
Allowance for impairment of foreclosed properties	3,004	66	-	-	-	3,070
Provision for expenses	110,158	(4,261)	-	-	-	105,897
Profit equalisation reserve	403	(403)	-	-	-	-
Other temporary differences	58,286	14,974	-	-	(367)	72,893
	202,127	**(117)**	**(5,950)**	**-**	**(367)**	**195,693**

Group 31 March 2015	Balance at beginning of the financial year RM'000	Recognised in income statement RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	Assets held for sale RM'000	Balance at end of the financial year RM'000
Unutilised tax losses	39,044	(36,546)	-	-	-	2,498
Available for sale reserve	15,043	-	(14,299)	-	-	744
Cash flow hedge deficit	(1,011)	-	1,161	-	-	150
Provision for commitments and contingencies	37,271	(10,387)	-	-	-	26,884
Allowance for impairment of foreclosed properties	1,687	1,317	-	-	-	3,004
Provision for expenses	114,864	(4,706)	-	-	-	110,158
Profit equalisation reserve	393	10	-	-	-	403
Other temporary differences	10,844	47,922	-	(4)	(476)	58,286
	218,135	**(2,390)**	**(13,138)**	**(4)**	**(476)**	**202,127**

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

Deferred tax liabilities

Group **31 March 2016**	**Balance at beginning of the financial year** **RM'000**	**Recognised in income statement** **RM'000**	**Recognised in other comprehensive income** **RM'000**	**Exchange differences** **RM'000**	**Assets held for sale** **RM'000**	**Balance at end of the financial year** **RM'000**
Excess of capital allowance over depreciation	35,144	18,399	-	-	-	53,543
Deferred charges	33,733	(4,658)	-	-	-	29,075
Intangible assets	78,445	(26,810)	-	-	-	51,635
Redeemable cumulative convertible preference share	23,793	(1,485)	-	-	-	22,308
Other temporary differences	64,135	(8,151)	154	-	-	56,138
	235,250	**(22,705)**	**154**	**-**	**-**	**212,699**

Group **31 March 2015**	**Balance at beginning of the financial year** **RM'000**	**Recognised in income statement** **RM'000**	**Recognised in other comprehensive income** **RM'000**	**Exchange differences** **RM'000**	**Assets held for sale** **RM'000**	**Balance at end of the financial year** **RM'000**
Excess of capital allowance over depreciation	45,007	(9,863)	-	-	-	35,144
Deferred charges	43,750	(10,017)	-	-	-	33,733
Intangible assets	74,894	3,551	-	-	-	78,445
Redeemable cumulative convertible preference share	21,447	2,346	-	-	-	23,793
Previously consolidated subsidiaries	-	5,005	-	-	(5,005)	-
Other temporary differences	22,786	40,302	224	1,656	(833)	64,135
	207,884	**31,324**	**224**	**1,656**	**(5,838)**	**235,250**

As at 31 March 2016, the Group has unabsorbed capital allowances of approximately RM285,967,000 (2015: RM464,919,000) that is available for offset against future taxable profit of leasing business from its subsidiaries. Deferred tax assets is not recognised due to uncertainty in timing of its recoverability.

15. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS

		Group 31 March 2016 RM'000	31 March 2015 RM'000
(a)	**Investment in subsidiaries**		
	At cost		
	In Malaysia		
	Unquoted shares	**9,507,225**	**9,507,225**

1. Details of the subsidiaries are as follows:

Subsidiaries	Principal activities	Effective equity interest 31 March 2016 %	31 March 2015 %
AmInvestment Group Berhad ("AIGB")	Investment holding	**100.00**	100.00
AMFB Holdings Berhad ("AMFB")	Investment holding	**100.00**	100.00
AMAB Holdings Sdn Bhd ("AMAB Holdings")	Investment holding	**100.00**	100.00
AmBank (M) Berhad ("AmBank")	Commercial banking	**100.00**	100.00
AmInvestment Bank Berhad ("AmInvestment Bank")	Investment banking	**100.00**	100.00
AmBank Islamic Berhad ("AmBank Islamic") (formerly known as AmIslamic Bank Berhad)	Islamic banking	**100.00**	100.00
MBF Cards (M'sia) Sdn Bhd ("MBF Cards")	Dormant	**100.00**	100.00
AmSecurities Holding Sdn Bhd ("AMSH")	Investment holding	**100.00**	100.00
AmCard Services Berhad	Credit card-related services and asset financing agency	**100.00**	100.00
AmGeneral Holdings Berhad	Investment holding	**51.00**	51.00
AmGeneral Insurance Berhad	General assurance	**51.00**	51.00
AMSEC Holdings Sdn Bhd###	Dormant	**100.00**	100.00
AmFunds Management Berhad ("AIS") (formerly known as AmInvestment Services Berhad)	Managing unit trust funds, asset management services and distribution of wholesale funds	**100.00**	100.00
AmInvestment Management Sdn Bhd ("AIM")	Dormant	**100.00**	100.00
AmIslamic Funds Management Sdn Bhd ("AIFM")	Islamic fund management services and distribution of wholesale funds	**100.00**	100.00
AMMB Nominees (Tempatan) Sdn Bhd	Nominee services	**100.00**	100.00
AMMB Nominees (Asing) Sdn Bhd	Nominee services	**100.00**	100.00
AmProperty Trust Management Berhad ("AmPTMB")@	Dormant	**-**	100.00
AmPrivate Equity Sdn Bhd ("AmPrivate Equity")	Investment holding	**80.00**	80.00
AmTrustee Berhad ("AmTrustee")^	Trustee services	**80.00**	80.00
AmEquities Sdn Bhd@	Dormant	**-**	100.00
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	**100.00**	100.00
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	**100.00**	100.00
AmFutures Sdn Bhd ("AmFutures")	Futures broking	**100.00**	100.00
AmResearch Sdn Bhd ("AmResearch")	Dormant	**100.00**	100.00
AM Nominees (Tempatan) Sdn Bhd^	Nominee services	**100.00**	100.00
AM Nominees (Asing) Sdn Bhd	Nominee services	**100.00**	100.00
Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI")	Fund management and consultancy services	**100.00**	100.00
Am ARA REIT Holdings Sdn Bhd ("Am ARA Holdings")	Investment holding	**70.00**	70.00
Am ARA REIT Managers Sdn Bhd ("Am ARA REIT Managers")	Management of real estate investment trusts and properties	**70.00**	70.00
Everflow Credit & Leasing Corporation Sdn Bhd##	Dormant	**100.00**	100.00
MBf Information Services Sdn Bhd	Property investment	**100.00**	100.00
MBf Nominees (Tempatan) Sdn Bhd	Nominee services	**100.00**	100.00
MBf Trustees Berhad	Trustee services	**60.00**	60.00

15. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (Cont'd.)

1. Details of the subsidiaries are as follows: (Cont'd.)

		Effective equity interest	
Subsidiaries	Principal activities	31 March 2016 %	31 March 2015 %
AmProperty Holdings Sdn Bhd	Property investment	**100.00**	100.00
Teras Oak Pembangunan Sendirian Berhad	Dormant	**100.00**	100.00
Bougainvillaea Development Sdn Bhd	Property investment	**100.00**	100.00
Malco Properties Sdn Bhd	Dormant	**81.51**	81.51
Komuda Credit & Leasing Sdn Bhd[##]	Dormant	**100.00**	100.00
AmPremier Capital Berhad ("AmPremier")	Issue of subordinated securities	**100.00**	100.00
Economical Enterprises Sendirian Berhad[###]	Dormant	**100.00**	100.00
AmMortgage One Berhad ("AmMortgage")	Securitisation of mortgage loans	**100.00**	100.00
AmCapital (B) Sdn Bhd[^^*]	Ceased operation	**100.00**	100.00
AmLabuan Holdings (L) Ltd	Investment holding	**100.00**	100.00
AMBB Capital (L) Ltd	Issue of hybrid capital securities	**100.00**	100.00
AmAsia Water Management (GP) Limited^	Dormant	**100.00**	100.00
PT. AmCapital Indonesia ("AMCI")[^&]	Stock-broking and underwriting	**-**	99.00
PT. AMCI Manajemen Investasi Indonesia[^&]	Investment management	**-**	99.00
AmSecurities (HK) Limited[^^]	Dormant	**100.00**	100.00
AmTrade Services Limited[^^]	Dormant	**100.00**	100.00
AmFraser International Pte. Ltd.[^^]	Investment holding	**100.00**	100.00
AmGlobal Investments Pte. Ltd.[^^]	Dormant	**100.00**	100.00
AmWater Investments Management Pte Ltd[^@@]	Dormant	**-**	100.00

The above subsidiaries are incorporated in Malaysia, except for the following:

Subsidiaries	Incorporated in
(i) AmSecurities (HK) Limited	Hong Kong
(ii) AmTrade Services Limited	Hong Kong
(iii) AmCapital (B) Sdn Bhd	Brunei
(iv) AmWater Investments Management Pte. Ltd.	Singapore
(v) AmFraser International Pte. Ltd. and AmGlobal Investments Pte. Ltd.	Singapore
(vi) AmAsia Water Management (GP) Limited	Cayman Islands

^ Subsidiaries not audited by Ernst & Young, Malaysia.
^^ Subsidiaries audited by a firm affiliated with Ernst & Young, Malaysia
Subsidiary commenced Members' Voluntary Liquidation on 31 July 2013.
Subsidiary commenced Members' Voluntary Liquidation on 6 August 2013.

@ Subsidiaries dissolved on 24 October 2015.
@@ Subsidiary dissolved on 28 November 2015.
& Subsidiary disposed of on 22 April 2015.
* This subsidiary ceased its operation on 1 May 2015.

2. There are no restrictions on transfer of funds, for example paying dividends or repaying loans and advances by the subsidiaries. The ability of the subsidiaries to pay dividends or make advances to the Company depends on their regulatory capital requirements, financial and operating performance.

15. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (Cont'd.)

3. Transactions during the financial year:

(i) Disposal of PT. AmCapital Indonesia and its subsidiary ("AMCI")

On 30 September 2014, a wholly-owned subsidiary, AMSH, had entered into a sale and purchase agreement with Yuanta Securities (Hong Kong) Company Limited ("Yuanta HK"), a 100%-owned, indirect subsidiary of Yuanta Securities Co., Limited, a Taiwan-based stockbroking company, for the disposal of the Group's 99% shareholding in AMCI (the "Disposal").

The Disposal involved the sale of 144,724 ordinary shares of Rp1,000,000 each in AMCI for an indicative cash consideration of about Rp83.7 billion or approximately RM23.4 million (the "Disposal Price") at a premium over the adjusted net assets of AMCI. The Disposal Price would be further adjusted on completion of the Disposal in accordance with the terms of the sale and purchase agreement.

The Disposal was conditional on the approval of relevant regulatory authorities in Indonesia and Taiwan. It was not expected to have any material impact on the Group's financial results, being a divestment of a non-core operation.

On 22 April 2015, the Company announced that following the approval of the relevant Taiwanese and Indonesian regulatory authorities and fulfilment of other conditions, the Disposal was completed on 22 April 2015.

On 15 July 2015, the Company announced that, with the finalisation of the completion audit of AMCI, the purchase price for the disposal was fixed at about Rp89.8 billion or approximately RM23.9 million (the "Disposal Price"), compared with the indicative price of Rp83.7 billion announced earlier. The purchase price was fully settled by Yuanta HK in US Dollar equivalent of about US$6.99 million.

The disposal had the following effects on the financial position of the Group as at the end of financial year:

	15 July 2015 RM'000
Cash and short-term funds	76,027
Deposits and placements with banks and other financial institutions	17,744
Financial investments available-for-sale	5,063
Loans, advances and financing	2,924
Deferred tax assets	461
Other assets	62,913
Property and equipment	359
Intangible assets	85
Term funding	(35,488)
Other liabilities	(108,238)
Net assets disposed	21,850
Disposal cost incurred	2,297
Total disposal proceeds	(23,871)
Loss on disposal to the Group	**276**
Cash inflow/(outflow) arising on disposal:	
Cash consideration	23,871
Cash and cash equivalents of subsidiary	(76,027)
Net cash outflow on disposal	**(52,156)**

(ii) Liquidation of subsidiaries

During the current financial year, certain subsidiaries were dissolved. As these subsidiaries were dormant, there is no significant impact on the Group's income statement or statement of financial position arising from the dissolution.

(iii) Capital repayment

During the current financial year, a wholly-owned subsidiary of AmInvestment Bank, AmFraser International Pte. Ltd. ("AmFraser") completed a capital repayment exercise which involved a cancellation of S$54,264,727 ordinary share capital in two phases as follows:

- repayment of an amount of S$17,451,757 (approximately RM45,897,000) against the accumulated losses of AmFraser as at 31 October 2015; and
- repayment of an amount of S$36,812,970 (approximately RM110,193,000) for the return of excess capital to AmInvestment Bank.

The above capital repayment exercise resulted in a gain of RM21,706,000 recognised in the income statement of the Group.

15. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (Cont'd.)

3. Transactions during the financial year: (Cont'd.)

(iv) Disposal of AmTrustee

During the current financial year, the Board of directors of the Company has approved the disposal of AmTrustee. Accordingly, the assets and liabilities of this subsidiary (after elimination of intercompany balances) have been presented as part of assets held for sale and liabilities directly associated with assets held for sale in Note 56. The disposal is in progress as at the reporting date.

4. The subsidiaries which are not wholly owned are not material individually or in aggregate to the financial position or performance of the Group except for AmGeneral Holdings Berhad.

Summarised consolidated financial statements of AmGeneral Holdings Berhad and its subsidiary

The summarised financial information of AmGeneral Holdings Berhad, its subsidiary and other investments ("AMGH Group") which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Non-controlling interest ("NCI") in AMGH Group

The Group's subsidiary that have material NCI is as follows:

	AMGH Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
NCI percentage of ownership interest and voting interest	49%	49%
Net carrying amount of NCI as at 1 April	1,042,229	936,312
Share of net results	95,077	125,638
Share of other comprehensive income/(loss)	837	(9,928)
Share of other reserves movement	(30)	(91)
Dividend received	(196,000)	(9,702)
Net carrying amount of NCI as at 31 March	942,113	1,042,229
Assets	5,558,365	5,503,267
Liabilities	(3,635,685)	(3,376,268)
Net assets	1,922,680	2,126,999
Equity attributable to owners of the company	980,567	1,084,770
NCI	**942,113**	**1,042,229**

(ii) Summarised statement of comprehensive income

	AMGH Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Operating revenue	**1,607,389**	1,635,619
Profit for the financial year	**194,036**	256,406
Attributable to:		
Equity holders of the company	**98,959**	130,768
NCI	**95,077**	125,638
Total comprehensive income		
Attributable to:		
Equity holders of the company	**99,510**	120,031
NCI	**95,606**	115,322
Dividend paid to NCI	**196,000**	9,702

15. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (Cont'd.)

Summarised consolidated financial statements of AmGeneral Holdings Berhad and its subsidiary (Cont'd.)

The summarised financial information AMGH Group which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (Cont'd.)

(iii) Summarised cash flow statement

	AMGH Group 31 March 2016 RM'000	31 March 2015 RM'000
Operating activities	(177,257)	15,401
Investing activities	18,273	(27,946)
Financing activities	(406,000)	(25,800)
Net decrease in cash and cash equivalents for the financial year	**(564,984)**	**(38,345)**

(b) Investment in collective investment schemes

Collective investment schemes held indirectly

In Malaysia **Unquoted unit trusts** **Name of fund**	**Category/Type of fund**	**Effective equity interest 31 March 2016 %**	**31 March 2015 %**
AmCash Institutional 1	Wholesale Money Market/ Income	**51.00**	51.00
AmCash Premium	Wholesale (Fixed Income Fund)	**100.00**	100.00
AmIncome Institutional 1	Wholesale Fixed Income/Growth and to a lesser extent income	**51.00**	51.00
AmIncome Institutional 3	Wholesale Fixed Income/Growth and to a lesser extent income	**51.00**	51.00
AmIncome Institutional 5	Wholesale Fixed Income/Growth and to a lesser extent income	**100.00**	100.00

These collective investment schemes have been consolidated in accordance with MFRS 10 Consolidated Financial Statements.

16. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Unquoted shares, at cost	659,669	644,669
Share of post acquisition reserve	14,794	17,604
	674,463	**662,273**

(a) The carrying amount of interest in joint ventures of the Group amounting to approximately RM407,126,000 (2015: RM408,548,000) are included in the total carrying amount of investment in associates and joint ventures. As at 31 March 2016, the carrying amount of the Group's material joint venture, AmMetLife Insurance Berhad, amounted to approximately RM363,990,000 (2015: RM368,466,000).

(b) Information about associates and joint ventures which are all incorporated in Malaysia are as follows:

Name of associate/joint venture	**Principal activities**	**Effective equity interest 31 March 2016 %**	**31 March 2015 %**
Associates:			
AmFirst Real Estate Investment Trust ("AmFirst REIT")	Investment in real estate	**26.73**	26.73
Bonuskad Loyalty Sdn Bhd ("Bonuskad")^	Managing customer loyalty schemes	**33.33**	33.33
Joint ventures:			
AmMetLife Insurance Berhad ("AmMetLife Insurance")	Life assurance	**50.00**	50.00
AmMetLife Takaful Berhad	Takaful Operator	**50.00**	50.00

^ The financial year end of Bonuskad is on 31 December 2015 and for the purpose of applying the equity method of accounting, appropriate adjustments have been made for the effects of significant transactions up to the Company's financial year ended 31 March 2016.

16. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(c) The following table summarises the information of the Group's material associate and joint venture and other individually immaterial associate and joint venture:

	AmMetLife Insurance RM'000	AmFirst REIT RM'000	Other individually immaterial associate and joint venture RM'000	Total RM'000
For the financial year ended 31 March 2016				
Revenue	**542,763**	**100,092**	**126,111**	**768,966**
Profit/(Loss) after tax from continuing operations	**(14,715)**	**68,373**	**(13,549)**	**40,109**
Other comprehensive income/(loss)	**7,480**	**-**	**(35)**	**7,445**
Total comprehensive income/(loss)	**(7,235)**	**68,373**	**(13,584)**	**47,554**

	AmMetLife Insurance RM'000	AmFirst REIT RM'000	Other individually immaterial associate and joint venture RM'000	Total RM'000
For the financial year ended 31 March 2015				
Revenue	515,202	107,253	140,253	762,708
Profit/(Loss) after tax from continuing operations	(10,696)	38,340	(1,503)	26,141
Other comprehensive income	1,827	-	3,112	4,939
Total comprehensive income/(loss)	(8,869)	38,340	1,609	31,080

	AmMetLife Insurance RM'000	AmFirst REIT RM'000	Other individually immaterial associate and joint venture RM'000	Total RM'000
As at 31 March 2016				
Total assets	3,184,405	1,727,760	445,011	5,357,176
Total liabilities	(2,723,163)	(848,473)	(283,297)	(3,854,933)
Net assets	**461,242**	**879,287**	**161,714**	**1,502,243**

	AmMetLife Insurance RM'000	AmFirst REIT RM'000	Other individually immaterial associate and joint venture RM'000	Total RM'000
As at 31 March 2015				
Total assets[1]	3,371,035	1,370,000	396,019	5,137,054
Total liabilities	(2,767,472)	(528,403)	(249,032)	(3,544,907)
Net assets	**603,563**	**841,597**	**146,987**	**1,592,147**

[1] Includes fair value adjustments made by the Group at the time of acquisition.

16. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(d) The above profit/(loss) after tax from continuing operations for the material joint venture and associate include the following:

	AmMetLife Insurance 31 March 2016 RM'000	AmFirst REIT 31 March 2016 RM'000	AmMetLife Insurance 31 March 2015 RM'000	AmFirst REIT 31 March 2015 RM'000
Interest income	**132,547**	**462**	121,491	274
Interest expense	**-**	**(27,342)**	-	(21,233)
Depreciation of property and equipment	**(6,955)**	**-**	(4,978)	-
Amortisation of intangible assets	**(15,555)**	**-**	(9,179)	-
Taxation	**(2,112)**	**(443)**	(1,693)	-

The above amounts of assets and liabilities for the material joint venture and associate includes the following:

	AmMetLife Insurance 31 March 2016 RM'000	AmFirst REIT 31 March 2016 RM'000	AmMetLife Insurance 31 March 2015 RM'000	AmFirst REIT 31 March 2015 RM'000
Cash and cash equivalents	**381,535**	**44,778**	421,848	4,703
Current financial liabilities (excluding trade, other payables and provisions)	**(163,984)**	**(169,387)**	(2,426,008)	(143,201)
Non current financial liabilities (excluding trade, other payables and provisions)	**(2,562,723)**	**(668,251)**	(236,691)	(377,802)

(e) Reconciliation of the summarised financial information to the carrying amount of the interest in the material joint venture and associate recognised in the consolidated financial statements:

	AmMetLife Insurance 31 March 2016 RM'000	AmFirst REIT 31 March 2016 RM'000	AmMetLife Insurance 31 March 2015 RM'000	AmFirst REIT 31 March 2015 RM'000
Proportion of net assets at date of recognition	50.0%	26.7%	50.0%	26.7%
Carrying amount at beginning of the financial year/initial recognition	368,466	224,976	372,901	227,186
Share of net results for the financial year	(7,357)	18,277	(5,348)	10,249
Share of other comprehensive income for the financial year	2,916	-	913	-
Share of other equity movements	(35)	-	-	-
Dividend/Distribution received	-	(8,202)	-	(12,459)
Carrying amount at the end of the financial year	**363,990**	**235,051**	**368,466**	**224,976**

17. OTHER ASSETS

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Trade receivables	(a)	604,589	469,191	-	-
Other receivables, deposits and prepayments	(b)	662,685	1,346,188	2,873	15,402
Interest receivable		283,151	255,473	12	-
Fee receivable		36,114	73,532	-	-
Amount due from originators	(c)	432,594	464,711	-	-
Amount due from agents, brokers and reinsurers		26,443	15,742	-	-
Foreclosed properties		52,808	74,497	-	-
Tax recoverable	(d)	467,857	355,404	831	4,979
Collateral pledged for derivative transactions		670,715	682,843	-	-
		3,236,956	3,737,581	3,716	20,381
Allowance for impairment	(e)	(57,848)	(70,536)	-	-
		3,179,108	**3,667,045**	**3,716**	**20,381**

17. OTHER ASSETS (CONT'D.)

(a) Trade receivables mainly relate to the stock and share-broking operations of the Group and represent amount outstanding from purchase contracts.

(b) Included in other receivables, deposits and prepayments of the Group and the Company are amounts due from subsidiaries and other related companies. These intercompany balances are unsecured, non-interest bearing and are payable on demand.

(c) Amount due from originators represents housing loans, hire purchase and personal financing acquired from originators for onward sale to Cagamas Berhad as mentioned in Note 21.

(d) During the prior financial year, the Inland Revenue Board ("IRB") had issued notice of income tax assessments for the year of assessment 2008 and 2009 to one of its wholly-owned subsidiary, AmBank (M) Berhad. The said subsidiary had appealed against the said notices by filing an application to the High Court for judicial review of the notice of assessment for the year of assessment 2008 and to the Special Commissioners of Income Tax for the notice of assessment for the year of assessment 2009. Included in the tax recoverable is the tax paid of approximately RM203,500,700 recognised in the previous financial year as the Group is of the opinion that it has strong grounds to succeed in its appeals.

During the financial year, the said subsidiary was successful in its appeals for the majority of the tax matters under dispute and had received Notices of Reduced Assessment for year of assessment 2008 from the IRB. The subsidiary's application to the Special Commissioners of Income Tax for the notice of assessment for the year of assessment 2009 is still pending and the next case management is scheduled on 21 June 2016.

(e) The movement in allowance for impairment is as follows:

(i) The movement in allowance for impairment in trade receivables is as follow:

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Balance at beginning of the financial year	26,378	105,654
(Writeback)/charge for the financial year	(63)	8,915
Amount written off	(9,961)	(15,086)
Disposal of subsidiary	-	(76,892)
Foreign exchange differences	-	4,154
Reclassified to assets held for sale	-	(367)
Balance at end of the financial year	**16,354**	**26,378**

Trade receivables that are individually assessed to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

(ii) The movement in allowance for impairment in other receivables, interest and fee receivable is as follows:

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Balance at beginning of the financial year	31,483	30,634
Charge for the financial year	3,323	4,859
Amount written off	(5,641)	(4,018)
Foreign exchange differences	(64)	8
Reclassified to assets held for sale	(559)	-
Balance at end of the financial year	**28,542**	**31,483**

(iii) The movement in allowance for impairment for foreclosed properties is as follows:

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Balance at beginning of the financial year	12,675	6,905
Charge for the financial year	277	5,770
Balance at end of the financial year	**12,952**	**12,675**

18. PROPERTY AND EQUIPMENT

Group 31 March 2016	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improve-ments RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At beginning of the financial year	13,095	7,975	534	114,153	13,668	167,776	473,913	215,484	18,016	1,024,614
Additions	-	-	-	-	1,078	18,784	20,988	28,283	45,107	114,240
Disposals	-	-	-	(1,453)	(739)	-	(59,482)	(20,997)	-	(82,671)
Written off	-	-	-	-	-	-	(6,323)	(8,672)	-	(14,995)
Reclassification/Transfer	-	-	-	-	-	117	7,355	(2,691)	(14,771)	(9,990)
Reclassified to assets held for sale*#	(4,286)	-	-	(8,525)	(63)	-	(969)	(563)	-	(14,406)
Exchange adjustments	-	-	-	25	22	-	22	89	-	158
At end of the financial year	8,809	7,975	534	104,200	13,966	186,677	435,504	210,933	48,352	1,016,950
Accumulated Depreciation										
At beginning of the financial year	344	2,325	280	28,003	9,279	135,708	399,321	181,645	-	756,905
Depreciation for the financial year	-	-	-	2,348	853	11,601	29,742	12,649	-	57,193
Disposals	-	-	-	(108)	(583)	-	(54,317)	(19,111)	-	(74,119)
Written off	-	-	-	-	-	-	(6,320)	(8,653)	-	(14,973)
Reclassification/Transfer	-	-	-	-	-	2,453	20	(2,657)	-	(184)
Reclassified to assets held for sale*#	-	-	-	(1,150)	(60)	-	(923)	(494)	-	(2,627)
Exchange adjustments	-	-	-	9	21	-	21	84	-	135
At end of the financial year	344	2,325	280	29,102	9,510	149,762	367,544	163,463	-	722,330
Accumulated Impairment Loss										
At beginning of the financial year	-	254	-	893	-	-	-	-	-	1,147
Impairment for the financial year	-	-	-	-	-	700	-	-	-	700
Reclassified to asset held for sale#	-	-	-	(14)	-	-	-	-	-	(14)
At end of the financial year	-	254	-	879	-	700	-	-	-	1,833
Net Book Value										
As at 31 March 2016	**8,465**	**5,396**	**254**	**74,219**	**4,456**	**36,215**	**67,960**	**47,470**	**48,352**	**292,787**

* Property and Equipment of AmTrustee with carrying amount of RM118,000 have been presented as held for sale in the financial statements (Note 56 (a)).

Self-occupied properties of AmGeneral Insurance Berhad with carrying amount of RM11,647,000 have been presented as held for sale in the financial statements (Note 56 (b)).

18. PROPERTY AND EQUIPMENT (CONT'D.)

Group 31 March 2015	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improve-ments RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At beginning of the financial year	13,038	7,975	534	208,783	16,597	162,838	466,288	219,851	5,298	1,101,202
Additions	-	-	-	-	33	11,464	32,863	15,658	15,858	75,876
Disposals	-	-	-	-	(2,010)	(2)	(10,099)	(1,370)	-	(13,481)
Written off	-	-	-	-	-	(3,438)	(6,791)	(8,189)	-	(18,418)
Reclassification/Transfer	-	-	-	-	(619)	147	(6,038)	(6,153)	(3,140)	(15,803)
Reclassified to assets held for sale*#	-	-	-	(94,630)	(375)	(3,243)	(964)	(2,429)	-	(101,641)
Arising from disposal of equity interest in subsidiaries	-	-	-	-	-	-	(1,608)	(2,245)	-	(3,853)
Exchange adjustments	57	-	-	-	42	10	262	361	-	732
At end of the financial year	13,095	7,975	534	114,153	13,668	167,776	473,913	215,484	18,016	1,024,614
Accumulated Depreciation										
At beginning of the financial year	324	2,325	280	32,198	10,690	128,611	389,245	184,921	-	748,594
Depreciation for the financial year	-	-	-	3,980	1,234	12,352	31,580	13,312	-	62,458
Disposals	-	-	-	-	(1,692)	(1)	(10,064)	(1,325)	-	(13,082)
Written off	-	-	-	-	-	(3,354)	(6,729)	(8,155)	-	(18,238)
Reclassification/Transfer	-	-	-	-	(620)	557	(3,886)	(5,604)	-	(9,553)
Reclassified to assets held for sale*#	-	-	-	(8,123)	(367)	(2,481)	(821)	(1,582)	-	(13,374)
Arising from disposal of equity interest in subsidiaries	-	-	-	(52)	(8)	-	(190)	(258)	-	(508)
Exchange adjustments	20	-	-	-	42	24	186	336	-	608
At end of the financial year	344	2,325	280	28,003	9,279	135,708	399,321	181,645	-	756,905
Accumulated Impairment Loss										
At beginning of the financial year	-	254	-	886	-	-	-	-	-	1,140
Impairment for the financial year	-	-	-	4,116	-	-	-	-	-	4,116
Reclassified to asset held for sale*	-	-	-	(4,109)	-	-	-	-	-	(4,109)
At end of the financial year	-	254	-	893	-	-	-	-	-	1,147
Net Book Value										
As at 31 March 2015	**12,751**	**5,396**	**254**	**85,257**	**4,389**	**32,068**	**74,592**	**33,839**	**18,016**	**266,562**

* As disclosed in Note 56 (b) the Group entered into a conditional Sale and Purchase Agreement for disposal of certain property and equipment with carrying amount of RM83,775,000. The disposal has not been completed as at the end of the previous financial year as certain conditions precedent have yet to be met. Consequently, the Group has reclassified the property and equipment to assets held for sale. The disposal completed during the current financial year.

\# The property and equipment of AMCI have been presented as held for sale in the financial statements following a proposed disposal of AMCI during the current financial year (Note 56 (a)).

18. PROPERTY AND EQUIPMENT (CONT'D.)

Company	Motor vehicles RM'000	Computer hardware RM'000	Total RM'000
31 March 2016			
Cost			
At beginning of the financial year	1,402	2	1,404
Additions	-	8	8
At end of the financial year	1,402	10	1,412
Accumulated Depreciation			
At beginning of the financial year	868	-	868
Depreciation for the financial year	164	3	167
At end of the financial year	1,032	3	1,035
Net Book Value			
As at 31 March 2016	**370**	**7**	**377**
31 March 2015			
Cost			
At beginning/end of the financial year	1,402	2	1,404
Accumulated Depreciation			
At beginning of the financial year	699	-	699
Depreciation for the financial year	169	-	169
At end of the financial year	868	-	868
Net Book Value			
As at 31 March 2015	**534**	**2**	**536**

19. INTANGIBLE ASSETS

The net carrying amount of intangible assets are as follows:

	Note	Group 31 March 2016 RM'000	31 March 2015 RM'000
Goodwill	(a)	2,811,037	2,811,037
Other intangibles:			
Brand	(b)	94,440	94,440
Merchants relationship	(b)	8,333	13,333
Agent relationship	(b)	46,376	50,414
Credit cards relationship	(b)	25,333	29,133
Computer software	(b)	350,630	274,779
Trading right	(b)	-	1,073
Work-in-progress ("WIP") for computer software	(b)	33,849	73,912
		558,961	537,084
		3,369,998	**3,348,121**

Brand

Brand relates to Kurnia Brand ("K-Brand") that arose from the acquisition of AmGeneral Insurance Berhad ("AMGI"). K-Brand is deemed to have an indefinite useful life based on management's view that K-Brand has over 20 years of recognition and there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for AMGI.

K-Brand is reviewed for impairment annually and when there are indications of impairment. The recoverable amount of K-Brand is based on its value in use by discounting the expected future cash flows. The key assumptions for the computation of value in use include the growth rates and discount rates applied. Cash flow projection is based on the actual results for 2016 with premium growth rate of 3.6% to 6.2% (2015: 1.0% to 2.3%) over the next 5 years and terminal growth rate of 3.0% (2015: 3.0%). The discount rate applied is 11.1% (2015: 10.1%) which is the estimated cost of equity plus a risk adjustment.

Merchants relationship

Merchants relationship arose from the acquisition of MBF Cards. The merchants relationship is deemed to have a finite useful life of 5 years and is amortised based on a straight-line basis.

Agent relationship

Agent relationship arose from the acquisition of AMGI. The agent relationship is deemed to have a finite useful life of 15 years and is amortised based on a straight-line basis.

Credit cards relationship

Credit cards relationship arose from the acquisition of MBF Cards. The credit cards relationship is deemed to have a finite useful life of 10 years and is amortised based on a straight-line basis.

19. INTANGIBLE ASSETS (CONT'D.)

The movements in intangible assets are as follows:

		Group	
		31 March 2016 RM'000	31 March 2015 RM'000
(a)	Goodwill		
	Balance at beginning of the financial year	2,811,037	2,838,981
	Arising from disposal of subsidiaries	-	(26,732)
	Allowance for impairment	-	(1,212)
	Balance at end of the financial year	**2,811,037**	**2,811,037**

The movement in allowance for impairment for goodwill is as follows:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Balance at beginning of the financial year	1,212	-
Charge for the financial year	-	1,212
Disposal of subsidiary	(1,212)	-
Balance at end of the financial year	**-**	**1,212**

Impairment test for goodwill

Goodwill is reviewed for impairment annually or when there are indications of impairment. At the date of acquisition, goodwill is allocated to the Group's cash generating units ("CGU") for impairment testing purposes, identified according to business segments expected to benefit from the synergies as follows:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Investment banking	428,026	428,026
Asset and fund management	117,450	117,450
Commercial and retail: Conventional banking	1,495,009	1,495,009
Commercial and retail: Islamic banking	53,482	53,482
Insurance businesses	717,070	717,070
	2,811,037	**2,811,037**

The recoverable amount of the CGU, which are the reportable business segments, is based on their value in use, computed by discounting the expected future cash flows of the units. The key assumptions for the computation of value in use include the discount rates and growth rates applied. The discount rates applied to the cash flow projections are derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU. The discount rates applied for the financial year ranged from 6.4% to 6.5% (2015: 7.7% to 8.3%). Cash flow projection for all CGUs, other than general insurance CGU, are based on the financial budget approved by the Board, taking into account projected regulatory capital requirements. Cash flow projection for general insurance CGU is based on the approved one-year financial budget. Cash flows for the second to fourth years of the CGUs other than general insurance are extrapolated using the growth rate of 5%, 10% and 12.5% respectively (2015: 4.8%) whereas cash flows for general insurance CGU for the second to third years (inclusive of terminal value) are extrapolated using a growth rate of 6.2%. Cash flows for general insurance CGU for the fourth to fifth years (inclusive of terminal value) are extrapolated using a growth rate of 4.5%. Cash flows for the fifth to tenth years of the CGUs other than general insurance are extrapolated using the growth rate of 4.8% (2015: 4.8%). The growth rate used does not exceed the long-term average growth rate for the markets in which the businesses operate. Impairment is recognised in the income statements when the carrying amount of a cash-generating unit exceeds its recoverable amount.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the cash generating units.

19. INTANGIBLE ASSETS (CONT'D.)

(b) **Group**

31 March 2016	Brand RM'000	In-force business RM'000	Merchants relationship RM'000	Agent relationship RM'000	Credit cards relationship RM'000	Trading right RM'000	Computer software RM'000	WIP for computer software RM'000	Total RM'000
Cost									
At beginning of the financial year	94,440	53,538	25,000	60,490	38,000	1,197	848,367	73,912	1,194,944
Additions	-	-	-	-	-	-	61,613	68,741	130,354
Disposals	-	-	-	-	-	-	(1,075)	-	(1,075)
Surrender of licence	-	-	-	-	-	(154)	-	-	(154)
Written off	-	-	-	-	-	-	(1)	-	(1)
Reclassification/Transfer	-	-	-	-	-	-	99,440	(108,804)	(9,364)
Reclassified to assets held for sale#	-	-	-	-	-	-	(3,362)	-	(3,362)
Exchange adjustments	-	-	-	-	-	30	5	-	35
At end of the financial year	94,440	53,538	25,000	60,490	38,000	1,073	1,004,987	33,849	1,311,377
Accumulated Amortisation									
At beginning of the financial year	-	53,538	11,667	10,076	8,867	-	573,588	-	657,736
Amortisation	-	-	5,000	4,038	3,800	-	85,098	-	97,936
Disposals	-	-	-	-	-	-	(1,027)	-	(1,027)
Written off	-	-	-	-	-	-	(1)	-	(1)
Reclassification/Transfer	-	-	-	-	-	-	3	-	3
Reclassified to assets held for sale#	-	-	-	-	-	-	(3,306)	-	(3,306)
Exchange adjustments	-	-	-	-	-	-	2	-	2
At end of the financial year	-	53,538	16,667	14,114	12,667	-	654,357	-	751,343
Accumulated Impairment Loss									
At beginning of the financial year	-	-	-	-	-	124	-	-	124
Impairment for the financial year	-	-	-	-	-	1,073	-	-	1,073
Writeback during the financial year	-	-	-	-	-	(154)	-	-	(154)
Exchange adjustments	-	-	-	-	-	30	-	-	30
At end of the financial year	-	-	-	-	-	1,073	-	-	1,073
Net Book Value									
As at 31 March 2016	**94,440**	**-**	**8,333**	**46,376**	**25,333**	**-**	**350,630**	**33,849**	**558,961**

Intangible assets of AmTrustee with carrying amount of RM56,000 have been presented as held for sale in the financial statements (Note56 (a)).

19. INTANGIBLE ASSETS (CONT'D.)

(b) **Group**

31 March 2015	**Brand RM'000**	**In-force business RM'000**	**Merchants relationship RM'000**	**Agent relationship RM'000**	**Credit cards relationship RM'000**	**Trading right RM'000**	**Computer software RM'000**	**WIP for computer software RM'000**	**Total RM'000**
Cost									
At beginning of the financial year	94,440	53,538	25,000	60,490	38,000	-	802,786	49,459	1,123,713
Additions	-	-	-	-	-	-	25,255	60,765	86,020
Disposals	-	-	-	-	-	-	(3,788)	-	(3,788)
Written off	-	-	-	-	-	-	(1,321)	-	(1,321)
Reclassification/Transfer	-	-	-	-	-	1,197	27,905	(36,312)	(7,210)
Reclassified to assets held for sale#	-	-	-	-	-	-	(754)	-	(754)
Arising from disposal of equity interest in subsidiaries	-	-	-	-	-	-	(1,711)	-	(1,711)
Exchange adjustments	-	-	-	-	-	-	(5)	-	(5)
At end of the financial year	94,440	53,538	25,000	60,490	38,000	1,197	848,367	73,912	1,194,944
Accumulated Amortisation									
At beginning of the financial year	-	53,538	6,667	6,043	5,067	-	507,717	-	579,032
Amortisation	-	-	5,000	4,033	3,800	-	72,340	-	85,173
Disposals	-	-	-	-	-	-	(3,788)	-	(3,788)
Written off	-	-	-	-	-	-	(1,321)	-	(1,321)
Reclassified to assets held for sale#	-	-	-	-	-	-	(662)	-	(662)
Arising from disposal of equity interest in subsidiaries	-	-	-	-	-	-	(699)	-	(699)
Exchange adjustments	-	-	-	-	-	-	1	-	1
At end of the financial year	-	53,538	11,667	10,076	8,867	-	573,588	-	657,736
Accumulated Impairment Loss									
At beginning of the financial year	-	-	-	-	-	-	-	-	-
Impairment for the financial year	-	-	-	-	-	124	-	-	124
At end of the financial year	-	-	-	-	-	124	-	-	124
Net Book Value									
As at 31 March 2015	**94,440**	**-**	**13,333**	**50,414**	**29,133**	**1,073**	**274,779**	**73,912**	**537,084**

The intangible assets of AMCI have been presented as held for sale in the financial statements following a proposed disposal of AMCI during the financial year (Note 15 (a) (3)).

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Licensed banks	334,831	913,644
Bank Negara Malaysia	44,411	59,548
Other financial institutions	1,364,527	1,328,472
	1,743,769	**2,301,664**

21. RECOURSE OBLIGATION ON LOANS AND FINANCING SOLD TO CAGAMAS BERHAD

Recourse obligation on loans and financing sold to Cagamas Berhad represents the proceeds received from loans and financing sold directly and indirectly or those acquired from the originators (as disclosed in Note 17(c)) to Cagamas Berhad with recourse. Under this arrangement for loans sold, the Group undertakes to administer the loans and financing on behalf of Cagamas Berhad and to buy back any loans and financing, which are regarded as defective based on prudential criteria with recourse to the Group. Under the back to back arrangement with the originators, the Group acts as the intermediary financial institution and undertakes to administer the receivables on behalf of Cagamas Berhad, and to buy back any receivables which are regarded as defective based on prudential criteria with recourse against the originators.

Previously, the Group had undertaken a fair value hedge on the interest rate risk of the loans sold directly to Cagamas Berhad but the hedge was terminated during the financial year ended 31 March 2012. Consequently, the fair value credit adjustment previously recognised of RM10,420,000 will be amortised to the income statement over the remaining term of maturity of the loans using the effective interest rate method. As at 31 March 2016, the unamortised fair value adjustment included in the carrying amount of the recourse obligation on loans sold to Cagamas Berhad, after amortisation charge during the current financial year of RM1,647,000 (2015: RM1,737,000), amounted to RM7,282,000 (2015: RM5,635,000).

22. DEPOSITS FROM CUSTOMERS

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Demand deposits	13,448,089	13,463,013
Savings deposits	5,268,017	5,254,753
Term/Investment deposits	71,635,826	73,401,321
Negotiable instruments of deposits	6,644	10,962
	90,358,576	**92,130,049**

Included in deposits from customers of the Group are deposits of RM1,468.0 million (2015: RM1,516.4 million) held as collateral for loans, advances and financing.

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

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Due within six months	54,995,041	56,731,205
Six months to one year	12,365,791	12,548,912
Over one year to three years	3,774,420	3,068,885
Over three years to five years	507,218	1,063,281
	71,642,470	**73,412,283**

The deposits are sourced from the following types of customers:

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Government and statutory bodies	11,335,303	10,745,204
Business enterprises	40,455,179	41,988,048
Individuals	34,889,340	35,775,692
Others	3,678,754	3,621,105
	90,358,576	**92,130,049**

23. TERM FUNDING

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Senior Notes/Sukuk	(a)	6,754,602	6,673,040	1,000,000	1,000,000
Credit-linked Notes	(b)	284,863	281,823	-	-
Other borrowings (net of unamortised issuance expenses of RM3,550,000 (2015: RM6,709,000))	(c)	1,568,149	1,347,491	206,000	206,000
		8,607,614	**8,302,354**	**1,206,000**	**1,206,000**

(a) The Senior Notes/Sukuk outstanding were issued under the following:

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Senior Notes programme	(i)	3,351,759	3,351,745	1,000,000	1,000,000
Senior Sukuk programme	(ii)	1,850,000	1,850,000	-	-
Euro Medium Term Note programme (net of unamortised issuance expenses of RM3,160,000 (2015: RM3,940,000))	(iii)	1,552,843	1,471,295	-	-
		6,754,602	**6,673,040**	**1,000,000**	**1,000,000**

(i) The Senior Notes issued by the Company is under a Senior and/or Subordinated Medium Term Notes ("MTN") Programme of up to RM2.0 billion nominal value. The proceeds raised from the MTN Programme shall be utilised for capital expenditures, investment, working capital, payment of fees and expenses in relation to the MTN Programme and other general funding requirements of the Company and/or its subsidiaries.

The MTN Programme has a tenure of up to thirty (30) years from the date of the first issuance under the MTN Programme. The MTN shall be issued for a maturity of up to 30 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

The Senior Notes issued which remained outstanding as at reporting date of RM1,000.0 million has a fixed interest rate ranging from 4.30% to 4.50% per annum (2015: 4.30% to 4.50% per annum). No subordinated MTN had been issued from the MTN Programme to date. The Senior MTNs rank pari-passu with all other present and future unsecured and unsubordinated obligations of the Company.

Senior Notes of the Group also includes the Senior Notes Programme ("SNP") of up to RM7.0 billion nominal value by AmBank. The proceeds from the issuance of the Senior Notes is to be utilised for AmBank's general working capital requirements.

The SNP has a tenure of up to thirty (30) years from the date of first issuance under the programme. Under the SNP, AmBank may issue Senior Notes with a tenure of more than 1 year and up to 10 years provided that the Senior Notes mature prior to the expiry of the SNP. Unless previously redeemed or purchased and cancelled, the Senior Notes shall be fully redeemed on the respective maturity date(s) at 100% of their nominal value.

The Senior Notes rank pari-passu with all other present and future unsecured and unsubordinated obligations (excluding deposits) of AmBank. RAM Ratings has assigned a long-term rating of AA2/Stable to the SNP. The Senior Notes issued which remain outstanding as at reporting date have a fixed interest rate ranging from 4.25% to 5.25% per annum (2015: 4.25% to 5.25% per annum) and are payable semi-annually. The Senior Notes outstanding are repayable between 1 month to 3 years (2015: 1 year to 4 years).

(ii) On 20 September 2010, AmBank Islamic issued RM550 million Senior Sukuk under its programme of up to RM3 billion in nominal value. The Senior Sukuk bears profit rate at 4.30% per annum and has a tenure of seven (7) years.

On 5 November 2014, AmBank Islamic issued the second tranche of Senior Sukuk of RM100.0 million. This tranche bears profit rate of 4.40% per annum and has a tenure of five (5) years.

On 6 March 2015, AmBank Islamic issued the third and fourth tranches of Senior Sukuk of RM300.0 million and RM900.0 million respectively. These tranches bear profit rates of 4.25% and 4.45% per annum and have a tenure of two and a half (2.5) years and five (5) years respectively.

(iii) On 3 July 2014, AmBank issued USD400 million Senior Notes under its USD2 billion Euro Medium Term Note ("Euro MTN") programme in nominal value (or its equivalent in other currencies). The Euro MTN programme was approved by the Securities Commission on 4 July 2013.

The net proceeds from Euro MTN will be utilised by AmBank for its working capital, general funding requirements and other corporate purposes. The notes, with a tenure of 5 years and maturing on 3 July 2019, are rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's Ratings Services. The notes bear a coupon of 3.125% (2015:3.125%) per annum and are payable semi annually.

23. TERM FUNDING (CONT'D.)

(b) The Credit-Linked Notes ("CLNs") are structured investment products issued by AmBank and subscribed at nominal value. The nominal value of CLNs issued and outstanding at reporting date amounted to RM300 million (2015: RM300 million). The CLNs carry a fixed interest rate ranging from 4.0% to 4.7% per annum (2015: 4.0% to 4.7% per annum) and will mature between two (2) months to five and a half (5.5) years (2015: 1 year to 6.5 years).

(c) Other borrowings consists of term loans, revolving credit and structured deposit. The salient terms of these borrowings are as follows:

(i) The Company's short term loans and revolving credit obtained from financial institutions bear interest at rates ranging from 5.06% to 6.15% per annum (2015: 4.61% to 6.13%).

(ii) AmBank's USD30 million term loan was drawn on 19 July 2013 for working capital purposes. This term loan bears interest at 1.10% per annum above LIBOR. This term loan shall be due and payable in full 2 years after the drawdown date. On 30 July 2014, AmBank repaid USD20 million. On 16 July 2015, the remaining balance of USD10 million was repaid.

(iii) AmBank's USD300 million term loan was drawn on 31 March 2014 from ANZ for refinancing of existing term funding and working capital. This term loan bears interest at 0.90% (2015: 0.19%) per annum (2015: 0.90%) above LIBOR. This term loan shall be due and payable in full 3 years after the drawdown date.

(iv) AmBank's USD50 million term loan was drawn on 16 June 2015 for working capital purposes. This term loan bears interest at 0.85% per annum above LIBOR. This term loan shall be due and payable in full 2 years after the drawdown date.

(v) Structured deposit amounting to RM100,000 in financial year 2015 is a non-principal guaranteed deposit placed by the customer in relation to an equity-linked investment linked to performance of an underlying share. Upon maturity, the customer will receive either cash payment or pre-determined units of the share. The structured deposit matured on 13 April 2015.

24. DEBT CAPITAL

		Group	
	Note	31 March 2016 RM'000	31 March 2015 RM'000
Non-Cumulative Non-Voting Guaranteed Preference Shares	(a)	-	736,788
Medium Term Notes	(b)	1,310,000	1,310,000
Subordinated Notes and Sukuk (net of unamortised issuance expenses of RM923,000 (2015: RM1,215,000))	(c)	1,799,077	1,548,785
Non-Innovative Tier 1 Capital Securities	(d)	500,000	500,000
Innovative Tier 1 Capital Securities	(e)	485,000	485,000
		4,094,077	**4,580,573**

(a) Non-Cumulative Non-Voting Guaranteed Preference Shares

On 27 January 2006, AMBB Capital (L) Ltd, a wholly-owned subsidiary of AmBank issued USD200.0 million Hybrid Capital comprising 2,000 preference shares of USD100,000 each ("Hybrid Securities"). The Hybrid Securities are guaranteed by AmBank on a subordinated basis. The gross proceeds of USD200.0 million from the issue of Hybrid Securities were on-lent to AmBank in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing AmBank's working capital requirements.

The salient features of the Hybrid Securities are as follows:

(i) The Hybrid Securities bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, at a floating rate equal to 3 months US dollar LIBOR plus 2.90% if not redeemed on 27 January 2016. The non-cumulative dividends are payable on semi-annual basis.

(ii) The Hybrid Securities are perpetual securities and have no fixed final redemption date. The Hybrid Securities may be redeemed in whole but not in part at the option of the issuer (but not the holders) under certain circumstances.

The Hybrid Securities are listed on both the Labuan International Financial Exchange Inc. and the Singapore Exchange Securities Trading Limited and are offered to international institutional investors outside Malaysia. The Hybrid Securities qualify as Tier 1 capital under BNM's capital adequacy framework up to 31 December 2012. Effective 1 January 2013, the Hybrid Securities qualify as additional Tier 1 capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

Previously, the Group had undertaken a fair value hedge on the interest rate risk of the subordinated term loan but the hedge was terminated during the financial year ended 31 March 2012.

Consequently, the fair value credit adjustment previously recognised of RM93,475,000 is amortised to the income statement over the remaining term to maturity of the borrowing using the effective interest rate method. On the first call date of 27 January 2016, the Hybrid Securities were redeemed by the Group. For the current financial year, total amortisation recognised in the income statement amounted to RM25,665,000 (2015: RM24,927,000).

24. DEBT CAPITAL (CONT'D.)

(b) Medium Term Notes

In the financial year 2008, AmBank implemented a RM2.0 billion nominal value Medium Term Notes ("MTN") Programme whereby the proceeds raised from the MTN Programme had been and will be utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN Programme has a tenure of up to 20 years from the date of the first issuance under the MTN programme. The MTN shall be issued for a maturity of up to 20 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

The MTN issued under the MTN Programme was included as Tier 2 capital under BNM's capital adequacy framework. Effective 1 January 2013, the MTNs are recognised as a capital instrument under Tier 2 Capital and eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

The salient features of the MTN issued and outstanding are as follows:

(i) Tranche 6 amounting to RM600 million, which was issued on 9 April 2008 with a tenure of 15 years Non-Callable 10 years, bears interest at 6.25% per annum. The interest rate of the MTN will step up by 0.5% per annum at the beginning of the 11th year and every anniversary thereafter, preceding the maturity date of the MTN.

(ii) Tranche 8 amounting to RM710 million, which was issued on 16 October 2012 with a tenure of 10 years Non-Callable 5 years, bears interest at 4.45% per annum.

(c) Subordinated Notes and Sukuk

(i) On 30 September 2011, AmBank Islamic implemented a Subordinated Sukuk Musharakah programme ("Sukuk Musharakah") of RM2 billion. The purpose of the programme is to increase AmBank Islamic's Tier 2 Capital. The Sukuk Musharakah is for a period of 10 years. AmBank Islamic may exercise its call option and redeem in whole (but not in part) the Sukuk Musharakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

On the same date, RM600 million ("First Tranche") of the Sukuk Musharakah was issued, which carries a profit rate of 4.40% per annum, and is payable on a semi-annual basis.

On 31 January 2012, RM200 million ("Second Tranche") of the Sukuk Musharakah was issued, which carries a profit rate of 4.35% per annum, and is payable on a semi-annual basis.

On 24 December 2012, RM200 million ("Third Tranche") of the Sukuk Musharakah was issued, which carries a profit rate of 4.45% per annum, and is payable on a semi-annual basis.

The Sukuk Musharakah qualify as Tier 2 Capital under BNM's capital adequacy framework. Effective 1 January 2013, the Sukuk Musharakah qualify as Tier 2 Capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

AmBank Islamic has repurchased on the market and subsequently cancelled RM200.0 million of the Sukuk Musharakah between 19 December 2013 and 20 January 2014. The repurchases were granted prior approval by BNM and represent the portion of the Sukuk Musharakah that do not qualify for recognition as Tier 2 capital in the computation of capital adequacy ratio for the calendar years 2013 and 2014, under the Basel III pronouncements.

(ii) On 28 February 2014, AmBank Islamic had implemented a new Subordinated Sukuk Murabahah programme of RM3.0 billion. The objective of the programme is to enable the issuance of Tier 2 capital from time to time, for the purpose of enhancing the AmBank Islamic's total capital position. The programme is set-up in accordance to the requirements spelt out in the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM, and the securities issued under this programme are fully Basel III-compliant.

The programme has a tenure of 30 years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenure of at least 5 years from the issue date, and is callable on any coupon payment date after a minimum period of 5 years from the date of issuance of each tranche. The Tier 2 Subordinated Notes have been assigned a credit rating of AA3 by RAM Rating Services Berhad.

On 28 February 2014, AmBank Islamic had issued the first tranche of Tier 2 Subordinated Sukuk Murabahah under this programme of RM200.0 million. The profit rate of this tranche is at 5.07%, payable on a semi-annual basis, with a tenure of 10 years.

On 25 March 2014, AmBank Islamic had issued the second tranche of Tier 2 Subordinated Sukuk Murabahah under this programme of RM150.0 million. The profit rate of this tranche is at 5.05%, payable on a semi-annual basis, with a tenure of 10 years.

On 21 December 2015, AmBank Islamic had issued Tranche 3 of the Subordinated Sukuk amounting to RM250.0 million under this programme. The profit rate of this tranche is at 5.35% per annum, payable semi-annually and has a tenure of 10 years.

The full amount of these tranches issued qualify for recognition of tier 2 capital in the capital adequacy ratio computation.

24. DEBT CAPITAL (CONT'D.)

(c) Subordinated Notes and Sukuk (Cont'd.)

(iii) On 30 December 2013, the AmBank established a Subordinated Notes programme of RM4.0 billion. The objective of the programme is to enable the issuance of Tier 2 Capital from time to time, for the purpose of enhancing AmBank's total capital position. The programme is set up in accordance to the requirements spelt out in the Capital Adequacy Framework (Capital Components) issued by BNM, and the securities issued under this programme are fully Basel III compliant.

The programme has a tenure of 30 years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenure of at least 5 years from the issue date, and is callable on any coupon payment date after a minimum period of 5 years from the date of issuance of each tranche. The Tier 2 Subordinated Notes have been assigned a credit rating of AA3 by RAM Rating Services Berhad ("RAM").

On 30 December 2013, AmBank issued the first tranche of the Subordinated Notes amounting to RM400.0 million for a tenure of 10 years. The interest rate of this tranche is 5.20%, payable on a half-yearly basis. The full amount issued qualifies as Tier 2 Capital for the purpose of capital adequacy ratio computation.

(d) Non-Innovative Tier 1 Capital Securities

In financial year 2009, AmBank issued up to RM500 million Non-Innovative Tier 1 Capital ("NIT1") under its programme of up to RM500 million in nominal value comprising:

(i) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by AmBank and stapled to the Subordinated Notes described below; and

(ii) Subordinated Notes ("SubNotes"), which are issued by AmPremier Capital Berhad ("AmPremier"), a wholly-owned subsidiary of AmBank.

(collectively known as "Stapled Capital Securities")

The SubNotes has a fixed interest rate of 9.0% per annum. However, the NCPCS distribution will not begin to accrue until the SubNotes are re-assigned to AmBank.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of AmBank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a tenure of 30 years unless redeemed earlier under the terms of the SubNotes. The SubNotes are redeemable at the option of AmPremier on any interest payment date, which cannot be earlier than the occurrence of assignment events as stipulated under the terms of the Stapled Capital Securities.

The Stapled Capital Securities comply with BNM's Guidelines on Non-Innovative Tier 1 capital instruments. Effective 1 January 2013, the Stapled Capital Securities qualify as additional Tier 1 capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

(e) Innovative Tier 1 Capital Securities

On 18 August 2009, AmBank issued up to RM485 million Innovative Tier 1 Capital Securities under its RM500 million Innovative Tier 1 Capital Securities ("ITICS") Programme. The ITICS bears a fixed interest (non-cumulative) rate at issuance date of 8.25% per annum and step up 100 basis points after the First Call Date (10 years after issuance date) and interest is payable semi annually in arrears. The maturity date is 30 years from the issue date. The ITICS facility is for a tenure of 60 years from the First Issue date and has a principal stock settlement mechanism to redeem the ITICS via cash through the issuance of AmBank's ordinary shares. Upon BNM's approval, AmBank may redeem in whole but not in part the relevant tranche of the ITICS at any time on the 10th anniversary of the issue date of that tranche or on any interest payment date thereafter.

Effective 1 January 2013, the ITICS qualify as Additional Tier 1 capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

25. OTHER LIABILITIES

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Trade payables	(a)	698,583	482,916	-	-
Other payables and accruals	(b)	1,568,877	2,064,935	21,427	33,949
Interest payable on deposits and borrowings		933,303	811,443	6,878	6,812
Lease deposits and advance rental		10,146	11,874	-	-
Provision for commitments and contingencies	(c)	116,161	156,266	-	-
Amount due to subsidiaries	(d)	-	-	8,954	112
Profit equalisation reserve	(e)	-	1,680	-	-
Provision for taxation		13,843	110,834	-	-
Collateral received for derivative transactions		469,030	277,727	-	-
		3,809,943	**3,917,675**	**37,259**	**40,873**

(a) Trade payables mainly relate to the stock and share-broking operations of the investment banking subsidiaries and represent contra gains owing to clients and amount payable in outstanding sales contracts.

(b) Included in other payables and accruals is provision for retirement benefits of a subsidiary which amounted to RM19,251,000 (2015: RM19,495,000).

(c) Provision for commitments and contingencies

	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000
Balance at beginning of the financial year	156,266	174,965
Writeback made during the financial year, net	(40,841)	(19,255)
Foreign exchange differences	736	556
Balance at end of the financial year	**116,161**	**156,266**

(d) Amount due to subsidiaries are unsecured, interest free and is repayable on demand.

(e) Profit equalisation reserve

The movements in profit equalisation reserve relating to the Islamic banking operations are as follows:

	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000
Balance at beginning of the financial year	1,680	1,571
Provision during the financial year	1,406	35,379
Utilisation during the financial year	(3,086)	(35,270)
Balance at end of the financial year	**-**	**1,680**

26. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1.00 each		Amount	
	31 March 2016 Units '000	31 March 2015 Units '000	31 March 2016 RM'000	31 March 2015 RM'000
Authorised:				
Ordinary shares of RM1.00 each	5,000,000	5,000,000	5,000,000	5,000,000
Convertible preference shares of RM1.00 each	200,000	200,000	200,000	200,000
Balance at beginning and end of the financial year	**5,200,000**	**5,200,000**	**5,200,000**	**5,200,000**
Issued and fully paid:				
Ordinary shares of RM1.00 each				
Balance at beginning and end of the financial year	**3,014,185**	**3,014,185**	**3,014,185**	**3,014,185**

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

The Company has an Executives' Share Scheme ("ESS") under which options to subscribe for the Company's ordinary shares have been granted to certain employees of the Group. Details of the ESS are disclosed in Note 28.

27. RESERVES

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Share premium	(a)	2,537,372	2,537,372	2,536,065	2,536,065
Statutory reserve	(b)	1,938,849	1,938,849	-	-
Regulatory reserve	(c)	2,800	2,800	-	-
Profit equalisation reserve	(d)	-	3,904	-	-
Available-for-sale reserve	(e)	8,635	21,822	-	-
Cash flow hedging reserve/(deficit)	(f)	3,636	(481)	-	-
Foreign currency translation reserve	(g)	84,299	68,456	-	-
ESS reserve	(h)	49,738	69,993	49,738	69,993
Shares held in trust for ESS	(i)	(55,843)	(86,110)	(55,843)	(86,110)
Non-participating funds	(j)	45,715	54,175	-	-
Retained earnings	(k)	7,539,092	6,830,180	2,872,161	2,895,435
		12,154,293	**11,440,960**	**5,402,121**	**5,415,383**

(a) Share premium is used to record premium arising from new shares issued in the Company.
(b) Statutory reserve is maintained in compliance with Section 47(2)(f) of the Financial Services Act ("FSA") 2013 and Section 57(2)(f) of the Islamic Financial Services Act ("IFSA") 2013 and are not distributable as cash dividends.
(c) Regulatory reserve is maintained in accordance with BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing as an additional credit risk absorbent.
(d) Profit equalisation reserve of the Group is classified as a separate reserve in equity in accordance with BNM Revised Guidelines on Profit Equalisation Reserve issued in May 2011. During the current financial year, the Group discontinued with the application of profit equalisation reserve.
(e) Available-for-sale reserve is in respect of unrealised fair value gains/(losses) on financial investments available-for-sale.
(f) Cash flow hedging reserve/(deficit) comprises the portion of the gains/(losses) on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.
(g) Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
(h) ESS reserve represents the equity-settled scheme shares and options granted to employees (Note 28). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the scheme shares and options.
(i) Shares held in trust for ESS represent shares purchased under the ESS as mentioned in Note 28.
(j) This non-participating funds unallocated surplus is only available for distribution to shareholders based on the amount recommended by the appointed actuary.
(k) The Company can distribute dividends out of its entire retained earnings under the single-tier system.

28. EXECUTIVES' SHARE SCHEME

At the 22nd Extraordinary General Meeting held on 26 September 2008, the shareholders approved the proposal by the Company to establish an executives' share scheme ("ESS") of up to fifteen percent (15%) (which was subsequently reduced to ten percent (10%) as approved by the Board of Directors pursuant to the ESS By-Laws) of the issued and paid-up ordinary share capital of the Company at any point in time for the duration of the ESS for eligible executives (including senior management) and executive directors of the Group (excluding subsidiaries which are dormant or such other subsidiaries which may be excluded under the terms of the By-Laws) who fulfil the criteria for eligibility stipulated in the By-Laws governing the ESS ("Eligible Executives"). The ESS is implemented and administered by an executives' share scheme committee ("ESS Committee"), in accordance with the By-Laws. The functions of the ESS Committee has since been consolidated with that of Group Nomination and Remuneration Committee ("GNRC") from 29 October 2013. The ESS was established on 12 January 2009 and would be in force for a period of ten (10) years.

The awards granted to such Eligible Executives can comprise shares and/or options to subscribe for shares ("Options"). Shares to be made available under the ESS ("Scheme Shares") will only vest or Options are only exercisable by Eligible Executives who have duly accepted the offers of awards under the ESS ("Scheme Participants") subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the GNRC.

The awards included in the "ESS" are :

(i) Short term Incentive ("STI") Award

The STI Award is a share incentive scheme for the selected executives in recognition of their services as an important contribution to the current on-going development, growth and success of the Group. Under the Award, a selected executive is granted a specified number of shares which will be vested in him upon the fulfilment of the service period and such other conditions (if any) imposed by the ESS Committee.

28. EXECUTIVES' SHARE SCHEME (CONT'D.)

(ii) Long term Incentive ("LTI") Award

The LTI Award is a share incentive scheme for the selected executives in motivating attainment of higher performance goals and exceptional achievements by selected executives. Under the Award, a selected executive is granted a specified number of shares and share options which will be vested in him upon fulfilment of the service period as well as fulfilment of certain performance targets and such other conditions (if any) imposed by the ESS Committee.

To facilitate the implementation of the ESS, the Company entered into a Trust via the signing of a Trust Deed on 24 February 2009 with an appointed Trustee. The Trustee shall, at such times as the ESS Committee shall direct, subscribe for or acquire the necessary number of new or existing ordinary shares to accommodate any future transfer of Scheme Shares to Scheme Participants. For the aforementioned purpose and to enable the Trustee to meet payment of expenses in relation to the administration of the Trust, the Trustee will be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

ESS is implemented wherein shares ("Scheme Shares") and/or options to subscribe for shares ("Option") are granted to eligible directors and executives of the Company and its subsidiaries based on the financial and performance targets/criteria and such other conditions as it may deem fit.

The salient features of the ESS are as follows:

(i) Any executive director or executive of a corporation in the Group, subject to the discretion of the ESS Committee, shall be eligible to participate in the ESS, if the executive director or executive meets the following criteria ("Eligible Executives"):

   (a) has attained the age of eighteen (18) years and is not an undischarged bankrupt;

   (b) employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice of resignation or received a notice of termination;

   (c) employment has been confirmed in writing;

   (d) in the case of an executive director of the Company, the specific allocation of shares made available to him and options to subscribe for shares by the Company to him in his capacity as an executive director under the ESS has been approved by the shareholders at a general meeting;

   (e) if he is serving in a specific designation under an employment contract for a fixed duration but not merely employed for a specific project;

   (f) is not participating or entitled to participate in any other employee share or incentive scheme implemented by any other corporation which is in force for the time being provided that he may be eligible for consideration notwithstanding his participation or entitlement to participate if the ESS Committee shall so determine; and

   (g) fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time.

(ii) The maximum number of shares which may be made available under the ESS shall not exceed in aggregate ten percent (10%) of the issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the ESS and out of which not more than fifty percent (50%) of the shares shall be allocated, in aggregate, to executive directors and senior management. In addition, not more than ten percent (10%) of the shares available under the ESS shall be allocated to any Eligible Executive who, either individually or collectively through persons connected to him/her, holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company.

(iii) The Share Grant Price (being the reference price which is used to determine the number of Scheme Shares to be granted under the awards) and Option Price (being the share price to be paid for subscription or acquisition of each Scheme Share pursuant to the exercise of the option) may be at a discount (as determined by the ESS Committee) of not more than ten percent (10%) of the five (5) days weighted average market price of the Company's shares transacted on Bursa Malaysia Securities Berhad immediately preceding the date on which an offer is made or the par value of the shares at the material time, whichever is higher.

(iv) The Scheme Shares to be allotted and issued or transferred to Scheme Participant pursuant to the By-Laws are not subjected to any retention period unless otherwise stipulated by the ESS Committee in the offer.

(v) The ESS Committee may in its discretion decide that the Scheme Shares be satisfied either by way of issuance of new ordinary shares, acquisition of existing ordinary shares or a combination of both issuance of new ordinary shares and acquisition of existing ordinary shares.

(vi) The Company established a Trust administered by a Trustee for the purposes of subscribing for new ordinary shares of the Company and/or acquiring existing ordinary shares of the Company and transferring them to the Scheme Participants. For this purpose and to pay expenses in relation to the administration of the Trust, the Trustee is entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

28. EXECUTIVES' SHARE SCHEME (CONT'D.)

The following shares were granted under STI Award:

(a) Share Grants

	Number of Shares Movements During the Financial Year					
	Balance at 1 April 2015 '000	Granted '000	Transferred '000	Vested '000	Forfeited '000	Balance at 31 March 2016 '000
Group						
2013 ESS	1,020	-	-	(1,007)	(13)	-
2014 ESS	1,889	-	-	(1,086)	(83)	720
2015 ESS	-	852	-	(35)	(19)	798
	2,909	**852**	**-**	**(2,128)**	**(115)**	**1,518**
Company						
2013 ESS	98	-	9	(107)	-	-
2014 ESS	268	-	23	(209)	-	82
2015 ESS	-	87	-	-	-	87
	366	**87**	**32**	**(316)**	**-**	**169**

The following shares and options were granted under LTI Award:

(a) Share Grants

	Number of Shares Movements During the Financial Year					
	Balance at 1 April 2015 '000	Granted '000	Transferred '000	Vested '000	Forfeited '000	Balance at 31 March 2016 '000
Group						
2012 ESS	3,414	-	-	(1,968)	(1,446)	-
2013 ESS	3,345	-	-	(119)	(474)	2,752
2014 ESS	3,380	-	-	(60)	(528)	2,792
2015 ESS	-	2,158	-	(5)	(77)	2,076
	10,139	**2,158**	**-**	**(2,152)**	**(2,525)**	**7,620**
Company						
2012 ESS	130	-	17	(85)	(62)	-
2013 ESS	127	-	29	(35)	(37)	84
2014 ESS	150	-	33	(15)	(79)	89
2015 ESS	-	65	-	-	-	65
	407	**65**	**79**	**(135)**	**(178)**	**238**

(b) Share Options

	Number of Options Movements During the Financial Year					
	Balance at 1 April 2015 '000	Granted '000	Transferred '000	Exercised '000	Forfeited '000	Balance at 31 March 2016 '000
Group						
2009 ESS	212	-	-	(212)	-	-
2010 ESS	1,875	-	-	(278)	(85)	1,512
	2,087	**-**	**-**	**(490)**	**(85)**	**1,512**
WAEP* (RM)	4.56	-	-	4.00	4.73	4.73
Company						
2010 ESS	-	-	-	-	-	-
WAEP* (RM)	-	-	-	-	-	-

* WAEP : Weighted average exercise price

Number of options exercisable at the end of the financial year amounted to 1,511,800 (2015: 2,086,400).

28. EXECUTIVES' SHARE SCHEME (CONT'D.)

(c) Aggregate maximum and actual percentage granted in regard to Share Grants and Share Options to directors and key management personnel:

	Share Grants	
	Maximum allocation %	Actual allocation %
Group		
2008 ESS	**9.8**	**9.8**
2009 ESS	**10.0**	**10.0**
2010 ESS	**16.0**	**16.0**
2011 ESS	**15.2**	**15.2**
2012 ESS	**16.2**	**16.2**
2013 ESS	**14.6**	**14.6**
2014 ESS	**19.1**	**19.1**
2015 ESS	**14.1**	**14.1**

	Share Options	
	Maximum allocation %	Actual allocation %
Group		
2008 ESS	**16.5**	**16.5**
2009 ESS	**17.5**	**17.5**
2010 ESS	**14.6**	**14.6**

(vii) Details of share options and share grants are as follows:

(a) 2008 ESS
The exercise price of the 2008 share options is RM2.20. The exercise period is up to 3 years from the date of notification of entitlement ("vesting date"). The vesting date of the share options and share grants is determined by the ESS Committee after the end of the performance period, which is from 1 April 2008 to 31 March 2012, upon fulfilment of the conditions stipulated.

(b) 2009 ESS
The exercise price of the 2009 share options is RM3.05. The exercise period is up to 3 years from the date of notification of entitlement ("vesting date"). The vesting date of the share options and share grants is determined by the ESS Committee after the end of the performance period, which is from 1 April 2009 to 31 March 2013, upon fulfilment of the conditions stipulated.

(c) 2010 ESS
The exercise price of the 2010 share options is RM4.73. The exercise period is up to 3 years from the date of notification of entitlement ("vesting date"). The vesting date of the share options and share grants is determined by the ESS Committee after the end of the performance period, which is from 1 April 2010 to 31 March 2013, upon fulfilment of the conditions stipulated.

The weighted average remaining contractual life of the above options at the end of the financial year is Nil (2015: 0.92 years).

(viii) Share options exercised during the financial year

For share options exercised during the financial year, the weighted average share price during the exercise period was RM5.151 (2015: RM6.79).

28. EXECUTIVES' SHARE SCHEME (CONT'D.)

(ix) Fair value of share options and share grants awarded at end of financial year:

The fair value of share options granted was estimated using the trinomial valuation model, taking into account the terms and conditions upon which the options/shares were granted. The fair value of share options measured at grant date was based on the following assumptions:

	2015 ESS	2014 ESS	2013 ESS	2012 ESS	2011 ESS	2010 ESS	2009 ESS	2008 ESS
Fair value of shares as at grant dates (RM)								
- 10 April 2009	-	-	-	-	-	-	-	2.76
- 21 July 2009	-	-	-	-	-	-	3.78	-
- 21 July 2010	-	-	-	-	-	5.12	-	-
- 21 July 2011	-	-	-	-	6.34	-	-	-
- 11 July 2012	-	-	-	6.49	-	-	-	-
- 15 August 2013	-	-	7.97	-	-	-	-	-
- 04 August 2014	-	7.17	-	-	-	-	-	-
- 14 August 2015	5.09	-	-	-	-	-	-	-
Fair value of share options as at grant dates (RM)								
- 10 April 2009	-	-	-	-	-	-	-	1.06
- 21 July 2009	-	-	-	-	-	-	1.48	-
- 21 July 2010	-	-	-	-	-	1.81	-	-
Weighted average share price (RM)	5.15	6.79	7.27	6.39	6.40	4.98	3.39	2.44
Weighted average exercise price (RM)	-	-	-	-	-	4.73	3.05	2.20
Expected volatility (%)	-	-	-	-	-	40.00	40.00	38.00
First possible exercise date	-	-	-	-	-	31 Mar 2013	25 June 2012	11 Mar 2012
Option expiry date	-	-	-	-	-	31 Mar 2016	23 June 2015	11 Mar 2015
Average risk free rate (%)	-	-	-	-	-	4.23	4.50	3.30
Average expected dividend yield (%)	-	-	-	-	-	3.66	2.40	2.02

The expected life of the share options is based on the exercisable period of the option and is not necessarily indicative of exercise patterns that may occur. The expected volatility used was based on the historical volatility of the share price over a period equivalent to the expected life of the options prior to its date of grant, which assumed that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the share option/share award were incorporated into the measurement of fair value.

The fair value of shares granted under the ESS is measured at acceptance date, using the closing price of the Company's shares.

29. NON-CONTROLLING INTERESTS

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Balance at beginning of the financial year	1,052,279	951,448
Share in net results of subsidiaries	97,273	125,923
Share in other comprehensive income/(loss)	1,293	(11,057)
Transfer of ESS shares recharged - difference on purchase price for shares vested	(33)	(100)
Redemption of shares in AmPrivate Equity	(3,677)	(2,543)
Dividends received by non-controlling interests	(196,225)	(11,392)
Balance at end of the financial year	**950,910**	**1,052,279**

30. INTEREST INCOME

	Group		Company	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Short-term funds and deposits with financial institutions	180,899	198,769	1,240	4,655
Financial assets held-for-trading	156,590	111,923	-	-
Financial investments available-for-sale	302,475	284,967	-	-
Financial investments held-to-maturity	101,367	99,601	-	-
Loans and advances	3,288,704	3,598,969	-	-
Impaired loans and advances	8,409	7,055	-	-
Others	58,771	25,950	-	-
	4,097,215	**4,327,234**	**1,240**	**4,655**

31. INTEREST EXPENSE

	Group		Company	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Deposits from customers	1,889,889	1,823,126	-	-
Deposits and placements of banks and other financial institutions	35,782	24,532	-	-
Senior notes	203,955	191,473	44,121	55,317
Credit-Linked Notes	15,975	16,541	-	-
Recourse obligation on loans sold to Cagamas Berhad	70,842	40,764	-	-
Term loans	33,747	29,268	12,156	11,799
Subordinated term loans and notes	21,283	20,094	-	-
Interest on bonds	21,005	20,941	-	-
Medium term notes	69,284	80,827	-	-
Hybrid and Innovative Tier 1 capital securities	83,228	83,658	-	-
Others	14,469	14,875	-	-
	2,459,459	**2,346,099**	**56,277**	**67,116**

32. OTHER OPERATING INCOME

	Group		Company	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Fee income:				
Fees on loans, financing and securities	138,534	225,086	-	-
Corporate advisory	15,774	21,274	-	-
Guarantee fees	55,521	57,469	-	-
Underwriting commission	3,404	12,360	-	-
Portfolio management fees	32,571	36,780	-	-
Unit trust management fees	103,135	107,098	-	-
Property trust management fees	6,323	6,162	-	-
Brokerage fees and commission	49,470	69,418	-	-
Wealth management fees	25,359	26,606	-	-
Other fee and commission income	93,825	95,043	150	300
	523,916	657,296	150	300
Investment and trading income:				
Net gain/(loss) from sale of financial assets held-for-trading	12,258	(25,020)	-	-
Net gain from sale of financial investments available-for-sale	61,097	56,980	-	-
Net gain on revaluation of financial assets held-for-trading	1,873	26,476	-	-
Net foreign exchange gain[1]	145,332	37,369	-	-
Net (loss)/gain on derivatives	(11,521)	103,683	-	-
Gain on disposal of equity interest in subsidiaries [2]	11,965	475,873	-	-
Dividend income from:				
Subsidiaries	-	-	659,877	1,381,267
Financial assets held-for-trading	5,023	7,247	-	-
Financial investments available-for-sale	41,938	33,506	2,991	3,609
Others	29	890	-	-
	267,994	717,004	662,868	1,384,876
Other income:				
Net non-trading foreign exchange gain/(loss)	(17,961)	17,103	-	-
Gain on repayment of capital by a subsidiary	21,706	-	-	-
(Loss)/gain on disposal of property and equipment	(520)	30	-	-
Rental income	4,037	4,922	-	-
Profit from sale of goods and services	41,229	30,808	-	-
Others	29,992	30,422	-	182
	78,483	83,285	-	182
	870,393	**1,457,585**	**663,018**	**1,385,358**

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

[2] Includes additional gain of RM11.9 million arising from adjustment to sales proceeds pursuant to the finalisation of completion audit in the current financial year in connection with disposal of subsidiary, AmFraser Securities Pte Ltd in the financial year ended 31 March 2015. In prior year, the gain of RM475.9 million related to the disposal of 50% equity stake in AmMetLife Insurance Berhad and AmMetLife Takaful Berhad to MetLife International Holdings, Inc., and AmFraser Securities Pte Ltd to KGI Asia (Holdings) Pte Ltd.

33. OTHER OPERATING EXPENSES

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Personnel costs:					
Salaries, allowances and bonuses		844,627	906,240	15,197	-
Shares/options granted under ESS		11,036	31,386	-	-
Contributions to EPF		134,599	145,715	2,196	-
Social security cost		6,510	6,658	-	-
Others		126,493	106,655	549	116
		1,123,265	1,196,654	17,942	116
Establishment costs:					
Depreciation of property and equipment (Note 18)		52,678	58,776	167	169
Amortisation of intangible assets (Note 19)		96,189	84,674	-	-
Computerisation costs		204,605	183,802	-	-
Rental of premises		107,388	100,127	-	-
Cleaning, maintenance and security		34,020	33,512	1	1
Others		42,521	45,534	14	14
		537,401	506,425	182	184
Marketing and communication expenses:					
Sales commission		15,884	9,838	-	-
Advertising, promotional and other marketing activities		70,351	59,110	319	256
Telephone charges		23,531	19,990	14	15
Postage		13,844	13,860	21	27
Travel and entertainment		16,439	18,836	50	24
Others		26,162	30,227	168	157
		166,211	151,861	572	479
Administration and general expenses:					
Professional services		128,588	130,328	3,342	1,035
Donations		890	813	-	-
Travelling		5,341	8,518	44	27
Others[1]		215,167	94,843	4,740	9,383
		349,986	234,502	8,126	10,445
Service transfer pricing income/(expense) to related companies, net		-	-	(6,760)	-
		2,176,863	**2,089,442**	**20,062**	**11,224**

[1] Included for the current financial year was RM53.7 million administrative monetary penalty imposed by BNM pursuant to section 234 of the FSA 2013 and section 245 of the IFSA 2013 arising from non-compliance of the Group with certain regulations. The Group had committed to set aside an average of RM25 million per annum for four years for investment in system, infrastructure and training.

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
The above expenditure includes other statutory disclosures as follows:					
Directors' remuneration	34	**12,949**	13,720	**9,786**	4,268
Intangible assets written off	19	**-**	-	**-**	-
Property and equipment written off	18	**22**	180	**-**	-
Hire of motor vehicles and office equipment		**14,248**	16,306	**14**	14
Auditors' remuneration:					
Parent auditor					
Audit		**2,459**	2,233	**103**	100
Regulatory and assurance related		**3,247**	1,182	**25**	25
Other services		**290**	1,088	**-**	-
Firms affiliated with parent auditor					
Audit		**71**	140	**-**	-
Other auditors					
Audit		**24**	49	**-**	-

Personnel costs include salaries, bonuses, contribution to EPF (a substantial shareholder of the Company) and all other staff related expenses.

34. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of the directors of the Company are as follows:

			Remuneration received from Group			
31 March 2016	Fees RM'000	Salaries RM'000	Other emolument RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officer:						
Dato' Sulaiman Mohd Tahir	-	768	134	351	9	1,262
	-	768	134	351	9	1,262
Executive Director:						
Dato' Seri Ahmad Johan bin Mohammad Raslan	-	3,928	926	750	148	5,752
	-	3,928	926	750	148	5,752
Non-Executive Directors:						
Tan Sri Azman Hashim	1,065	-	2,324	-	44	3,433
Tun Mohammed Hanif Omar	200	-	47	-	-	247
Dato' Rohana binti Mahmood	350	-	232	-	-	582
Soo Kim Wai	200	-	111	-	-	311
Suzette Margaret Corr*	200	-	49	-	-	249
Voon Seng Chuan	275	-	134	-	-	409
Wasim Akhtar Saifi	171	-	115	-	-	286
Dato' Azlan Hashim	81	-	13	-	-	94
Tan Sri Datuk Clifford Francis Herbert	219	-	110	-	-	329
Tan Sri Datuk Dr Aris Osman @ Othman	137	-	68	-	-	205
Alistair Marshall Bulloch	-	-	-	-	-	-
Shayne Cany Elliott*	108	-	20	-	-	128
Chin Yuen Yin	438	-	241	-	-	675
Mark David Whelan*	183	-	66	-	-	249
	3,623	-	3,530	-	44	7,197
Total remuneration	**3,823**	**4,696**	**4,590**	**1,101**	**201**	**14,211**

			Remuneration received from Group			
31 March 2015	Fees RM'000	Salaries RM'000	Other emolument RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Director:						
Dato' Seri Ahmad Johan bin Mohammad Raslan	62	-	10	-	-	72
Ashok Ramamurthy	400	1,794	924	1,829	42	4,989
	462	1,794	934	1,829	42	5,061
Non-Executive Directors:						
Tan Sri Azman Hashim	1,065	-	2,343	-	38	3,446
Tun Mohammed Hanif Omar	650	-	68	-	-	718
Dato' Rohana binti Mahmood	350	-	107	-	-	457
Soo Kim Wai	200	-	39	-	-	239
Suzette Margaret Corr*	37	-	9	-	-	46
Dato' Azlan Hashim	210	-	44	-	12	266
Tan Sri Datuk Clifford Francis Herbert	650	-	320	-	-	970
Tan Sri Datuk Dr Aris Osman @ Othman	350	-	164	-	-	514
Alistair Marshall Bulloch	-	-	2	-	-	2
Shayne Cary Elliott*	200	-	16	-	-	216
Chin Yuen Yin	589	-	281	-	-	870
Mark David Whelan*	200	-	40	-	-	240
Dato' Gan Nyap Liou @ Gan Nyap Liow	376	-	163	-	-	539
Gilles Planté*	104	-	32	-	-	136
	4,981	-	3,628	-	50	8,659
Total remuneration	**5,443**	**1,794**	**4,562**	**1,829**	**92**	**13,720**

* Paid to the respective companies to which they represent.

34. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the directors of the Company are as follows:

	Remuneration received from Company					
31 March 2016	Fees RM'000	Salaries RM'000	Other emolument RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officer:						
Dato' Sulaiman Mohd Tahir	-	768	134	351	9	1,262
	-	768	134	351	9	1,262
Executive Director:						
Dato' Seri Ahmad Johan bin Mohammad Raslan	-	3,928	926	750	148	5,752
	-	3,928	926	750	148	5,752
Non-Executive Directors:						
Tan Sri Azman Hashim	210	-	1,458	-	44	1,712
Tun Mohammed Hanif Omar	200	-	47	-	-	247
Dato' Rohana binti Mahmood	200	-	154	-	-	354
Soo Kim Wai	200	-	111	-	-	311
Suzette Margaret Corr*	200	-	49	-	-	249
Voon Seng Chuan	157	-	91	-	-	248
Wasim Akhtar Saifi	21	-	27	-	-	48
Dato' Azlan Hashim	81	-	13	-	-	94
Tan Sri Datuk Clifford Francis Herbert	77	-	43	-	-	120
Tan Sri Datuk Dr Aris Osman @ Othman	77	-	39	-	-	116
Alistair Marshall Bulloch	-	-	-	-	-	-
Shayne Cary Elliott*	108	-	20	-	-	128
Chin Yuen Yin	116	-	42	-	-	158
Mark David Whelan*	183	-	66	-	-	249
	1,830	-	2,160	-	44	4,034
Total remuneration	**2,030**	**4,696**	**3,220**	**1,101**	**201**	**11,048**

	Remuneration received from Company					
31 March 2015	Fees RM'000	Salaries RM'000	Other emolument RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Director:						
Dato' Seri Ahmad Johan bin Mohammad Raslan	62	-	10	-	-	72
Ashok Ramamurthy**	-	-	-	-	-	-
	62	-	10	-	-	72
Non-Executive Directors:						
Tan Sri Azman Hashim	210	-	1,451	-	38	1,699
Tun Mohammed Hanif Omar	200	-	38	-	-	238
Dato' Rohana binti Mahmood	200	-	56	-	-	256
Soo Kim Wai	200	-	39	-	-	239
Suzette Margaret Corr*	37	-	9	-	-	46
Dato' Azlan Hashim	210	-	44	-	12	266
Tan Sri Datuk Clifford Francis Herbert	200	-	104	-	-	304
Tan Sri Datuk Dr Aris Osman @ Othman	200	-	96	-	-	296
Alistair Marshall Bulloch	-	-	2	-	-	2
Shayne Cary Elliott*	200	-	16	-	-	216
Chin Yuen Yin	39	-	13	-	-	52
Mark David Whelan*	200	-	40	-	-	240
Dato' Gan Nyap Liou @ Gan Nyap Liow	150	-	56	-	-	206
Gilles Planté*	104	-	32	-	-	136
	2,150	-	1,996	-	50	4,196
Total remuneration	**2,212**	**-**	**2,006**	**-**	**50**	**4,268**

* Paid to the respective companies to which they represent.
** Paid by a subsidiary

35. ACQUISITION AND BUSINESS EFFICIENCY (INCOME)/EXPENSES

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Business efficiency costs:		
Personnel costs	(11,913)	42,793
Professional fees	1,413	19,178
Depreciation of property and equipment (Note 18)	4,515	3,682
Amortisation of intangible assets (Note 19)	1,747	499
Others	1,680	2,284
	(2,558)	**68,436**

36. WRITEBACK FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Allowance for impaired loans, advances and financing:		
Individual allowance, net	138,929	91,026
Collective allowance, net	264,121	504,597
Recovery from loans sold to Danaharta	(1,589)	(1,732)
Impaired loans, advances and financing:		
Written off	(603)	-
Recovered, net	(564,950)	(624,425)
	(164,092)	**(30,534)**

37. IMPAIRMENT (WRITEBACK)/LOSS ON FINANCIAL INVESTMENTS

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Financial investments available-for-sale	(8,734)	(13)
Financial investments held-to-maturity	(3,190)	2,554
	(11,924)	**2,541**

38. TAXATION AND ZAKAT

	Group		Company	
	31 March 2016 RM'000	**31 March 2015 RM'000**	**31 March 2016 RM'000**	**31 March 2015 RM'000**
Current tax:				
Estimated current tax payable	378,581	531,888	309	1,197
Over provision in prior years	(26,039)	(7,279)	-	-
	352,542	524,609	309	1,197
Deferred tax:				
Origination and reversal of temporary differences	(24,487)	44,887	-	-
Under/(over) provision in prior years	1,899	(11,173)	-	-
Effect of change in tax rate	-	3,749	-	-
	(22,588)	37,463	-	-
Taxation	329,954	562,072	309	1,197
Zakat	1,579	1,404	-	-
	331,533	**563,476**	**309**	**1,197**

Domestic income tax is calculated at the statutory tax rate of 24.0% (2015: 25.0%) on the estimated chargable profit for the financial year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of the applicable to profit before taxation at the statutory tax rate to taxation at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	31 March 2016 RM'000	**31 March 2015 RM'000**	**31 March 2016 RM'000**	**31 March 2015 RM'000**
Profit before taxation and zakat	1,731,012	2,604,280	587,919	1,311,673
Taxation at Malaysian statutory tax rate of 24.0% (2015: 25.0%)	415,443	651,070	141,101	327,918
Effect of different tax rates in Labuan and certain subsidiaries	(9,919)	(12,779)	-	-
Deferred tax relating to changes in tax rates	-	3,749	-	-
Over provision of income tax in prior years	(26,039)	(7,279)	-	-
Income not subject to tax	(91,451)	(128,375)	(159,535)	(346,264)
Restricted and non-deductibility of expenses for tax purposes	53,218	66,890	18,743	19,543
Tax recoverable recognised on income subject to tax remission	(2,899)	(3,571)	-	-
Under/(over) provision of deferred tax in prior years	1,899	(11,173)	-	-
Deferred tax assets not recognised	156	1,337	-	-
Tax provision for potential tax liability - (writeback)/charge	(9,854)	3,000	-	-
Tax on share in results of associates and joint ventures	(600)	(797)	-	-
Taxation for the financial year	**329,954**	**562,072**	**309**	**1,197**

39. OTHER COMPREHENSIVE INCOME/(LOSS)

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Company 31 March 2016 RM'000	Company 31 March 2015 RM'000
Items that may be reclassified to income statement					
Translation of foreign operations		21,993	60,237	-	-
		21,993	60,237	-	-
Cash flow hedge:					
Losses arising during the financial year		(4,242)	(7,069)	-	-
Less: Reclassification adjustments for loss/(gains) included in the income statement		9,415	2,397	-	-
		5,173	(4,672)	-	-
Financial investments available-for-sale					
Gains arising during the financial year		28,306	120,046	-	-
Share of reserve in equity accounted joint ventures		2,863	3,303	-	-
Less: Reclassification adjustments for gains included in the income statement		(38,529)	(56,980)	-	-
		(7,360)	66,369	-	-
Items that will not be reclassified to income statement					
Remeasurement of defined benefit liability		781	1,016	-	-
Total other comprehensive income		20,587	122,950	-	-
Income tax relating to other comprehensive income	(a)	(6,041)	(13,362)	-	-
		14,546	**109,588**	**-**	**-**

(a) Income tax effects relating to other comprehensive income/(loss)

Group	Before tax RM'000	Tax credit/ (charge) RM'000	Net of tax RM'000
31 March 2016			
Foreign exchange differences on translating foreign operations	21,993	-	21,993
Net movement on cash flow hedge	5,173	(1,056)	4,117
Financial investments available-for-sale	(7,360)	(4,831)	(12,191)
Remeasurement of defined benefit liability	781	(154)	627
	20,587	**(6,041)**	**14,546**
31 March 2015			
Foreign exchange differences on translating foreign operations	60,237	-	60,237
Net movement on cash flow hedge	(4,672)	1,161	(3,511)
Financial investments available-for-sale	66,369	(14,299)	52,070
Remeasurement of defined benefit liability	1,016	(224)	792
	122,950	**(13,362)**	**109,588**

40. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share 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 year.

	Group 31 March 2016 RM'000/'000	Group 31 March 2015 RM'000/'000
Net profit attributable to equity holders of the Company	**1,302,206**	**1,918,630**
Weighted average number of ordinary shares in issue	3,014,185	3,014,185
Effect of ordinary shares purchased for the ESS, net of number vested to eligible executives	(9,165)	(8,333)
	3,005,020	**3,005,852**
Basic earnings per share (sen)	**43.33**	**63.83**

(b) Diluted earnings per share

Diluted earnings per share 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 during the year plus dilutive effect of share options vested but not exercised by eligible executives under the ESS as at the reporting date.

	Group 31 March 2016 RM'000/'000	Group 31 March 2015 RM'000/'000
Net profit attributable to equity holders of the Company	**1,302,206**	**1,918,630**
Weighted average number of ordinary shares in issue (as in (a) above)	3,005,020	3,005,852
Effect of executives' share scheme	108	687
	3,005,128	**3,006,539**
Diluted earnings per share (sen)	**43.33**	**63.82**

41. DIVIDENDS

Dividends recognised and paid by the Company are as follows:

	Group and Company 31 March 2016 RM'000	Group and Company 31 March 2015 RM'000
In respect of financial year ended 31 March 2016		
Interim single-tier dividend of 5.0% on 3,014,184,844 ordinary shares of RM1.00 each	150,710	-
In respect of financial year ended 31 March 2015		
Interim single-tier dividend of 12.0% on 3,014,184,844 ordinary shares of RM1.00 each	-	361,702
Final single-tier dividend of 15.3% on 3,014,184,844 ordinary shares of RM1.00 each	461,170	-
In respect of financial year ended 31 March 2014		
Final single-tier dividend of 16.9% on 3,014,184,844 ordinary shares of RM1.00 each	-	509,397
	611,880	**871,099**
Proposed but not recognised as a liability:		
In respect of financial year ended 31 March 2016		
Final single-tier dividend of 10.5% on 3,014,184,844 ordinary shares of RM1.00 each	316,489	-
In respect of financial year ended 31 March 2015		
Final single-tier dividend of 15.3% on 3,014,184,844 ordinary shares of RM1.00 each	-	461,170
	316,489	**461,170**

(a) Proposed final dividend

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 March 2017.

(b) Dividends paid by the Company's subsidiaries to non-controlling interests

Dividends paid by the Company's subsidiary to non-controlling interests amounted to RM196,225,000 during the financial year ended 31 March 2016 (31 March 2015: RM11,392,000).

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial or operational decisions, vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and the Company are:

(i) Subsidiaries

Transactions between the Company and its subsidiaries which are related parties of the Company, have been eliminated on consolidation. Details of subsidiaries are shown in Note 15.

(ii) Associates and Joint Ventures

Details of associates and joint ventures are disclosed in Note 16.

(iii) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly. The key management personnel of the Group and the Company include Executive and Non-Executive Directors of the Company and certain members of senior management of the Group and heads of major subsidiaries (including close member of their families) of the Group.

(iv) Companies in which certain directors have substantial financial interest

These are entities in which significant voting power in such entities directly or indirectly resides with certain Directors of the Company.

(v) Companies which have significant influence over the Group

These are entities who are substantial shareholders of the Company.

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Subsidiaries		Associates and joint ventures		Key management personnel		Companies which certain Directors have substantial financial interest		Companies which have significant influence over the Group	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Group										
Income										
Interest on loans, advances and financing	-	-	-	-	154	77	-	-	-	-
Bancassurance commission	-	-	9,771	7,450	-	-	-	-	-	-
Fee Income	-	-	-	-	10	8	-	-	-	-
	-	**-**	**9,771**	**7,450**	**164**	**85**	**-**	**-**	**-**	**-**
Expenses										
Interest on deposits	-	-	-	-	1,546	1,411	144	137	-	-
Interest on debt capital and term funding	-	-	-	-	-	-	-	-	19,393	14,933
Rental of premises	-	-	3	41	-	-	432	348	-	-
Computer maintenance	-	-	-	-	-	-	-	-	8,248	13,146
Europay, Mastercard, Visa card personalisation, fulfilment services	-	-	-	-	-	-	12	-	-	-
	-	**-**	**3**	**41**	**1,546**	**1,411**	**588**	**485**	**27,641**	**28,079**
Company										
Income										
Interest on deposits	1,240	4,655	-	-	-	-	-	-	-	-
Investment income	2,991	3,609	-	-	-	-	-	-	-	-
Dividend income	659,877	1,381,267	-	-	-	-	-	-	-	-
	664,108	**1,389,531**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(b) The significant outstanding balances of the Group and the Company with its related parties are as follows:

	Subsidiaries		Associates and joint ventures		Key management personnel		Companies which certain Directors have substantial financial interest		Companies which have significant influence over the Group	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Group										
Assets:										
Loans, advances and financing	-	-	-	-	6,277	1,657	-	-	-	-
Liabilities:										
Deposits and placements	-	-	-	-	99,224	81,284	40,978	5,205	-	-
Term funding	-	-	-	-	-	-	-	-	1,170,600	1,111,065
	-	**-**	**-**	**-**	**105,501**	**82,941**	**40,978**	**5,205**	**1,170,600**	**1,111,065**
Commitments and contingencies										
Contingent liabilities	-	-	-	-	-	-	-	-	587,087	525,879
Commitments	-	-	2,000	2,000	-	-	1,000	1,000	315,000	609,092
	-	**-**	**2,000**	**2,000**	**-**	**-**	**1,000**	**1,000**	**902,087**	**1,134,971**
Company										
Assets:										
Cash and short-term funds	21,033	12,460	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	5,354	25,131	-	-	-	-	-	-	-	-
Interest receivable	12	49	-	-	-	-	-	-	-	-
Amount due from subsidiaries	642	15,043	-	-	-	-	-	-	-	-
	27,041	**52,683**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities:										
Deposits and placements	-	-	-	-	-	-	-	-	-	128,107
Amount due to subsidiaries	8,954	112	-	-	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-	-	-	-	36
Other liabilities	37,259	28,431	-	-	-	-	-	-	-	163
	46,213	**28,543**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**128,306**

(c) There were no granting of loans to the Directors of the Company. Loans made to other key management personnel of the Group is on similar terms and conditions generally available to other employees within the Group. No provisions have been recognised in respect of loans given to key management personnel (2015: Nil).

(d) Key management personnel compensation

The remuneration of Directors of the Company and other key management personnel during the financial year are as follows:

	Group		Company	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Directors:				
Fees	3,623	5,443	1,830	2,212
Salaries and other remuneration	9,164	8,185	7,794	2,006
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	192	92	192	50
Total short-term employee benefits	**12,949**	**13,720**	**9,786**	**4,268**
Other key management personnel:				
Salaries and other remuneration	37,199	33,712	18,425	-
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	1,654	915	653	-
Total short-term employee benefits	**38,853**	**34,627**	**19,078**	**-**

43. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	31 March 2016	**31 March 2015**
Outstanding credit exposures with connected parties (RM'000)	**2,698,316**	3,298,414
Percentage of outstanding credit exposures to connected parties:		
as a proportion of total credit exposures (%)	**2.61**	3.22
which is impaired or in default (%)	**0.10**	0.42

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014.

Based on these guidelines, a connected party refers to the following:

(i) Directors of AmBank, AmInvestment Bank and AmBank Islamic ("the Banks") and their close relatives;

(ii) Controlling shareholder and his close relatives;

(iii) Influential shareholder and his close relatives;

(iv) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Banks, and his close relatives;

(v) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;

(vi) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (v) above, or in which they have an interest as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(vii) Any person for whom the persons listed in (i) to (v) above is a guarantor; and

(viii) Subsidiary of or an entity controlled by the Banks and their connected parties.

Credit transactions and exposures to connected parties as disclosed above include the extension of credit facilities and/or commitments and contingencies transactions that give rise to credit/counterparty risk, the underwriting and acquisition of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions not more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

44. FIDUCIARY DUTY

(a) In respect of investment portfolio management

Investment portfolio funds managed by the Group on behalf of customers as at 31 March 2016 amounted to RM42,597,110,000 (2015: RM46,246,500,000).

(b) In respect of monies in trust

Monies in trust in relation to the Group's stockbroking business excluded from the statements of financial position in accordance with Financial Reporting Standards Implementation Committee Consensus 18 "Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad" ("FRSIC 18"):

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Clients trust balances' and dealers representative balances	236,102	231,895
Remisiers trust balances	23,274	23,713
	259,376	**255,608**

45. CAPITAL COMMITMENTS

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Authorised and contracted:		
Purchase of office equipment, IT equipment and solutions	3,850	63,747
Purchase of leasehold improvements	3,460	3,075
	7,310	**66,822**
Authorised but not contracted for:		
Purchase of office equipment, IT equipment and solutions	204,163	145,066
	211,473	**211,888**

46. OPERATING LEASE COMMITMENTS

The Group has lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. The future minimum lease payments under the non-cancellable operating lease, net of sub-leases are as follows:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
One year or less	65,195	75,343
Over one to five years	46,040	43,504
Over five years	11	17
	111,246	**118,864**

The minimum lease rentals are not adjusted for operating expenses which the Group is obligated to pay. These amounts are insignificant in relation to the minimum lease obligations. In the normal course of business, leases that expire will be renewed or replaced by leases on other properties, thus it is anticipated that future annual minimum lease commitments will not be less than the rental expenses for the financial year.

47. 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 principal/notional amounts of commitments and contingencies are as follows:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	14,691,791	15,126,229
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,703,052	4,970,928
Unutilised credit card lines	2,846,456	3,955,894
Forward asset purchases	866,986	824,066
	23,108,285	24,877,117
Contingent Liabilities		
Direct credit substitutes	2,267,415	996,116
Transaction related contingent items	5,047,478	6,355,902
Obligations under underwriting agreements	73,348	250,000
Short term self liquidating trade related contingencies	649,520	715,135
	8,037,761	8,317,153
Derivative Financial Instruments		
Interest/Profit rate related contracts:	47,352,541	43,862,385
One year or less	8,175,391	4,922,517
Over one year to five years	30,103,999	31,036,563
Over five years	9,073,151	7,903,305
Foreign exchange related contracts:	45,631,935	38,377,491
One year or less	42,525,684	33,926,800
Over one year to five years	1,125,881	2,500,277
Over five years	1,980,370	1,950,414
Credit related contracts:	673,394	654,404
One year or less	337,027	-
Over one year to five years	336,367	327,515
Over five years	-	326,889
Equity and commodity related contracts:	233,194	676,506
One year or less	159,622	606,676
Over one year to five years	73,572	69,830
	93,891,064	83,570,786
	125,037,110	**116,765,056**

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

(a) The Company has given unsecured guarantees amounting to RM150,000,000 (2015: RM150,000,000) on behalf of AmFutures Sdn Bhd for the payment and discharge of all monies due on trading accounts maintained by customers.

(b) Legal suits:
- Zurich insurance Malaysia Bhd ("Zurich") -V- AmTrustee Bhd ("AmTrustee") & Meridian Asset Management S/B ("Meridian") ("Zurich Suit")
- Meridian Asset Management S/B -V- AmTrustee Bhd ("Meridian Suit")
(Currently pending before the Federal Court)

Nature of Claim

Zurich Suit: Zurich claims for breach of trust for losses suffered by it when Zurich appointed Meridian as an external fund manager for certain of its insurance funds. Meridian appointed AmTrustee as custodian for the said insurance funds.

Meridian Suit: Meridian claims for losses suffered by it arising from the custodian services provided by AmTrustee to Meridian. The losses are funds invested by Zurich and Kumpulan Wang Persaraan (KWAP), with Meridian.

47. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(b) Legal suits: (Cont'd.)

Status

High Court
Zurich Suit: High Court dismissed Zurich's claim against AmTrustee. Meridian was found to be fully liable to Zurich.

Meridian Suit: High Court held AmTrustee liable to contribute to Meridian for 40% of the sum amount that Meridian pays Zurich and KWAP. Until Meridian pays Zurich and KWAP, there is no liability on AmTrustee to contribute (reimburse).

Parties then appealed to the Court of Appeal

Court of Appeal
Zurich Suit: High Court decision varied. AmTrustee and Meridian were now held to be severally liable to Zurich. This means that both AmTrustee and Meridian are fully liable for the amount and Zurich may elect whom to pursue.

Meridian Suit: the High Court decision was maintained.

Parties applied for leave (i.e. permission) to appeal to the Federal Court.

Federal Court
Prior to hearing the application for leave to appeal, on 22 Septemper 2015, AmTrustee was informed that Meridian had been wound up on 7 August 2015. Accordingly, AmTrustee has instructed its solicitors to file for leave to proceed against Meridian. Leave was granted by the Winding Up Court on 20 January 2016. The application for permission to appeal to the Federal Court is now fixed for hearing on 17 February 2016. Should permission be granted on 17 February 2016, the matter will then proceed to a full appeal hearing on a date to be fixed by the Federal Court. The Federal Court granted the adjournment and fixed the leave application for Case Management on 24 March 2016, for the Insolvency Department to revert with their instructions.

Solicitors' Opinion
Solicitors are of the view that AmTrustee would be able to satisfy the threshold set out under section 96 of the Court of Judicature Act ("CJA") and be granted permission to appeal: The threshold requires permission to be granted when there is public importance or the issue in the appeal has not been previously decided by the Federal Court. AmTrustee's solicitors take the view that as the questions of law posed to the Federal Court in the Leave Application have never before been decided by the Federal Court, AmTrustee has good prospects of obtaining permission to appeal.

In the event that permission to appeal is granted on 17 February 2016 and the matter proceeds to a full appeal hearing, AmTrustee's solicitors opine that AmTrustee has a reasonably good chance to overturn the Court of Appeal's decision at the full appeal hearing.

Due to the winding up of Meridian and subsequent appointment of the Insolvency Department over Meridian, the Insolvency Department sought an adjournment of the hearing of AmTrustee's leave application to enable them to obtain instructions from the contributories and creditors of Meridian. On 24 March 2016, the Insolvency Department sought for another adjournment as they are as yet unable to revert with their instructions. This adjourned Case Management took place on 22 April 2016 and the Court then fixed AmTrustee's leave application for hearing on 29 June 2016.

(c) AmFutures Sdn Bhd ("AmFutures") and AmInvestment Bank Berhad ("AmInvestment Bank") were served with a total of 19 suits by 19 individuals ("Claimants") in relation to a purported investment scheme called Futures Crude Palm Oil ("Alleged Scheme") allegedly offered by person(s) unknown to AmFutures and AmInvestment Bank to the Claimants. In the suits, the Claimants claim for the return of their alleged principal investment sum and the return of investment in the Alleged Scheme.

The parties to the suits had agreed that trial of one test case to be heard first by the Court and the decision in the test case shall be binding on all the other suits filed by the Claimants. The trial hearing dates for the test case were fixed on from 27 April 2015 to 29 April 2015. The decision of the test case was delivered on 22 June 2015 in which the Court dismissed the claim against AmFutures and AmInvestment Bank with costs, to be borne by the Claimants. One of the Claimants managed to file an appeal. All other 18 Claimants did not appeal against the dismissal of their suits. The Solicitors for AmFutures and AmInvestment Bank is of the view that AmFutures and AmInvestment Bank have a good chance of successfully challenging the appeal. The appeal fixed for hearing on 22 January 2016.

On 18 February 2016, the High Court was heard and dismissed appeal. AmFutures and AmInvestment Bank were awarded with total costs of RM10,000. The deadline to file a further appeal to the Court of Appeal was on 18 March 2016. No further appeal was filed.

(d) During the previous financial year, AmMetLife Insurance Berhad ("AmMetLife") received complaints from 9 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. Since the last financial year end until 31 March 2016, AmMetLife received complaints from 50 policyholders. 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.

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Group 31 March 2016	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
ASSETS			
Cash and short-term funds	11,988,321	-	11,988,321
Deposits and placements with banks and other financial institutions	1,333,630	-	1,333,630
Derivative financial assets	1,233,058	650,943	1,884,001
Financial assets held-for-trading	4,920,618	-	4,920,618
Financial investments available-for-sale	4,698,526	6,981,994	11,680,520
Financial investments held-to-maturity	780,154	3,387,340	4,167,494
Loans, advances and financing	27,649,021	58,864,233	86,513,254
Receivables: Investments not quoted in active markets	-	565,322	565,322
Statutory deposit with Bank Negara Malaysia	-	2,590,145	2,590,145
Deferred tax assets	-	66,044	66,044
Investment in associates and joint ventures	-	674,463	674,463
Other assets	2,533,051	646,057	3,179,108
Reinsurance, retakaful assets and other insurance receivables	318,713	194,842	513,555
Investment properties	-	-	-
Property and equipment	-	292,787	292,787
Intangible assets	-	3,369,998	3,369,998
Assets held for sale	24,740	-	24,740
TOTAL ASSETS	**55,479,832**	**78,284,168**	**133,764,000**
LIABILITIES			
Deposits and placements of banks and other financial institutions	1,171,666	572,103	1,743,769
Recourse obligation on loans and financing sold to Cagamas Berhad	657,271	3,278,504	3,935,775
Derivative financial liabilities	1,406,219	616,588	2,022,807
Deposits from customers	86,076,938	4,281,638	90,358,576
Investment accounts of customers	18,411	-	18,411
Term funding	1,849,720	6,757,894	8,607,614
Debt capital	-	4,094,077	4,094,077
Redeemable cumulative convertible preference share	-	204,760	204,760
Deferred tax liabilities	-	83,050	83,050
Other liabilities	3,706,929	103,014	3,809,943
Insurance, takaful contract liabilities and other insurance payables	1,765,677	995,783	2,761,460
Liabilities directly associated with assets held for sale	4,370	-	4,370
TOTAL LIABILITIES	**96,657,201**	**20,987,411**	**117,644,612**

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

Group 31 March 2015	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
ASSETS			
Cash and short-term funds	10,758,600	-	10,758,600
Deposits and placements with banks and other financial institutions	4,068,819	-	4,068,819
Derivative financial assets	782,954	654,583	1,437,537
Financial assets held-for-trading	4,674,223	-	4,674,223
Financial investments available-for-sale	4,755,116	5,632,159	10,387,275
Financial investments held-to-maturity	518,485	3,346,023	3,864,508
Loans, advances and financing	30,419,957	55,753,838	86,173,795
Receivables: Investments not quoted in active markets	-	551,163	551,163
Statutory deposit with Bank Negara Malaysia	-	3,214,591	3,214,591
Deferred tax assets	-	83,434	83,434
Investment in associates and joint ventures	-	662,273	662,273
Other assets	2,686,510	980,535	3,667,045
Reinsurance, retakaful assets and other insurance receivables	291,320	142,609	433,929
Investment properties	-	7,713	7,713
Property and equipment	-	266,562	266,562
Intangible assets	-	3,348,121	3,348,121
Assets held for sale	204,236	-	204,236
TOTAL ASSETS	**59,160,220**	**74,643,604**	**133,803,824**
LIABILITIES			
Deposits and placements of banks and other financial institutions	2,023,514	278,150	2,301,664
Recourse obligation on loans and financing sold to Cagamas Berhad	832,355	1,937,230	2,769,585
Derivative financial liabilities	765,553	619,925	1,385,478
Deposits from customers	87,997,884	4,132,165	92,130,049
Term funding	245,905	8,056,449	8,302,354
Debt capital	764,281	3,816,292	4,580,573
Redeemable cumulative convertible preference share	-	198,821	198,821
Deferred tax liabilities	-	116,557	116,557
Other liabilities	3,777,301	140,374	3,917,675
Insurance, takaful contract liabilities and other insurance payables	2,410,570	134,079	2,544,649
Liabilities directly associated with assets held for sale	48,995	-	48,995
TOTAL LIABILITIES	**98,866,358**	**19,430,042**	**118,296,400**

Company 31 March 2016	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	21,033	-	21,033
Deposits and placements with banks and other financial institutions	5,354	-	5,354
Financial investments available-for-sale	-	121,860	121,860
Investment in subsidiaries and other investments	-	9,507,225	9,507,225
Other assets	3,681	35	3,716
Property and equipment	-	377	377
Total Assets	**30,068**	**9,629,497**	**9,659,565**
Liabilities			
Term funding	206,000	1,000,000	1,206,000
Other liabilities	33,738	3,521	37,259
Total Liabilities	**239,738**	**1,003,521**	**1,243,259**

48. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

Company 31 March 2015	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	12,464	-	12,464
Deposits and placements with banks and other financial institutions	25,131	-	25,131
Financial investments available-for-sale	-	110,704	110,704
Investment in subsidiaries and other investments	-	9,507,225	9,507,225
Other assets	20,376	5	20,381
Property and equipment	-	536	536
Total Assets	**57,971**	**9,618,470**	**9,676,441**
Liabilities			
Term funding	206,000	1,000,000	1,206,000
Other liabilities	32,794	8,079	40,873
Total Liabilities	**238,794**	**1,008,079**	**1,246,873**

49. CAPITAL MANAGEMENT

The capital and risk management of the banking subsidiaries of AMMB are managed collectively at Group level. The Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board. The capital plan ensures that adequate levels of capital and an optimum mix of different components of capital are maintained by the Group to support its strategy.

The capital plan takes the following into account:

(a) Regulatory capital requirements; and
(b) Capital requirement to support business growth, strategic objectives, buffer for material regulatory risks and stress test results.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them. In addition, the models enable the Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

Stress testing and scenario analysis are used to ensure that the Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Group and how these events could be mitigated. The Group's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The Group's assessment of risk appetite is closely integrated with the Group's strategy, business planning and capital assessment processes, and is used to inform senior management's views on the level of capital required to support the Group's business activities.

The Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the Group's management disciplines.

The capital that the Group is required to hold is determined by its statement of financial position, commitments and contingencies, counterparty and other risk exposures after applying collateral and other mitigants, based on the Group's risk rating methodologies and systems. BNM has the right to impose further capital requirements on Malaysian Financial Institutions.

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. Capital is maintained on the basis of the local regulator's requirements. It is overseen by the Group Chief Executive Officers Committee ("Group CEOs Committee"). The Group CEOs Committee is also responsible for managing the Group's statement of financial position, capital and liquidity.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee of Directors ("RMCD") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels. The Audit and Examination Committee ("AEC") reviews specific risk areas and the issues discussed at the key capital management committees.

Group CEOs Committee proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. For the current financial year ended 31 March 2016 ("FY 2016"), these ranges are 8.1% to 10.1% for the Common Equity Tier 1 Capital Ratio, 9.6% to 11.6% for the Tier 1 Capital Ratio, and 14.0% to 16.0% for the Total Capital Ratio. The Group has been operating within these ranges.

The Capital and Balance Sheet Management Department is responsible for the ongoing assessment of the demand for capital and the updating of the Group's capital plan.

Appropriate policies are also in place governing the transfer of capital within the Group. These ensure that capital is remitted as appropriate, subject to complying with regulatory requirements and statutory and contractual restrictions.

49. CAPITAL MANAGEMENT (CONT'D.)

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

	31 March 2016			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
Before deducting proposed dividends:				
CET1 Capital ratio	**11.082%**	**9.846%**	**33.574%**	**11.530%**
Tier 1 Capital ratio	**12.555%**	**9.846%**	**33.574%**	**12.568%**
Total Capital ratio	**15.770%**	**15.320%**	**33.574%**	**16.405%**
After deducting proposed dividends:				
CET1 Capital ratio	**10.640%**	**9.846%**	**31.204%**	**11.183%**
Tier 1 Capital ratio	**12.114%**	**9.846%**	**31.204%**	**12.221%**
Total Capital ratio	**15.328%**	**15.320%**	**31.204%**	**16.058%**

	31 March 2015			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
Before deducting proposed dividends:				
CET1 Capital ratio	10.653%	9.200%	24.196%	10.975%
Tier 1 Capital ratio	12.446%	9.200%	24.196%	12.245%
Total Capital ratio	16.020%	14.371%	24.196%	16.233%
After deducting proposed dividends:				
CET1 Capital ratio	10.023%	9.200%	22.820%	10.508%
Tier 1 Capital ratio	11.816%	9.200%	22.820%	11.778%
Total Capital ratio	15.390%	14.371%	22.820%	15.766%

Notes:

* The Group has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013 to 31 December 2015, the capital adequacy ratios are computed in accordance with BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which is based on the Basel III capital accord. The minimum regulatory capital adequacy requirements under transitional arrangements are as follows:

	Calendar Year		
	2013	2014	2015 onwards**
CET1 Capital ratio	**3.5%**	**4.0%**	**4.5%**
Tier 1 Capital ratio	**4.5%**	**5.5%**	**6.0%**
Total Capital ratio	**8.0%**	**8.0%**	**8.0%**

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

** excluding capital conservation buffer of 2.5% of total RWA and countercyclical capital buffer ranging between 0% and 2.5% of total RWA and additional buffer requirements that may be specified by BNM.

With effect from 1 January 2016, pursuant to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guidelines for its banking subsidiaries remained at 4.5% for CET1 Capital, 6.0% for Tier 1 capital and 8.0% 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 Bank has credit exposures

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

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

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

49. CAPITAL MANAGEMENT (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 March 2016			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group * RM'000
CET1 Capital				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	5,080,500	982,055	99,023	6,421,500
Available-for-sale reserve/(deficit)	11,951	(1,589)	-	10,162
Foreign exchange translation reserve	61,296	-	-	65,471
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Profit equalisation reserve	-	-	-	-
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	111,805
Cash flow hedging reserve	3,635	-	-	3,635
Qualifying minority interest	-	-	-	2
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	-
Intangible assets	(344,944)	(14)	(2,542)	(353,350)
Deferred tax assets	(115,179)	-	(4,899)	(121,133)
Profit equalisation reserve	-	-	-	-
Cash flow hedging reserve	(3,635)	-	-	(3,635)
55% of cumulative gains of AFS financial instruments	(6,573)	-	-	(6,463)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(23,106)	-	(8,321)	-
Deduction in excess of Tier 2 capital***	-	-	(1,477)	-
CET1 Capital	**7,408,122**	**2,650,904**	**481,784**	**10,945,438**
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	985,000	-	-	985,000
Tier 1 Capital	**8,393,122**	**2,650,904**	**481,784**	**11,930,438**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	600,000	-	1,000,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,180,680	600,000	-	1,780,680
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	583,675	273,963	4,071	861,733
Less: Regulatory adjustments applied on Tier 2 Capital	(15,404)	-	(4,071)	-
Tier 2 Capital	**2,148,951**	**1,473,963**	**-**	**3,642,414**
Total Capital	**10,542,073**	**4,124,867**	**481,784**	**15,572,852**
Credit RWA	60,022,744	26,112,657	1,096,673	86,456,861
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(1,003,979)	-	(1,003,979)
Total Credit RWA	60,022,744	25,108,678	1,096,673	85,452,882
Market RWA	2,231,172	296,231	35,738	2,573,750
Operational RWA	4,595,005	1,519,148	302,599	6,902,371
Large exposure risk RWA for equity holdings	-	-	-	-
Total Risk Weighted Assets	**66,848,921**	**26,924,057**	**1,435,010**	**94,929,003**

*** 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 BNM's guidelines on Capital Adequacy Framework (Capital Components).

49. CAPITAL MANAGEMENT (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 March 2015			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group * RM'000
CET1 Capital				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	4,874,087	747,523	82,533	5,953,934
Available-for-sale reserve/(deficit)	1,323	(6,592)	1,024	(4,309)
Foreign exchange translation reserve	50,585	-	-	87,982
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Profit equalisation reserve	-	3,904	-	3,904
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	111,805
Cash flow hedging reserve	(481)	-	-	(481)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	-
Intangible assets	(327,689)	(20)	(1,710)	(337,689)
Deferred tax assets	(98,869)	-	(2,782)	(105,328)
Profit equalisation reserve	-	(3,904)	-	(3,904)
Cash flow hedging reserve	481	-	-	481
55% of cumulative gains of AFS financial instruments	(728)	-	(563)	(1,256)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(28,652)	-	(52,370)	(12,846)
Deduction in excess of Tier 2 capital***	-	-	(74,446)	(13,922)
CET1 Capital	**7,214,234**	**2,411,363**	**351,686**	**10,495,815**
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,214,570	-	-	1,214,570
Tier 1 Capital	**8,428,804**	**2,411,363**	**351,686**	**11,710,385**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	350,000	-	750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,310,000	700,000	-	2,010,000
Collective allowance and regulatory reserve	753,172	305,338	4,111	1,059,188
Less: Regulatory adjustments applied on Tier 2 Capital	(42,978)	-	(4,111)	(5,348)
Tier 2 Capital	**2,420,194**	**1,355,338**	**-**	**3,813,840**
Total Capital	**10,848,998**	**3,766,701**	**351,686**	**15,524,225**
Credit RWA	60,253,770	25,790,830	1,122,413	86,924,956
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(1,363,811)	-	(1,363,811)
Total Credit RWA	60,253,770	24,427,019	1,122,413	85,561,145
Market RWA	2,774,466	230,629	16,101	3,122,643
Operational RWA	4,694,931	1,553,441	314,533	6,946,680
Large exposure risk RWA for equity holdings	-	-	438	1,474
Total Risk Weighted Assets	**67,723,167**	**26,211,089**	**1,453,485**	**95,631,942**

50. RISK MANAGEMENT

50.1 General Risk Management

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework that forms the foundation of the Group to set its risk/reward profile.

The Risk Appetite Framework is approved annually by the Board taking into account the Group's desired external rating and targeted profitability/return on equity ("ROE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/amendments taking into account prevailing or expected changes to the environment that the Group operates in.

The Risk Appetite Framework provides portfolio limits/parameters/controls for Credit Risk, Traded Market Risk, Non-Traded Market Risk, Operational Risk and Regulatory Compliance incorporating, inter alia, limits/controls for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity, operational risk and regulatory compliance.

Board Approved Risk Appetite Statement

The Group strategic goals are to sustain the top quartile ROE, and to maintain the credit rating of BBB+ or better (from international rating agencies) for the next one to two years. This is supported by sustainable asset quality and continued portfolio diversification within retail and non-retail businesses, with greater contribution from non-interest income, complemented by robust management of liquidity, disciplined execution of interest rate risk/rate of return risk in the balance sheet, and with support from strong level of capital.

The Group intends to maintain sufficient quantity and quality of capital in excess of Basel III requirement for Common Equity Tier 1, Tier 1 Capital, and Total Capital. Our capital requirements are robustly tested over a three year period.

We adopt a conservative approach to liquidity management, maintaining stable and diversified funding base consistent with Basel III liquidity matrix (Net Stable Funds Ratio, and Liquidity Coverage Ratios). Our targeted Unadjusted Loan Deposit Ratio is up to maximum 100% with continually improving current account and savings account ("CASA") deposit composition and market share.

The Group manages operational risk by setting the operational risk appetite statements and measurements that the Group is willing to tolerate to support its business strategies and objectives. The Group manages its reputational risk by not engaging in any activity that has potential to result in a material event or loss that would be outside the expectations of its stakeholders. The Group also manages its regulatory compliance risk by setting positive compliance culture and ensuring that the letter and spirit of regulatory requirements, applicable laws, rules, and standards in the respective jurisdictions are complied with.

The Group manages Shariah risk by ensuring that its operations, business, affairs and activities are in compliance with rulings of the BNM's Shariah Advisory Council ("SAC") and the AmBank Islamic's Shariah Committee.

The Group manages trading and sales activities by instituting appropriate governance, culture, and controls to promote acceptable behaviour.

Risk Management Governance

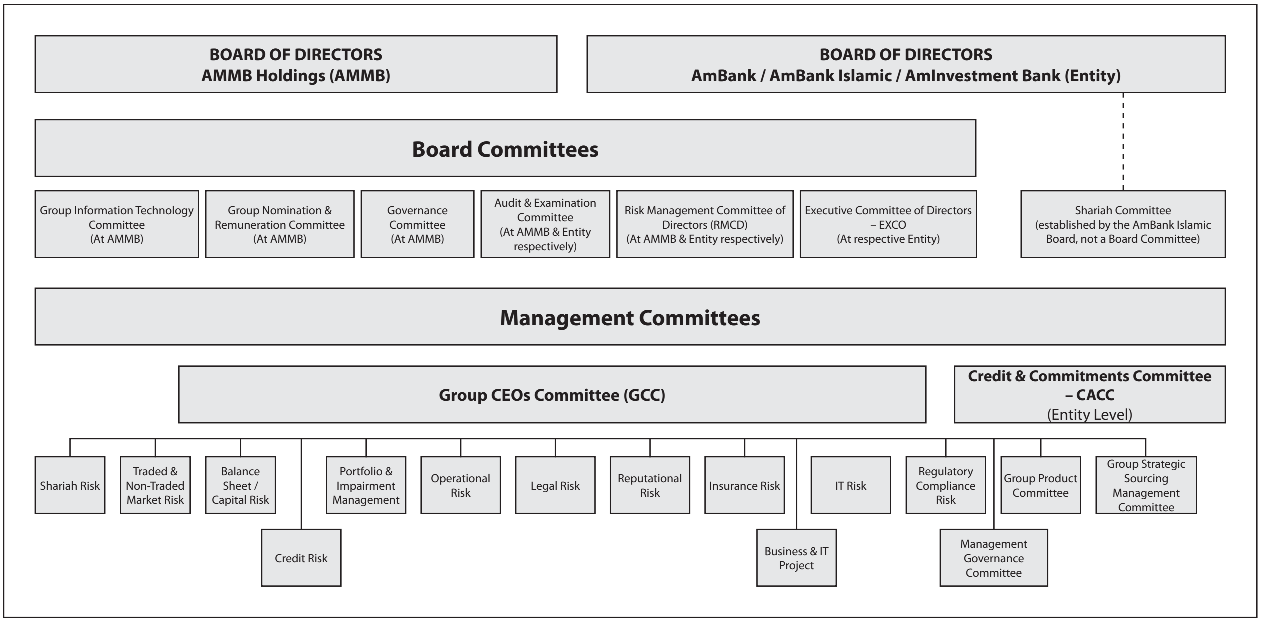
The Board is ultimately responsible for the management of risks within the Group. The RMCD is formed to assist the Board in discharging its duties in overseeing the overall management of all risks covering market risk, liquidity risk, credit risk, operational risk and regulatory compliance risk.

The Board has also established the Group CEOs Committee to assist it in managing the risks and businesses of the Group. The committee addresses all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, Shariah risk, compliance risk, reputational risk, product risk and business and IT risk.

50. RISK MANAGEMENT (CONT'D.)

50.1 General Risk Management (Cont'd.)

The following chart sets out the organisational structure of the Group CEOs Committee and an overview of the Group CEOs Committee's roles and responsibilities.



50.2 Credit Risk Management

The credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD") • Exposure at default ("EAD")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits • Benchmark Returns/Wholesale Pricing • Collateral & tailored facility structures
Monitoring/ Review	• Monitor and report portfolio mix • Review customer under Watchlist • Review customers under Rescheduled and Restructured Account • Undertake post mortem review

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending/financing, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions as well as Shariah compliance risk.

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group's Risk Appetite Framework and related credit policies.

For non-retail credits, risk recognition begins with an assessment of the financial standing of the borrower or counterparty using credit rating model. The model consists of quantitative and qualitative scores that are then translated into rating grades. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Group's credit exposures.

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes.

To support credit risk management, our rating models for major portfolios have been upgraded to facilitate:
- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- loan loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Lending/financing activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board of Directors. The Group's Risk Appetite Framework is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix. Credit Risk portfolio management strategies include, amongst others:

- Concentration threshold/review trigger:
  - single counterparty credit;
  - industry sector; and
  - country;
- Setting Loan/Financing to Value limits for asset backed loans/financing (i.e., property exposures and other collateral);
- Classified Account processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured ("R&R") Account Management sets out the controls in managing R&R loan/financing pursuant to the BNM's revised policy on Classification and Impairment Provisions for Loans/Financing issued in April 2015; and
- Setting Guidelines on Wholesale Pricing/Benchmark Returns which serve as a guide as to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

Individual credit risk exposure exceeding certain thresholds are escalated to Credit and Commitments Committee ("CACC") for approval. In the event such exposure exceeds CACC authority it will be submitted to Executive Committee of Directors ("EXCO") for review and endorsement or approval, as the case may be. Portfolio credit risk is reported to the relevant management and board committees.

The Group CEOs Committee regularly meets to review the quality and diversification of the Group's loan/ financing portfolio, approve new and amended credit risk policy, and review the portfolio risk profile against the Group Risk Appetite Framework ("GRAF").

Group Risk prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan/financing delinquency buckets and exposures by industry sectors are reported monthly by Group Risk to executive management and to all meetings of the Board.

The Group applies the Standardised Approach to determine the regulatory capital charge related to credit risk exposure.

MAXIMUM CREDIT RISK EXPOSURE AND CONCENTRATION

Credit Risk Exposure and Concentration

The Group's concentrations of risk are managed by industry sector, risk grade asset quality and single customer limit. The Group applies single customer limits ("SCL") to monitor the large exposures to single counterparty risk.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements equals the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For committed facilities which are undrawn, the maximum exposure to credit risk is the full amount of the committed facilities.

The following tables show the maximum exposure to credit risk from financial instruments, including derivatives, by industry and by geography, before taking into account of any collateral held or other credit enhancements.

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

50.2.1a Industry Analysis

Group 31 March 2016	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	-	-	-	-	-	-	-	5,326,623	6,661,698	-	-	-	-	-	11,988,321
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	833,630	500,000	-	-	-	-	-	1,333,630
Derivative financial assets	46,989	130,468	110,996	-	268	44,839	10,893	1,533,337	295	4,282	774	844	-	16	1,884,001
Financial assets held-for-trading	112,355	5,012	-	20,065	467,315	-	91,633	1,502,773	674,643	138,178	-	-	-	1,606,942	4,618,916
Money Market Securities	-	-	-	-	-	-	-	108,241	674,643	-	-	-	-	-	782,884
Quoted Private Debt Securities	-	-	-	-	-	-	-	38,962	-	-	-	-	-	-	38,962
Unquoted Private Debt Securities	112,355	5,012	-	20,065	467,315	-	91,633	1,355,570	-	138,178	-	-	-	1,606,942	3,797,070
Financial investments available-for-sale	93,043	-	90,632	219,745	1,228,378	93,686	365,344	5,644,514	1,461,994	387,121	29,179	-	-	849,445	10,463,081
Money Market Securities	-	-	-	-	-	-	-	4,034,259	1,461,994	-	-	-	-	-	5,496,253
Unquoted Private Debt Securities	93,043	-	90,632	219,745	1,228,378	93,686	365,344	1,610,255	-	387,121	29,179	-	-	849,445	4,966,828
Financial investments held-to-maturity	-	-	-	-	1,390,790	-	45,000	416,627	2,315,077	-	-	-	-	-	4,167,494
Money Market Securities	-	-	-	-	-	-	-	-	780,153	-	-	-	-	-	780,153
Unquoted Private Debt Securities	-	-	-	-	1,390,790	-	45,000	416,627	1,534,924	-	-	-	-	-	3,387,341
Loans, advances and financing	4,127,749	2,982,217	8,853,627	486,638	4,139,126	4,345,648	1,778,680	2,300,156	-	8,655,125	1,319,469	2,102,987	46,050,727	432,855	86,513,254
Hire purchase	3,423	517	10,479	833	20,383	48,304	12,079	5,964	-	807	11,617	19,104	21,323,927	6,421	21,463,858
Mortgage	17,294	1,951	84,245	2,626	82,414	126,354	13,211	4,323	-	124,329	70,261	97,928	20,323,189	123,173	21,071,298
Credit card	-	-	260	-	-	-	-	-	-	-	-	-	1,603,696	18	1,603,974
Other loans and financing	32,735	11,154	139,032	2,289	97,136	208,001	49,853	2,708	-	14,492	109,070	47,837	1,726,820	46,826	2,487,953
Corporate loans, advance and financing	4,074,297	2,968,595	8,619,611	480,890	3,939,193	3,962,989	1,703,537	2,287,161	-	8,515,497	1,128,521	1,938,118	1,073,095	256,417	40,947,921
Term loans and bridging loans	2,258,213	2,599,852	2,436,296	357,579	1,378,930	1,283,137	848,654	759,911	-	5,487,029	451,452	1,117,621	136,785	132,448	19,247,907
Revolving credits	1,504,121	341,660	1,865,486	119,141	1,532,424	419,758	615,789	1,516,103	-	2,372,741	398,590	786,255	917,365	40,652	12,430,085
Overdrafts	181,609	21,138	519,572	2,678	552,394	545,491	121,163	929	-	652,524	195,844	22,463	18,945	36,562	2,871,312
Trade	130,354	5,945	3,790,132	1,492	312,081	1,710,134	117,931	10,218	-	3,203	80,106	11,779	-	46,755	6,220,130
Factoring	-	-	8,125	-	163,364	4,469	-	-	-	-	2,529	-	-	-	178,487
Collective allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,061,750)
Receivables: investments not quoted in active markets	-	361,492	-	-	69,830	-	-	25,000	-	99,000	-	10,000	-	-	565,322
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	-	-	2,590,145	-	-	-	-	-	2,590,145
Other financial assets	1,825	3,732	3,051	4,440	36,392	1,782	21,223	1,578,916	58,288	9,981	137,717	4,425	40,152	632,515	2,534,439
	4,381,961	3,482,921	9,058,306	730,888	7,332,099	4,485,955	2,312,773	19,161,576	14,262,140	9,293,687	1,487,139	2,118,256	46,090,879	3,521,773	126,658,603
Contingent liabilities	42,707	495,998	1,386,075	595,044	2,617,650	675,870	289,500	782,104	-	869,601	138,751	38,823	405	105,233	8,037,761
Commitments	1,064,044	360,800	3,955,890	341,055	3,486,558	2,310,332	942,892	588,488	764,856	1,785,420	356,498	226,571	6,680,220	244,661	23,108,285
Total	**1,106,751**	**856,798**	**5,341,965**	**936,099**	**6,104,208**	**2,986,202**	**1,232,392**	**1,370,592**	**764,856**	**2,655,021**	**495,249**	**265,394**	**6,680,625**	**349,894**	**31,146,046**

50.2 Credit Risk Management (Cont'd.)

50.2.1a Industry Analysis

Group 31 March 2015	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	-	-	-	-	-	-	-	4,332,516	6,426,084	-	-	-	-	-	10,758,600
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	4,068,819	-	-	-	-	-	-	4,068,819
Derivative financial assets	2,090	82,303	100,213	-	5,613	9,168	8,031	1,191,908	-	2,399	35,684	126	-	2	1,437,537
Financial assets held-for-trading	-	56,227	-	19,592	15,143	-	40,504	2,802,619	1,322,287	141,162	-	-	-	94,914	4,492,448
Money Market Securities	-	-	-	-	-	-	-	119,109	1,303,586	-	-	-	-	-	1,422,695
Quoted Private Debt Securities	-	-	-	-	-	-	-	39,394	-	-	-	-	-	-	39,394
Unquoted Private Debt Securities	-	56,227	-	19,592	15,143	-	40,504	2,644,116	18,701	141,162	-	-	-	94,914	3,030,359
Financial investments available-for-sale	67,991	200,793	110,771	183,722	1,175,875	94,854	274,612	4,973,437	1,711,833	178,837	88,878	-	55,765	375,194	9,492,562
Money Market Securities	-	-	-	-	-	-	-	3,645,964	1,601,035	-	-	-	-	-	5,246,999
Unquoted Private Debt Securities	67,991	200,793	110,771	183,722	1,175,875	94,854	274,612	1,327,473	110,798	178,837	88,878	-	55,765	375,194	4,245,563
Financial investments held-to-maturity	-	-	-	-	1,391,876	-	45,000	417,466	2,010,166	-	-	-	-	-	3,864,508
Money Market Securities	-	-	-	-	-	-	-	-	518,486	-	-	-	-	-	518,486
Unquoted Private Debt Securities	-	-	-	-	1,391,876	-	45,000	417,466	1,491,680	-	-	-	-	-	3,346,022
Loans, advances and financing	4,285,412	3,069,742	8,416,217	1,224,926	3,978,518	4,600,573	2,321,617	2,254,565	-	8,637,613	1,208,755	1,706,590	45,392,729	489,962	86,173,795
Hire purchase	6,472	1,074	13,619	1,486	36,504	36,570	19,998	11,302	-	788	17,202	33,007	22,789,364	12,292	22,979,678
Mortgage	15,586	2,999	82,355	2,730	85,118	145,966	14,491	5,069	-	126,492	76,483	104,707	17,850,857	139,854	18,652,707
Credit card	-	-	185	-	-	-	-	-	-	-	-	-	1,757,324	19	1,757,528
Other loans and financing	88,835	27,721	207,168	8,286	175,862	260,475	92,913	3,368	-	38,287	192,611	64,511	2,002,117	111,905	3,274,059
Corporate loans, advance and financing	4,174,519	3,037,948	8,112,890	1,212,424	3,681,034	4,157,562	2,194,215	2,234,826	-	8,472,046	922,459	1,504,365	993,067	225,892	40,923,247
Term loans and bridging loans	2,344,112	2,682,267	2,351,821	1,065,892	1,512,603	1,444,184	1,133,884	1,078,645	-	6,215,706	507,610	1,081,389	42,527	65,506	21,526,146
Revolving credits	1,533,436	332,033	1,915,291	109,355	1,345,807	385,171	820,393	1,149,650	-	1,575,228	187,837	396,302	949,763	85,674	10,785,940
Overdrafts	180,328	20,994	472,077	22,318	455,524	543,668	141,401	-	-	648,963	164,209	22,403	777	37,272	2,709,934
Trade	116,643	2,654	3,370,682	14,859	262,982	1,782,214	98,537	6,531	-	32,149	60,664	4,271	-	37,440	5,789,626
Factoring	-	-	3,019	-	104,118	2,325	-	-	-	-	2,139	-	-	-	111,601
Collective allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,413,424)
Receivables: investments not quoted in active markets	-	357,333	-	-	69,830	-	-	25,000	-	99,000	-	-	-	-	551,163
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	-	-	3,214,591	-	-	-	-	-	3,214,591
Other financial assets	1,407	14,631	1,609	6,607	28,665	1,766	15,193	818,849	409,592	19,580	438,736	5,321	412,604	893,620	3,068,180
	4,356,900	**3,781,029**	**8,628,810**	**1,434,847**	**6,665,520**	**4,706,361**	**2,704,957**	**20,885,179**	**15,094,553**	**9,078,591**	**1,772,053**	**1,712,037**	**45,861,098**	**1,853,692**	**127,122,203**
Contingent liabilities	53,597	561,625	1,441,025	532,237	2,610,927	624,514	316,500	1,027,114	-	692,008	198,759	46,357	285	212,205	8,317,153
Commitments	856,551	523,748	4,186,461	167,423	3,366,939	1,967,043	718,581	1,604,668	-	415,300	2,120,583	437,720	8,407,664	104,436	24,877,117
Total	**910,148**	**1,085,373**	**5,627,486**	**699,660**	**5,977,866**	**2,591,557**	**1,035,081**	**2,631,782**	**-**	**1,107,308**	**2,319,342**	**484,077**	**8,407,949**	**316,641**	**33,194,270**
Company **31 March 2016**															
Cash and short-term funds	-	-	-	-	-	-	-	21,033	-	-	-	-	-	-	21,033
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	5,354	-	-	-	-	-	-	5,354
Other financial assets	-	-	-	-	-	-	-	12	831	-	-	-	-	2,873	3,715
	-	**-**	**-**	**-**	**-**	**-**	**-**	**26,399**	**831**	**-**	**-**	**-**	**-**	**2,873**	**30,103**
31 March 2015															
Cash and short-term funds	-	-	-	-	-	-	-	12,464	-	-	-	-	-	-	12,464
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	25,131	-	-	-	-	-	-	25,131
Other financial assets	-	-	-	-	-	-	-	49	-	-	-	-	-	-	49
	-	**-**	**-**	**-**	**-**	**-**	**-**	**37,644**	**-**	**-**	**-**	**-**	**-**	**-**	**37,644**

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

50.2.1b Geographical Analysis

Group 31 March 2016	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	10,275,086	1,713,235	11,988,321
Deposits and placements with banks and other financial institutions	1,333,630	-	1,333,630
Derivative financial assets	1,445,885	438,116	1,884,001
Financial assets held-for-trading	4,582,506	36,410	4,618,916
Money Market Securities	782,884	-	782,884
Quoted Private Debt Securities	38,962	-	38,962
Unquoted Private Debt Securities	3,760,660	36,410	3,797,070
Financial investments available-for-sale	10,150,341	312,740	10,463,081
Money Market Securities	5,496,253	-	5,496,253
Unquoted Private Debt Securities	4,654,088	312,740	4,966,828
Financial investments held-to-maturity	3,387,341	780,153	4,167,494
Money Market Securities	-	780,153	780,153
Unquoted Private Debt Securities	3,387,341	-	3,387,341
Loans, advances and financing	86,949,448	625,556	86,513,254
Hire purchase	21,463,858	-	21,463,858
Mortgage	21,071,298	-	21,071,298
Credit card	1,603,974	-	1,603,974
Other loans and financing	2,468,319	19,634	2,487,953
Corporate loans, advance and financing	40,341,999	605,922	40,947,921
Term loans and bridging loans	18,891,630	356,277	19,247,907
Revolving credits	12,186,708	243,377	12,430,085
Overdrafts	2,871,312	-	2,871,312
Trade	6,213,862	6,268	6,220,130
Factoring	178,487	-	178,487
Collective allowance	-	-	(1,061,750)
Receivables: investments not quoted in active markets	565,322	-	565,322
Statutory deposits with Bank Negara Malaysia	2,590,145	-	2,590,145
Other financial assets	2,345,934	188,505	2,534,439
	123,625,638	**4,094,715**	**126,658,603**
Contingent liabilities	7,847,668	190,093	8,037,761
Commitments	22,957,719	150,566	23,108,285
Total	**30,805,387**	**340,659**	**31,146,046**

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

50.2.1b Geographical Analysis (Cont'd.)

Group 31 March 2015	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	9,848,676	909,924	10,758,600
Deposits and placements with banks and other financial institutions	4,068,281	538	4,068,819
Derivative financial assets	1,020,239	417,298	1,437,537
Financial assets held-for-trading	4,325,927	166,521	4,492,448
Money Market Securities	1,422,695	-	1,422,695
Quoted Private Debt Securities	39,394	-	39,394
Unquoted Private Debt Securities	2,863,838	166,521	3,030,359
Financial investments available-for-sale	9,190,605	301,957	9,492,562
Money Market Securities	5,246,999	-	5,246,999
Unquoted Private Debt Securities	3,943,606	301,957	4,245,563
Financial investments held-to-maturity	3,346,022	518,486	3,864,508
Money Market Securities	-	518,486	518,486
Unquoted Private Debt Securities	3,346,022	-	3,346,022
Loans, advances and financing	85,311,712	862,083	86,173,795
Hire purchase	22,979,678	-	22,979,678
Mortgage	18,652,707	-	18,652,707
Credit card	1,757,528	-	1,757,528
Other loans and financing	3,247,437	26,622	3,274,059
Corporate loans, advance and financing	40,086,055	837,192	40,923,247
Term loans and bridging loans	21,066,417	459,729	21,526,146
Revolving credits	10,461,674	324,266	10,785,940
Overdrafts	2,709,934	-	2,709,934
Trade	5,736,429	53,197	5,789,626
Factoring	111,601	-	111,601
Collective allowance	(1,411,693)	(1,731)	(1,413,424)
Receivables: investments not quoted in active markets	551,163	-	551,163
Statutory deposits with Bank Negara Malaysia	3,214,591	-	3,214,591
Other financial assets	2,870,775	197,405	3,068,180
	123,747,991	**3,374,212**	**127,122,203**
Contingent liabilities	8,145,969	171,184	8,317,153
Commitments	24,766,565	110,552	24,877,117
Total	**32,912,534**	**281,736**	**33,194,270**

Company 31 March 2016			
Cash and short-term funds	21,033	-	21,033
Deposits and placements with banks and other financial institutions	5,354	-	5,354
Other financial assets	3,715	-	3,715
Total	**30,102**	**-**	**30,102**
31 March 2015			
Cash and short-term funds	12,464	-	12,464
Deposits and placements with banks and other financial institutions	25,131	-	25,131
Other financial assets	49	-	49
Total	**37,644**	**-**	**37,644**

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

MAIN TYPES OF COLLATERAL

Main Types of Collateral Taken by the Group

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. Types of collateral typically taken by the Group include:

- Cash and term deposits
- Exchange traded shares, bonds, sukuks, convertible bonds and marketable securities
- Non-exchange traded debt securities/sukuks
- Unit trusts (including Amanah Saham Nasional, Amanah Saham Bumiputera and mutual funds)
- Non-exchange traded shares
- Residential and non-residential property
- Plantation land, mining land, quarry land and vacant land
- Passenger vehicle, commercial vehicle, construction vehicle and vessel
- Plant and machineries

In the case of the Group's Islamic Banking operations, only Shariah approved assets can be accepted as permissible collateral.

Where the customer risk profile is considered very sound (or by nature of the product, for instance small limit products such as credit cards), a transaction may be provided on an "unsecured" basis, i.e., not supported by collateral.

In addition to rating customer's probability of default via an internal risk rating system, the Group uses Security Indicators ("SIs") in its non-retail portfolio to assess the strength of collateral supporting its exposures.

The Group Collateral Policy issued in August 2015, is the internally recognised collateral framework for lending/financing purposes as well as for regulatory capital.

Processes for Collateral Management

To support the development of processes around collateral valuation and management, the concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

Guarantee Support

Guarantee support for lending proposals are an integral component in transaction structuring for the Group. The guarantee of a financially strong party can help improve the risk grade of a transaction through its explicit support of the borrower, where borrower's risk grade will be enhanced with guarantor's risk grade.

Guarantees that are recognised for risk grading purposes may be provided by parties that include associated entities, banks or sovereigns. Credit policy provides threshold parameters to determine acceptable counterparties in achieving risk grade enhancement of the transaction. Guarantee by a counterparty with lower rating than the Borrower is not recognised as part of the risk grade enhancement.

Use of Credit Derivatives and Netting for Risk Mitigation

Currently, the Group does not use credit derivatives and netting for risk mitigation.

Transaction Structuring to Mitigate Credit Risk

Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the number of years the loan/financing is extended, amortisation schedules and loan/financing covenants. These assist in managing credit risk and in providing early warning signals, whereby should loan/financing covenants be breached, the Group and the customer can work together to address the underlying causes and as appropriate, restructure facilities.

The main types of collateral undertaken by the Group are properties, motor vehicles and exchange traded shares.

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

CREDIT QUALITY

Credit Quality

The credit quality of financial assets are analysed based on broad categories. Internal credit rating grades assigned to corporate and retail lending business were realigned in 2015 from existing 5 rating categories to 8 rating categories (seven for non-defaulted and one for those that have defaulted) in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets). The following categories based on the descriptions are appended below.

Description of the Categories for Retail Banking

Risk Grade	Category	PD ranges	Description
1 to 6	Exceptionally Strong	0.0001% to 0.0737%	• Exceptionally good credit risk profile. • Very strong willingness to meet its financial commitments. • Exhibits high degree resilience to adverse development.
7 to 12	Very strong	0.0738% to 0.5942%	• Very Good credit risk profile. • Strong willingness to meet its financial commitments. • Exhibits high degree resilience to adverse development.
13 to14	Strong	0.5943% to 1.0159%	• Good credit risk profile. • Exhibit willingness to meet its financial commitments. • Generally in a position to withstand adverse development.
15 to 16	Satisfactory	1.0160% to 2.2722%	• Satisfactory credit risk profile. • Adequate willingness to meet its financial commitments. • Generally in a position to resolve any apparent shortcoming within an acceptable time frame.
17 to 18-	Moderate	2.2723% to 4.1028%	• Moderate credit risk profile. • Willingness to meet its financial commitments would be uncertain in the event of adverse changes in circumstances and economic conditions.
19+ to 20-	Marginal	4.1029% to 8.2931%	• Marginal credit risk profile. • Willingness to meet its financial commitments would be uncertain under normal circumstances and economic conditions.
21 to 24	Substandard	>=8.2932%	• Substandard credit risk profile. • Exhibit less willingness to meet its financial commitments under normal circumstances and economic conditions.
99	Impaired	100%	• Classified as impaired as per the Policy on Definition of Default/Impaired for Credit Facility.

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

CREDIT QUALITY (Cont'd.)

Description of the Categories for Wholesale Banking

Credit Quality Classification	Definition
Exceptionally Strong	Highest rating, for exceptionally strong government institutions and a small number of very large multinational institutional clients. The key characteristics are:- • Exceptionally solid and stable operating and financial performance. • Debt servicing capacity has been exceptionally strong over the long term. • All available information, of which there is a substantial quantity of extremely high quality, supports the view that these historical performance standards will be maintained for the foreseeable future.
Very Strong	Strong government institutions or institutional clients, with identifiably higher, albeit modest, long term risk but still demonstrating solid and stable operating and financial performance. The key characteristics are:- • Based on their activities, financial profile and past capacity to repay, counterparties with this rating carry a small, but clearly identifiable degree of risk. • Debt servicing capacity in previous period has been substantial and solid, and is projected to continue over the medium term but may be more vulnerable to changes in business, economic and financial conditions than is the case for stronger ratings.
Strong	Counterparties demonstrate medium to long-term operational and financial stability and consistency but they are identifiably susceptible to cyclical trends or variability in earnings. The key characteristics are:- • Counterparties present an identifiable degree of generally acceptable risk, possibly expressing itself as variability in financial and/or operating performance. • Debt servicing capacity is quite good but adverse changes in circumstances and economic conditions are more likely to impair this capacity.
Satisfactory	Counterparties demonstrate adequate medium term operational and financial stability. Protection factors are considered sufficient for prudent investment. The key characteristics are:- • Counterparties present a mostly satisfactory risk that requires mitigation, possibly expressing itself as variability in financial and/or operating performance. • Debt servicing capacity is satisfactory but adverse changes in circumstances and economic condition may impair this capacity. • Counterparty's financial and/or non-financial profile provides a limited buffer to mitigate the negative impact of any future adverse changes in circumstances and economic conditions.
Moderate	Counterparties demonstrate limited operational and financial stability and may have a track record of fluctuating and poor earnings and profitability evidencing their past susceptibility to cyclical trends. The key characteristics are:- • Capacity for timely fulfillment of financial obligations exists. • Adverse economic condition or changing business environment is more likely to lead to weakened capacity to meet timely repayment in the long run. • Overall credit quality may be more volatile within this category.
Marginal	Counterparties demonstrate sustained operational and financial instability. The key characteristics are:- • Erratic performance with one or more recent loss periods, increased borrowings or patchy account conduct. • Debt servicing capacity is marginal. • Often under strong, sustained competitive pressure. • Variability and uncertainty in profitability and liquidity is projected to continue over the short and possibly medium term. • Significant changes and instability in senior management may be observed.
Substandard	Lowest rating for counterparties that continuously demonstrate operational and financial instability. The key characteristics are:- • Mediocre financials with consistent loss periods, increased borrowings and/or poor account conduct. • Current and expected debt servicing capacity is inadequate. • Financial solvency is questionable and/or financial structure is weak. • Deteriorating state of business and require significant changes in strategies or practices to return business to sustainable state. • Experiencing difficulties, which may result in default in the next one to two years.
Impaired	Impaired account. The key characteristic is that the counterparty has been classified as "impaired" as per the Classified Account Management Policy for Credit Facility.

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

CREDIT QUALITY (Cont'd.)

The table below provides the External Credit Assessment Institutions ("ECAIs") rating that broadly corresponds to the broad internal credit quality categories which are applicable to Wholesale Banking.

Credit Quality Classification	Moody's	S&P	Fitch	RAM	MARC
Exceptionally Strong	Aaa to A2	AAA to A	AAA to A		
Very Strong	A3 to Baa3	A- to BBB-	A- to BBB-	AAA to AA3	AAA to AA
Strong	Ba1 to Ba2	BB+ to BB	BB+ to BB	A1 to A2	
Satisfactory	Ba3	BB-	BB-	A3 to BBB2	AA- to A+
Moderate	B1 to B2	B+ to B	B+ to B	BBB3 to BB1	A to A-
Marginal	B3	B-	B-	BB2 to B1	BBB+ to BBB-
Substandard	Caa1 to C	CCC+ to C	CCC to C	B2 to C3	BB+ to C
Impaired	D	D	D	D	D

The above ECAIs used by the Group are:

- Standard & Poor's Rating services ("S&P")
- Moody's Investors Service ("Moody's")
- Fitch Rating ("Fitch")
- Malaysian Rating Corporation Berhad ("MARC")
- Rating Agency Malaysia ("RAM")

IMPAIRMENT

Definition of Past Due and Impaired Loans

All loans, financing and advances are categorised as either:

- Neither past due nor impaired;
- Past due but not impaired; or
- Impaired

An asset is considered past due when any payment (whether principal and/or interest) due under the contractual terms are received late or missed.

A loan/financing is classified as impaired under the following circumstances:

(a) When the principal or interest/profit or both is past due[1] or the amount outstanding is in excess of approved limit (for revolving facilities), each for more than 90 days or 3 months on any material obligation[2]; or

(b) For loans/financing where repayments are scheduled on intervals of 3 months or longer, the loan/financing is to be classified as impaired 1+30 days or 1day+1 month past due (the 30-days grace period is to allow for exclusion of administrative default[3]);

(c) For trade bills/facilities, an account is deemed defaulted and impaired when the past due is 90 days from due date of the bill.

(d) A loan/financing may also be classified as impaired:

i. If it is probable that the bank will be unable to collect all amounts due (including both interest/profit and principal) according to the contractual terms of the agreement; or

ii. Due to cross-default. Cross-default occurs when:
- a default of a loan/financing obligation of a customer triggers a default of another loan/financing obligation of the same customer or
- a default of a loan/financing obligation of a customer triggers a default of a loan/financing obligation of other customer within the same customer group.

The Credit and Commitments Committee ("CACC") is allowed to waive the declaration of cross-default across all accounts of the same customer or accounts of all customer within the same customer group; or

iii. If deemed appropriate by the Watchlist Committee.

[1] For credit card facilities, an account is "past due" when the card member fails to settle the minimum monthly repayment due before the next billing date.
[2] Material obligation as determined by Management. Current "material" threshold is set at more than RM200.00
[3] Administrative defaults include cases where exposures become overdue because of oversight on the part of the obligor and/or the banking institution. Instances of administrative defaults may be excluded from the historical default count, subject to appropriate policies and procedures established by the banking institution to evaluate and approve such cases.

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

IMPAIRMENT (Cont'd.)

Definition of Past Due and Impaired Loans (Cont'd.)

(e) Debt instruments (for example, fixed income securities, debt converted instrument etc.) shall be classified as impaired when the coupon or interest payment is 1 day past due; or

i. When the coupon/interest payment or face/nominal value redemption is one (1) day past due after the grace period, where there is a stipulated grace period within the contractually agreed terms; or

ii. When an event of default ("EOD") has been declared by the Trustee/Facility Agent[4] for reasons other than payment in default (as outlined in the Trust Deeds Guidelines issued by the Securities Commission of Malaysia); or

iii. Where it is deemed appropriate to classify as impaired and approved by the Watchlist Committee.

(f) In the case of stock broking and futures broking:

i. For margin financing, the account is impaired after 7 days when there is shortfall to market value i.e. the collateral value is lower than the outstanding balance.

ii. For futures business, the account is impaired when the overlosses are not remedied within 30 days and are not secured against dealer's retention funds.

(g) The loan/financing is deemed impaired when it is classified as rescheduled or restructured ("R&R") in the Central Credit Reference Information System ("CCRIS").

Methodology for Determination of Individual and Collective Allowances

An assessment is performed to determine whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant or not individually impaired.

Individual Assessment

Individual assessment is divided into 2 main processes – detection of an event(s) and an assessment of impairment:

(a) Trigger management
In trigger management, financial assets which are above the pre-set individual assessment threshold are assessed using the relevant impairment triggers for objective evidence of impairment.

(b) Valuation of assets
Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value or fair value is less than the carrying value.

Collective Assessment

Loans and advances, and commitments and contingencies below the significant threshold and those not assessed to be individually impaired, will be subject to collective assessment and a collective allowance will be computed accordingly. The collective impairment assessment and provisioning methodology uses historical loss data to derive the level of provisions. The collective provisions is computed after making the necessary adjustments to reflect current economic conditions.

With effect from 31 December 2015, the Group is required to maintain, in aggregate, collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing[5] net of individual impairment.

---

[4] In cases where the bond/sukuk holdings are not governed by a Trust Deed, the Facility Agent may declare, if so requested in writing by the bond/sukuk holders by way of Special Resolution that an EOD has occurred (subject to the Agency Agreement between issuers and facility agent), notwithstanding the stated maturity of the bond/sukuk.
[5] Excluding loans/financing with an explicit guarantee from the Government of Malaysia.

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

50.2.1c Credit Quality By Class of Financial Assets

Group 31 March 2016	Neither past due nor impaired Exceptionally strong credit profile RM'000	Very strong credit profile RM'000	Strong credit profile RM'000	Satisfactory risk RM'000	Moderate risk RM'000	Marginal risk RM'000	Sub-standard RM'000	Unrated RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Gross amount individually impaired RM'000	Individual allowance RM'000
Cash and short-term funds	1,974,500	9,965,815	48,003	-	-	-	-	3	-	-	11,988,321	-	-
Deposits and placements with banks and other financial institutions	-	1,333,515	115	-	-	-	-	-	-	-	1,333,630	-	-
Derivative financial assets	47,525	1,074,589	628,681	77,487	39,488	1,294	8,588	6,349	-	-	1,884,001	-	-
Financial assets held-for-trading	76,953	3,659,377	155,490	445,726	-	-	-	281,370	-	-	4,618,916	-	-
Money Market Securities	76,953	614,852	-	-	-	-	-	91,079	-	-	782,884	-	-
Quoted Private Debt Securities	-	38,962	-	-	-	-	-	-	-	-	38,962	-	-
Unquoted Private Debt Securities	-	3,005,563	155,490	445,726	-	-	-	190,291	-	-	3,797,070	-	-
Financial investments available-for-sale	11,683	10,266,168	38,784	146,446	-	-	-	-	-	-	10,463,081	5,000	(5,000)
Money Market Securities	-	5,496,253	-	-	-	-	-	-	-	-	5,496,253	-	-
Unquoted Private Debt Securities	11,683	4,769,915	38,784	146,446	-	-	-	-	-	-	4,966,828	5,000	(5,000)
Financial investments held-to-maturity *	780,153	3,386,145	-	-	-	-	-	1,105	-	3,099	4,170,502	3,099	(3,008)
Money Market Securities	780,153	-	-	-	-	-	-	-	-	-	780,153	-	-
Unquoted Private Debt Securities	-	3,386,145	-	-	-	-	-	1,105	-	3,099	3,390,349	3,099	(3,008)
Gross loans, advances and financing *	83,632	31,849,211	14,898,811	14,034,950	9,573,515	4,054,126	2,633,733	-	9,063,441	1,700,854	87,892,273	848,210	(317,269)
Hire purchase	6,533	10,296,811	1,345,992	2,143,598	805,349	443,746	185,801	-	5,954,667	281,361	21,463,858	-	-
Mortgage	-	6,450,944	6,658,747	1,451,783	2,540,332	353,854	854,852	-	2,390,856	373,550	21,074,918	12,642	(3,620)
Credit card	-	114,808	113,746	775,853	154,430	94,266	59,193	-	266,226	25,452	1,603,974	-	-
Other loans and financing	-	11,083	324,548	1,350,687	189,296	147,293	106,611	-	266,200	97,578	2,493,296	11,744	(5,343)
Corporate loans, advance and financing	77,099	14,975,565	6,455,778	8,313,029	5,884,108	3,014,967	1,427,276	-	185,492	922,913	41,256,227	823,824	(308,306)
Term loans and bridging loans	16,449	7,324,870	2,791,371	3,312,245	2,724,173	2,043,986	365,525	-	171,009	700,526	19,450,154	641,962	(202,247)
Revolving credits	41,813	4,718,562	2,221,872	2,675,561	1,773,574	114,427	809,383	-	3,578	106,451	12,465,221	89,050	(35,136)
Overdrafts	-	459,591	259,354	786,016	659,524	516,135	155,399	-	1,486	70,277	2,907,782	46,935	(36,470)
Trade	18,837	2,469,572	1,173,081	1,460,865	690,979	290,184	95,987	-	9,419	44,318	6,253,242	44,470	(33,112)
Factoring	-	2,970	10,100	78,342	35,858	50,235	982	-	-	1,341	179,828	1,407	(1,341)
Receivables: investments not quoted in active markets	-	-	-	-	-	-	-	565,322	-	-	565,322	-	-
Statutory deposits with Bank Negara Malaysia	-	2,590,145	-	-	-	-	-	-	-	-	2,590,145	-	-
Other financial assets	194,755	888,130	111,531	29,070	345,693	1,135	18,565	943,989	8,478	13,896	2,555,242	16,500	(20,803)
	3,169,201	**65,013,095**	**15,881,415**	**14,733,679**	**9,958,696**	**4,056,555**	**2,660,886**	**1,798,138**	**9,071,919**	**1,717,849**	**128,061,433**	**872,809**	**(346,080)**

* The amounts presented above are gross of impairment allowances.

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

50.2.1c Credit Quality By Class of Financial Assets (Cont'd.)

Group 31 March 2015	Neither past due nor impaired Exceptionally strong credit profile RM'000	Very strong credit profile RM'000	Strong credit profile RM'000	Satisfactory risk RM'000	Moderate risk RM'000	Marginal risk RM'000	Sub-standard RM'000	Unrated RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Gross amount individually impaired RM'000	Individual allowance RM'000
Cash and short-term funds	5,987,475	4,601,591	169,534	-	-	-	-	-	-	-	10,758,600	-	-
Deposits and placements with banks and other financial institutions	6,833	3,911,986	150,000	-	-	-	-	-	-	-	4,068,819	-	-
Derivative financial assets	40,869	906,070	425,630	50,592	8,513	1,832	519	3,512	-	-	1,437,537	-	-
Financial assets held-for-trading	56,227	4,332,809	73,107	-	-	-	-	30,305	-	-	4,492,448	-	-
Money Market Securities	-	1,422,695	-	-	-	-	-	-	-	-	1,422,695	-	-
Quoted Private Debt Securities	-	39,394	-	-	-	-	-	-	-	-	39,394	-	-
Unquoted Private Debt Securities	56,227	2,870,720	73,107	-	-	-	-	30,305	-	-	3,030,359	-	-
Financial investments available-for-sale	-	9,006,596	300,233	152,382	-	-	-	33,342	-	9	9,492,562	5,009	(5,000)
Money Market Securities	-	5,147,559	99,440	-	-	-	-	-	-	-	5,246,999	-	-
Unquoted Private Debt Securities	-	3,859,037	200,793	152,382	-	-	-	33,342	-	9	4,245,563	5,009	(5,000)
Financial investments held-to-maturity *	518,486	3,344,039	-	-	-	-	-	1,983	-	6,198	3,870,706	6,198	(6,198)
Money Market Securities	518,486	-	-	-	-	-	-	-	-	-	518,486	-	-
Unquoted Private Debt Securities	-	3,344,039	-	-	-	-	-	1,983	-	6,198	3,352,220	6,198	(6,198)
Gross loans, advances and financing *	65,394	30,071,860	11,665,288	16,321,786	8,345,677	6,468,617	3,009,725	10,917	10,291,048	1,572,730	87,823,042	390,690	(235,823)
Hire purchase	47,470	9,738,419	2,002,772	2,149,497	843,712	561,534	270,068	485	6,975,925	390,988	22,980,870	1,209	(1,192)
Mortgage	2,637	7,844,054	3,249,369	3,464,995	724,962	410,225	328,190	3,682	2,222,163	409,326	18,659,603	13,947	(6,896)
Credit card	-	89,122	138,338	931,008	127,472	60,243	26,469	-	366,417	18,459	1,757,528	-	-
Other loans and financing	4,042	156,065	407,768	1,645,545	286,929	299,322	93,415	-	296,251	113,115	3,302,452	34,264	(28,393)
Corporate loans, advance and financing	11,245	12,244,200	5,867,041	8,130,741	6,362,602	5,137,293	2,291,583	6,750	430,292	640,842	41,122,589	341,270	(199,342)
Term loans and bridging loans	-	6,629,333	2,751,949	3,505,534	2,929,812	3,363,993	1,520,315	6,750	407,559	502,023	21,617,268	208,124	(91,122)
Revolving credits	-	3,387,972	2,068,074	2,646,499	1,678,194	433,380	567,107	-	4,714	28,239	10,814,179	32,009	(28,239)
Overdrafts	-	341,800	332,653	463,607	736,170	636,355	158,538	-	17,220	45,611	2,731,954	37,977	(22,020)
Trade	11,245	1,882,201	713,429	1,493,026	980,231	658,273	45,623	-	799	62,622	5,847,449	63,019	(57,823)
Factoring	-	2,894	936	22,075	38,195	45,292	-	-	-	2,347	111,739	141	(138)
Receivables: investments not quoted in active markets	-	-	-	-	-	-	-	551,163	-	-	551,163	-	-
Statutory deposits with Bank Negara Malaysia	-	3,214,591	-	-	-	-	-	-	-	-	3,214,591	-	-
Other financial assets	185,160	1,197,462	138,864	209,864	334,451	-	17,612	980,115	16,746	13,826	3,094,100	27,430	(25,920)
	6,860,444	**60,587,004**	**12,922,656**	**16,734,624**	**8,688,641**	**6,470,449**	**3,027,856**	**1,611,337**	**10,307,794**	**1,592,763**	**128,803,568**	**429,327**	**(272,941)**

* The amounts presented above are gross of impairment allowances.

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

50.2.1c Credit Quality By Class of Financial Assets (Cont'd.)

Company 31 March 2016	Neither past due nor impaired Very strong credit profile RM'000	Neither past due nor impaired Strong credit profile RM'000	Total RM'000
Cash and short-term funds	21,033	-	21,033
Deposits and placements with banks and other financial institutions	5,354	-	5,354
Other financial assets	3,715	-	3,715
	30,102	**-**	**30,102**
Company			
31 March 2015			
Cash and short-term funds	12,464	-	12,464
Deposits and placements with banks and other financial institutions	25,131	-	25,131
Other financial assets	-	49	49
	37,595	**49**	**37,644**

50.2.1d Aging Analysis of Past Due But Not Impaired By Class of Financial Assets

Group 31 March 2016	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	Total RM'000
Gross loans, advances and financing	6,933,331	2,130,110	-	9,063,441
Hire purchase	4,779,249	1,175,418	-	5,954,667
Mortgage	1,624,731	766,125	-	2,390,856
Credit card	184,406	81,820	-	266,226
Other loans and financing	191,283	74,917	-	266,200
Corporate loans, advance and financing	153,662	31,830	-	185,492
Term loans and bridging loans	142,000	29,009	-	171,009
Revolving credits	3,578	-	-	3,578
Overdrafts	1,486	-	-	1,486
Trade	6,598	2,821	-	9,419
Other financial assets	6,962	700	816	8,478
Total gross loans and advances	**6,940,293**	**2,130,810**	**816**	**9,071,919**

Group 31 March 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	Total RM'000
Gross loans, advances and financing	6,942,688	3,348,360	-	10,291,048
Hire purchase	4,811,923	2,164,002	-	6,975,925
Mortgage	1,353,582	868,581	-	2,222,163
Credit card	236,240	130,177	-	366,417
Other loans and financing	180,268	115,983	-	296,251
Corporate loans, advance and financing	360,675	69,617	-	430,292
Term loans and bridging loans	343,161	64,398	-	407,559
Revolving credits	4,714	-	-	4,714
Overdrafts	12,218	5,002	-	17,220
Trade	582	217	-	799
Other financial assets	3,779	1,695	11,272	16,746
Total gross loans and advances	**6,946,467**	**3,350,055**	**11,272**	**10,307,794**

50. RISK MANAGEMENT (CONT'D.)

50.2 Credit Risk Management (Cont'd.)

50.2.1e Estimated value of collateral for financial assets

The following table summarises the financial effects of collateral received from loans, advances and financing:

	Gross exposure to credit risk		Financial effect of collateral		Unsecured portion of credit exposure	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Group						
Gross loans, advances and financing						
Hire purchase	21,463,858	22,980,870	19,571,769	11,941,005	1,892,089	11,039,865
Mortgage	21,074,918	18,659,603	20,824,600	18,459,443	250,318	200,160
Credit card	1,603,974	1,757,528	21,294	20,916	1,582,680	1,736,612
Other loans and financing	2,493,296	3,302,452	570,692	1,226,530	1,922,604	2,075,922
Corporate loans, advance and financing	41,256,227	41,122,589	19,260,770	19,085,239	21,995,457	22,037,350
Term loans and bridging loans	19,450,154	21,617,268	10,988,182	11,591,102	8,461,972	10,026,166
Revolving credits	12,465,221	10,814,179	5,178,251	4,713,658	7,286,970	6,100,521
Overdrafts	2,907,782	2,731,954	1,768,117	1,571,088	1,139,665	1,160,866
Trade	6,253,242	5,847,449	1,314,600	1,198,175	4,938,642	4,649,274
Factoring	179,828	111,739	11,620	11,216	168,208	100,523
Total	**87,892,273**	**87,823,042**	**60,249,125**	**50,733,133**	**27,643,148**	**37,089,909**

50.2.1f Collateral Repossessed

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Residential properties	150	150
Non-residential properties	65,610	61,672
	65,760	**61,822**

The above assets are accounted for as foreclosed properties under other assets (Note 17). There were no new assets obtained for the financial year 2016 and 2015.

50. RISK MANAGEMENT (CONT'D.)

50.3 Liquidity Risk and Funding Management

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding management may lead to liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management process is depicted in the table below:

Identification	• Identify liquidity risk within existing and new business activities • Review market-related information such as market trend and economic data • Keep abreast with regulatory requirements
Assessment/ Measurement	• Liquidity Coverage Ratios ("LCR"') • Deposit Concentration Ratios • Loans to Deposit Ratio ("LDR") • Other Detailed Management Controls
Control/ Mitigation	• LCR Limits • Depositor Concentration Ratios • LDR Limits • Other Detailed Management Limits
Monitoring/ Review	• Monitor limits • Periodical review and reporting

The liquidity risk management of the Group is aligned to BNM's Liquidity Coverage Ratio ("LCR") issued by BNM on 31 March 2015. The primary objective of the Group's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

The Board provides the liquidity risk management oversight while the Group CEOs Committee is the responsible governing body that approves the Group's liquidity management and strategies policies, and is responsible for setting liquidity limits, proposing liquidity risk policies and contingency funding plan, and practices to be in compliance with local regulatory requirements, and monitor liquidity on an ongoing basis. The Capital and Balance Sheet Management Department and Group Risk Management propose and oversee the implementation of policies and other controls relating to the above risks.

The Group has put in place a Contingency Funding Plan to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

The Group has in place various liquidity measurements that provide the Group with visibility from volatility of customer's deposits to the concentration ratio of chunky deposits. Group Risk Management is responsible for monitoring the controls and limits while the Capital and Balance Sheet Management Department is responsible to ensure the controls and limits are within the thresholds.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Group's liquidity at risk. The Group further stresses the importance of customer deposit accounts as a source of funds to finance lending/financing to customers. They are monitored using the unadjusted loans/financing to deposit ratio, which compares loans/financing and advances to customers as a percentage of customer deposit accounts.

As conservative liquidity management practice, part of the Group's medium term assets are funded by medium term liabilities. Medium term is defined by the Group as remaining term to maturity in excess of one year.

In preparation to the impending implementation of BNM's Basel III Net Stable Funding Ratio ("NSFR"), the Group is already monitoring the NSFR and continue to pursue strategies to ensure the availability of cost effective liquidity.

50. RISK MANAGEMENT (CONT'D.)

50.3 Liquidity Risk and Funding Management (Cont'd.)

50.3.1 Analysis of Assets and Liabilities By Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's assets and liabilities as at 31 March. All derivatives used for hedging purposes are shown by maturity, based on their contractual undiscounted repayment obligations.

Repayment which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. It should be noted that this is not how the Group manages its liquidity risk for off-balance sheet exposures.

50.3.1a Analysis of Assets and Liabilities By Remaining Contractual Maturities

Group 31 March 2016	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	11,997,632	-	-	-	-	-	-	11,997,632
Deposits and placements with banks and other financial institutions	-	1,344,901	-	-	-	-	-	1,344,901
Derivative financial assets	218,146	319,572	606,340	342,942	377,469	126,135	-	1,990,604
Financial assets held-for-trading	746,099	353,063	208,097	459,760	2,398,906	1,219,150	301,701	5,686,776
Financial investments available-for-sale	2,007,806	2,110,936	232,871	348,180	2,860,030	5,123,569	1,201,647	13,885,039
Financial investments held-to-maturity	390,200	395,033	43,447	48,820	1,481,414	3,685,578	-	6,044,492
Gross loans, advances and financing	4,274,233	8,248,461	8,482,468	11,204,787	45,349,107	40,358,431	-	117,917,487
Receivables: Investments not quoted in active markets	291	1,945	12,697	20,299	246,277	521,810	-	803,319
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	2,590,145	-	2,590,145
Deferred tax assets	-	-	-	-	-	-	66,044	66,044
Investment in associates and joint ventures	-	-	-	-	-	-	674,463	674,463
Other assets	1,605,788	175,941	69,540	400,998	627,400	216	75,851	2,955,734
Reinsurance, retakaful assets and other insurance receivables	79,208	78,777	78,414	88,662	189,431	18,852	-	533,344
Investment properties	-	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	292,787	292,787
Intangible assets	-	-	-	-	-	-	3,369,998	3,369,998
Assets held for sale	-	-	-	24,740	-	-	-	24,740
Total Undiscounted Assets	**21,319,403**	**13,028,629**	**9,733,874**	**12,939,188**	**53,530,034**	**53,643,886**	**5,982,491**	**170,177,505**
Liabilities								
Deposits and placements of banks and other financial institutions	661,194	378,801	7,198	168,815	584,713	1,647	-	1,802,368
Recourse obligation on loans sold to Cagamas Berhad	66,901	17,418	8,336	713,780	3,502,023	-	-	4,308,458
Derivative financial liabilities	253,524	369,389	654,510	367,210	391,472	104,704	-	2,140,809
Deposits from customers	39,614,365	19,483,441	16,265,197	12,637,269	4,381,739	-	-	92,382,011
Investment accounts	18,411	-	-	-	-	-	-	18,411
Term funding	339,233	329,846	174,350	1,302,798	7,153,489	156,000	-	9,455,716
Debt capital	35,021	19,971	546,210	300,154	3,840,811	-	-	4,742,167
Redeemable cumulative convertible preference share	-	-	-	-	-	204,760	-	204,760
Deferred tax liabilities	-	-	-	-	-	-	83,050	83,050
Other liabilities	2,301,863	324,980	55,152	104,753	84,511	4,087	89,665	2,965,011
Insurance, takaful contract liabilities and other insurance payables	295,430	433,840	478,175	596,053	938,837	95,297	-	2,837,632
Liabilities directly associated with assets held for sale	-	-	-	4,370	-	-	-	4,370
Total Undiscounted Liabilities	**43,585,942**	**21,357,686**	**18,189,128**	**16,195,202**	**20,877,595**	**566,495**	**172,715**	**120,944,763**
Contingent liabilities	514,868	528,267	921,865	1,906,850	3,920,722	245,189	-	8,037,761
Commitments	4,392,400	2,758,104	2,699,881	3,739,577	1,608,851	7,909,472	-	23,108,285
Total commitments and guarantees	**4,907,268**	**3,286,371**	**3,621,746**	**5,646,427**	**5,529,573**	**8,154,661**	**-**	**31,146,046**

50. RISK MANAGEMENT (CONT'D.)

50.3 Liquidity Risk and Funding Management (Cont'd.)

50.3.1a Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

Group 31 March 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	10,771,957	-	-	-	-	-	-	10,771,957
Deposits and placements with banks and other financial institutions	-	4,094,692	6,774	69,558	538	-	-	4,171,562
Derivative financial assets	237,474	251,922	198,520	391,407	259,840	139,377	-	1,478,540
Financial assets held-for-trading	139,122	78,821	167,079	473,873	2,359,395	1,795,939	181,775	5,196,004
Financial investments available-for-sale	2,313,391	2,001,498	118,604	269,389	2,341,365	4,246,217	989,949	12,280,413
Financial investments held-to-maturity	-	523,304	43,474	48,550	991,541	4,278,092	-	5,884,961
Gross loans, advances and financing	5,296,120	7,745,886	7,743,822	11,306,500	46,095,878	33,933,827	-	112,122,033
Receivables: Investments not quoted in active markets	-	1,934	12,633	20,043	250,839	539,310	-	824,759
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	3,214,591	-	3,214,591
Deferred tax assets	-	-	-	-	-	-	83,434	83,434
Investment in associates and joint ventures	-	-	-	-	-	-	662,273	662,273
Other assets	2,203,601	144,414	62,095	180,629	812,353	-	141,742	3,544,834
Reinsurance, retakaful assets and other insurance receivables	36,942	36,377	25,560	212,420	101,368	44,613	-	457,280
Investment properties	-	-	-	-	-	-	7,713	7,713
Property and equipment	-	-	-	-	-	-	266,562	266,562
Intangible assets	-	-	-	-	-	-	3,348,121	3,348,121
Assets held for sale	-	-	83,775	-	-	-	120,461	204,236
Total Undiscounted Assets	**20,998,607**	**14,878,848**	**8,462,336**	**12,972,369**	**53,213,117**	**48,191,966**	**5,802,030**	**164,519,273**
Liabilities								
Deposits and placements of banks and other financial institutions	1,455,405	379,379	182,120	105,248	283,421	633	-	2,406,206
Recourse obligation on loans sold to Cagamas Berhad	545,167	312,908	7,890	47,860	2,038,505	-	-	2,952,330
Derivative financial liabilities	245,483	253,389	242,831	381,267	239,637	99,294	-	1,461,901
Deposits from customers	44,220,774	17,747,415	15,081,454	12,807,243	4,223,321	-	-	94,080,207
Term funding	17,592	224,502	159,235	138,572	8,693,943	161,967	-	9,395,811
Debt capital	6,959	13,257	91,294	880,248	4,425,219	-	-	5,416,977
Redeemable cumulative convertible preference share	-	-	-	-	-	198,820	-	198,820
Deferred tax liabilities	-	-	-	-	-	-	116,557	116,557
Other liabilities	1,785,465	541,646	61,054	204,120	99,852	2,308	96,281	2,790,726
Insurance, takaful contract liabilities and other insurance payables	134,144	199,761	224,583	1,661,472	197,964	92,872	-	2,510,796
Liabilities directly associated with assets held for sale	-	-	-	-	-	-	48,995	48,995
Total Undiscounted Liabilities	**48,410,989**	**19,672,257**	**16,050,461**	**16,226,030**	**20,201,862**	**555,894**	**261,833**	**121,379,326**
Contingent liabilities	698,089	633,272	792,002	1,845,928	3,961,502	386,361	-	8,317,154
Commitments	5,705,535	2,483,217	3,449,056	4,336,298	2,619,280	6,283,732	-	24,877,118
Total commitments and guarantees	**6,403,624**	**3,116,489**	**4,241,058**	**6,182,226**	**6,580,782**	**6,670,093**	**-**	**33,194,272**

50. RISK MANAGEMENT (CONT'D.)

50.3 Liquidity Risk and Funding Management (Cont'd.)

50.3.1a Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

Company 31 March 2016	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	21,033	-	-	-	-	-	-	21,033
Deposits and placements with banks and other financial institutions	-	-	5,354	-	-	-	-	5,354
Financial investments available-for-sale	-	-	-	-	-	-	121,860	121,860
Investment in subsidiaries and other investments	-	-	-	-	-	-	9,507,225	9,507,225
Other assets	2,838	12	-	831	35	-	-	3,716
Property and equipment	-	-	-	-	-	-	377	377
Total Undiscounted Assets	**23,871**	**12**	**5,354**	**831**	**35**	**-**	**9,629,462**	**9,659,565**
Liabilities								
Term funding	-	209,021	22,061	21,940	1,104,671	-	-	1,357,693
Other liabilities	12,988	4,375	10,770	5,605	3,521	-	-	37,259
Total Undiscounted Liabilities	**12,988**	**213,396**	**32,831**	**27,545**	**1,108,192**	**-**	**-**	**1,394,952**

Company 31 March 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	12,464	-	-	-	-	-	-	12,464
Deposits and placements with banks and other financial institutions	-	25,131	-	-	-	-	-	25,131
Financial investments available-for-sale	-	-	-	-	-	-	110,704	110,704
Investment in subsidiaries and other investments	-	-	-	-	-	-	9,507,225	9,507,225
Other assets	15,348	49	-	4,979	5	-	-	20,381
Property and equipment	-	-	-	-	-	-	536	536
Total Undiscounted Assets	**27,812**	**25,180**	**-**	**4,979**	**5**	**-**	**9,618,465**	**9,676,441**
Liabilities								
Term funding	-	209,054	22,060	21,939	1,104,550	-	-	1,357,603
Other liabilities	5,506	4,056	13,056	10,176	8,079	-	-	40,873
Total Undiscounted Liabilities	**5,506**	**213,110**	**35,116**	**32,115**	**1,112,629**	**-**	**-**	**1,398,476**

50. RISK MANAGEMENT (CONT'D.)

50.4 Market Risk Management

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest/profit rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two categories of market risk: Traded Market Risk ("TMR") and Non-Traded Market Risk ("NTMR"). Assessment, control and monitoring of these risks are the responsibilities of Investment Banking and Markets Risk ("IBMR").

Traded Market Risk
The TMR management process is depicted in the table below.

Identification	• Identify market risks within existing and new products • Review market-related information such as market trend and economic data
Assessment/ Measurement	• Value-at-Risk ("VaR") • Annual Loss Limit ("ALL") • al-at-Risk ("CaR") Historical Stress Loss ("HSL") • Other Detailed Management Controls
Control/ Mitigation	• VaR Limit • HSL Limit • Concentration Limits • Greek Limits (Annual/Monthly/Daily) • Concentration Limits • Greek Limits Delta/Gamma/Delta-Gamma/Vega/Theta) • Present Value of One Basis Point ("PV01") • Stealth Limits • Position Size Limits • Maximum Tenor Limits • Maximum Holding Period • Minimum Holding Period • Approved Instruments/Currencies/Countries • Other Detailed Management Limits
Monitoring/ Review	• Monitor limits • Periodical review and reporting

TMR arises from transactions in which the Group acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the Board and Group CEOs Committee approved limit structures and risk appetite. This is done via robust traded market risk measurement, limit setting, limit monitoring, and collaboration and agreement with Business Units.

VaR, ALL, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which applies recent historic market conditions to estimate potential losses in market value, at a certain confidence level and over a specified holding period. Loss limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Group is able to absorb extreme, unanticipated market movements.

Apart from VaR, ALL and HSL, additional sensitivity controls (e.g. Greek Limits/PV01) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

IBMR monitors and reports risk exposures against limits on a daily basis. Portfolio market risk positions are also reported to Group CEOs Committee, RMCD and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits. Business Units are required to provide an action plan to address any non-adherence to limits. The action plan must be approved by Senior Management.

50. RISK MANAGEMENT (CONT'D.)

50.4 Market Risk Management

Traded Market Risk ("TMR") (Cont'd.)

The Group adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

Group Market Risk is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

Non-Traded Market Risk

Interest Rate Risk/Rate of Return Risk in the Banking Book

The interest rate risk/rate of return risk in the banking book ("IRR/RORBB") risk management process is depicted in the table below:

Identification	• Identify IRR/ RORBB within existing and new products • Review market-related information such as market trend and economic data
Assessment/ Measurement	• VaR • Earnings-at-Risk ("EaR") • PV01 • Other Detailed Management Controls
Control/ Mitigation	• VaR Limits • EaR Limits • PV01 Limits • Other Deailed Management Limits
Monitoring/ Review	• Monitor limits • Periodical review and reporting

IRR/RORBB arises from changes in market interest/profit rates that impact core net interest/profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest/profit margins and implied volatilities on interest/profit rate options. The provision of retail and wholesale banking products and services (primarily lending/financing and deposit taking activities) creates interest/profit rate-sensitive positions in the Group's statement of financial position.

The principal objectives of balance sheet risk management are to manage interest/profit income sensitivity while maintaining acceptable levels of IRR/RORBB and funding risk, and to manage the economic value of Group's capital.

The Board's oversight of IRR/RORBB is supported by the Group CEOs Committee. Group CEOs Committee is responsible for the alignment of Group-wide risk appetite and funding needs, taking into consideration Group-wide business strategies. Group CEOs Committee consistently oversees the Group's gapping positions, asset growth and liability mix against the interest/profit rate outlook. It also reviews strategies to ensure a comfortable level of IRR/RORBB is maintained. The Group has successfully engaged long-term borrowings and written interest/profit rate swaps to manage IRR/RORBB, and maintained an acceptable gapping profile as a result. In accordance with the Group's policy, positions are monitored on a daily basis and hedging strategies are employed to ensure risk exposures are maintained within Board-established limits.

The Group measures the risk of losses arising from potential adverse movements in market interest/profit rates and volatilities using VaR. VaR is a quantitative measure of IRR/RORBB which applies recent historic market conditions to estimate the potential loss in economic value, at a certain confidence level and over a specified holding period.

The Group complements VaR by stress testing IRR/RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest/profit rates and spreads, changes in loan/financing and deposit product balances due to behavioural characteristics under different interest/profit rate environments. Material assumptions include the repricing characteristics and the stickiness of indeterminate or non-maturity deposits and loans/financings.

50. RISK MANAGEMENT (CONT'D.)

50.4 Market Risk Management (Cont'd.)

Interest Rate Risk/Rate of Return Risk in the Banking Book (Cont'd.)

The rate scenarios may include rapid ramping of interest/profit rates, gradual ramping of interest/profit rates, and narrowing or widening of spreads. Usually each analysis incorporate what management deems the most appropriate assumptions about customer behaviour in an interest/profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Group's exposure to a specified event.

The Group's strategy seeks to optimise exposure to IRR/RORBB within Board-approved limits. This is achieved through the ability to reposition the interest/profit rate exposure of the statement of financial position using dynamic product and funding strategies, supported by MFRS 139-compliant interest/profit rate hedging activities using interest/profit rate swaps and other derivatives. These approaches are governed by Group's policies in the areas of product and liquidity management as well as the banking book policy statements and hedging policies.

IRR/RORBB exposures are monitored by IBMR and positions reported to the Group CEOs Committee, RMCD and Board.

Market Risk Sensitivity

(i) Interest Rate Risk/Rate of Return Risk

Interest rate risk/rate of return risk ("IRR/ROR") is the risk that the value of a financial instrument will fluctuate due to changes in market interest/profit rate and is managed through gap and sensitivity analysis. Interest/profit rate movements also affect the Group's income and expense from assets and liabilities as well as capital fund. The Group has adopted IRR/ ROR hedging measures to cushion the interest/profit rate volatility.

The following table demonstrates the sensitivity of the Group's and the Company's profit before taxation and equity to a reasonable possible change in interest/profit rate with all other variables remaining constant.

	31 March 2016 IRR/ROR		31 March 2015 IRR/ROR	
	+100 bps RM'000	-100 bps RM'000	+100 bps RM'000	-100 bps RM'000
Traded market risk				
Group				
Impact on profit before taxation	**(132,823)**	**146,317**	(129,721)	141,749
Impact on equity	**-**	**-**	-	-
Company				
Impact on profit before taxation	**-**	**-**	-	-
Impact on equity	**-**	**-**	-	-
Non-traded market risk				
Group				
Impact on profit before taxation	**484,748**	**(484,763)**	471,679	(471,674)
Impact on equity	**(294,855)**	**322,989**	(238,786)	261,712
Company				
Impact on profit before taxation	**(1,717)**	**1,717**	(1,717)	1,717
Impact on equity	**-**	**-**	-	-

50. RISK MANAGEMENT (CONT'D.)

50.4 Market Risk Management (Cont'd.)

Market Risk Sensitivity (Cont'd.)

(ii) Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates to exposure on the Group's financial instruments denominated in currencies other than the functional currency of the transacting entity. Position limits are imposed to prevent the Group from exposure to excessive foreign exchange risk.

The following table demonstrates the sensitivity of the Group's and the Company's profit before taxation and equity to a reasonable possible change in exchange rates with all other variables remaining constant.

	31 March 2016 Currency rate		31 March 2015 Currency rate	
	+10% RM'000	-10% RM'000	+10% RM'000	-10% RM'000
Impact on profit before taxation				
Group				
USD	**14,895**	**(14,895)**	2,905	(2,905)
SGD	**8,363**	**(8,363)**	10,316	(10,316)
EUR	**(2,227)**	**2,227**	362	(362)
JPY	**291**	**(291)**	(603)	603
GBP	**(1,537)**	**1,537**	176	(176)
Others	**1,731**	**(1,731)**	(39)	39
Company				
Others	**-**	**-**	-	-
Impact on equity				
Group				
USD	**49,919**	**(49,919)**	36,816	(36,816)
SGD	**-**	**-**	931	(931)
EUR	**17**	**(17)**	15	(15)
Company				
Others	**-**	**-**	-	-

(iii) Equity Price Risk

Equity price risk arises from the adverse movements in the price of equities. Equity price risk is controlled via position size, loss limits and VaR limits.

The following table demonstrates the sensitivity of the Group's and the Company's profit before taxation and equity to a reasonable possible change in equity prices with all other variables remaining constant.

	31 March 2016 Equity price		31 March 2015 Equity price	
	+10% RM'000	-10% RM'000	+10% RM'000	-10% RM'000
Group				
Impact on profit before taxation	**29,810**	**(29,810)**	14,184	(19,516)
Impact on equity	**14,187**	**(14,187)**	17,700	(17,700)
Company				
Impact on profit before taxation	**-**	**-**	-	-
Impact on equity	**-**	**-**	-	-

50. RISK MANAGEMENT (CONT'D.)

50.5 OPERATIONAL RISK MANAGEMENT

The operational risk management process is depicted in the table below:

Identification	• Identify and analyse risks in key processes/activities within Line of Business (including new products)
Assessment/ Measurement	• Incident Management and Data Collection • Risk and Control Self-Assessment • Key Risk Indicators • Key Control Testing • Risk Treatment Plan
Control/ Mitigation	• Policies addressing control & governance requirements to mitigate specific operational risk • Advisory on the establishment of internal controls • Contingency planning
Monitoring/ Review	• Monitoring and reporting of loss incidents by Event Type, Portfolio and Line of Business and entity, reporting of operational risk board and management triggers, risk profile status, key risk indicator breaches and key control testing exceptions. • Periodical review of risk profile within Line of Business

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk and Shariah compliance risk. It excludes strategic, systemic and reputational risk.

Operational Risk Appetite ("ORA") is set as part of overall Group Risk Appetite Framework ("GRAF"), which sets the acceptable tolerance levels of operational risk that the Group is willing to accept, taking into consideration of the relevant financial and non-financial risk or return attributes in order to support the achievement of Group's strategic plan and business objectives. The ORA statements and measurements are classified based on operational loss event types, which are grouped into five (5) categories as below and monitored via Incident Management and Data Collection, Key Risk Indicator and Key Control Testing.

- Fraud (internal & external);
- Employment Practices and Workplace Safety;
- Client, Products and Business Practices;
- Business Disruption, System Failures and Damage to Physical Assets; and
- Execution, Delivery and Process Management

The strategy for managing operational risk in the Group is anchored on the three lines of defence concept which are as follows:

- The first line of defence is responsible for the management of operational risk in order that accountability and ownership is as close as possible to the activity that creates the risk and ensuring that effective action is taken to manage them. Enhanced First Line of Defence provides a business specific focus on the implementation of operational risk management activities and supports more effective day-to-day monitoring of operational risks.

- In the second line, Group Operational Risk is responsible for exercising governance over operational risk through the management of the operational risk framework, policy development, quality assurance of internal controls, operational risk measurement and capital allocation, fraud strategy and reporting of operational risk issues to Group CEOs Committee ("GCC"), Risk Management Committee of Directors ("RMCD") and Board.

- Group Internal Audit acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

50. RISK MANAGEMENT (CONT'D.)

50.5 OPERATIONAL RISK MANAGEMENT (Cont'd.)

50.5.1 Business Continuity Management

The Business Continuity Management ("BCM") process is depicted in the table below:

Identification	• Identify events that potentially threaten the business operations and areas of criticality
Assessment/ Measurement	• Business Impact Analysis • Threat Assessment
Control/ Mitigation	• Policies governing the BCM implementation • BCM methodologies controlling the process flow • Implementing the Business Continuity plan
Monitoring/ Review	• BCM plan testing and exercise • Review of BCM Plan • Plan maintenance

The BCM function forms an integral part of Operational Risk Management. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and establishment of critical functions recovery against downtimes. BCM builds the resilience and recovery capability to safeguard the interest of Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team and specialist units to ensure the Group has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an on-going agenda to heighten the BCM awareness and inculcate a business resilience culture.

50.6 LEGAL RISK

In all the jurisdictions that the Group conducts its business, it is subject to legal risks arising from potential breaches of applicable laws, unenforceability of contracts, lawsuits, or adverse judgement, which may lead to incurrence of losses, disruption or otherwise impact on the Group's financials or reputation.

Legal risk is overseen by Group CEOs Committee, upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risk is appropriately managed.

50.7 REGULATORY COMPLIANCE RISK

The Group has established a compliance policy which sets out the roles and responsibilities of the Board, Senior Management, Business Units, Group Shared Services, Group Compliance and Group Internal Audit to oversee the management of compliance risk with the aim to promote the safety of the Group by minimising financial, reputational and operational risks arising from legal and regulatory non-compliance.

The Group has put in place the processes to manage the compliance functions in identifying, assessing and monitoring the following activities:

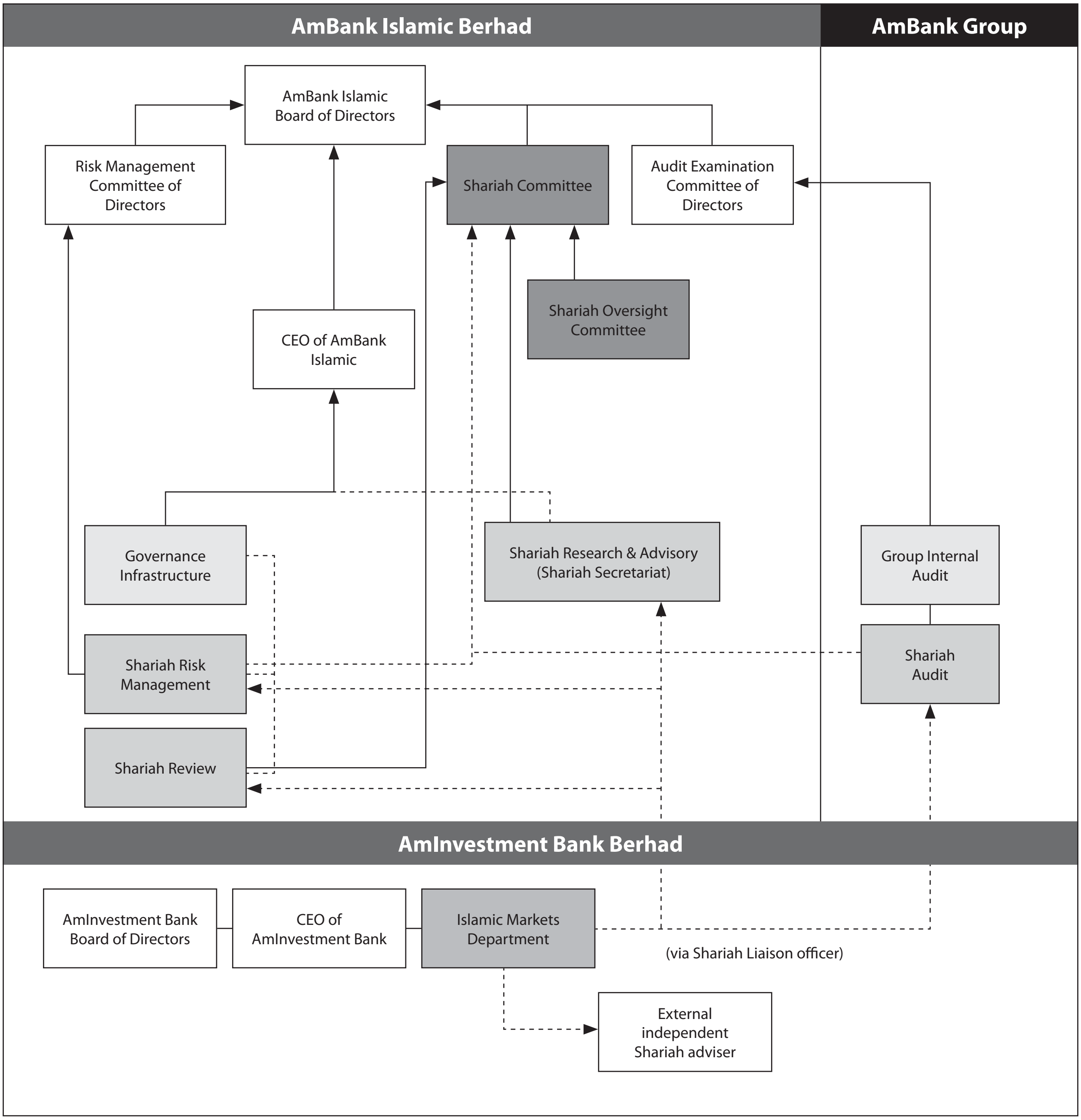
- Management of Anti Money Laundering/Counter Financing Terrorism ("AML"/"CFT") ongoing due diligence via tracking, monitoring and reporting of suspicious transactions
- Management of new regulations including timely dissemination, engagement and monitoring
- Undertake periodic compliance assessment including onsite, offsite, thematic and initial one-off onsite validation
- Review of new or variation to existing products and services

Training is provided to employees of AMMB Group on relevant legal and regulatory requirements governing its activities and guidance on implementation of internal controls to manage compliance risk.

50. RISK MANAGEMENT (CONT'D)

50.8 SHARIAH RISK MANAGEMENT CONTROL

Shariah Governance Structure



50. RISK MANAGEMENT (CONT'D.)

50.8 SHARIAH RISK MANAGEMENT CONTROL (Cont'd.)

The Group has established a sound and robust Shariah governance structure for its Islamic banking operations in accordance with the requirements of BNM's "Shariah Governance Framework for Islamic Financial Institutions". This is to ensure the operations and business activities of AmBank Islamic comply with Shariah principles and its requirements as prescribed by the IFSA 2013.

Apart from Shariah Research & Advisory, Shariah Risk Management and Shariah Review functions which reside in AmBank Islamic, AmBank Islamic's Shariah governance structure leverages on the Group platform of Group Internal Audit Division for Shariah Audit function.

Islamic Markets Department ("IMD") of AmInvestment Bank Berhad ("AIB") leverages on AmBank Islamic's Shariah Governance Structure, including the Shariah Committee of AmBank Islamic. IMD also engages the services of independent external Shariah adviser(s) as approved by the Securities Commission of Malaysia ("SC") when necessary.

Board of Directors
The Board of Directors ("The Board") is accountable and responsible for the overall oversight on the Shariah governance and Shariah compliance, including the appointment and remuneration of the Shariah Committee members. The Board performs its oversight through various committees such as the AEC, RMCD and the Shariah Committee.

Audit Examination Committee
AEC is a Board committee responsible for assisting the Board in ensuring Islamic Banking operations of the Group are Shariah compliant through oversight of the Shariah Audit function performed by Group Internal Audit.

Risk Management Committee of Directors
RMCD is a Board committee responsible for assisting the Board in ensuring risk management and control process are in place and functioning, including Shariah risk management.

Shariah Committee
The Shariah Committee is responsible and accountable on matters related to Shariah. This includes advising the Board and Management on Shariah matters and endorsing and validating products and services, Shariah policies and the relevant documentation in relation to Islamic Banking operations. The Shariah Committee also provides advice and guidance on management of zakat fund, charity and other social programs or activities.

Shariah Oversight Committee
The Shariah Oversight Committee, which is a sub-committee to the Shariah Committee, performs an oversight function on banking operations from Shariah perspective. The Committee provides guidance and advice on matters pertaining to Shariah non-compliant incidences as well as treatment of Shariah non-compliant income (if any).

Management
Management is responsible to make reference to the Shariah Committee and/or the Shariah Oversight Committee on Shariah matters and to take necessary measures for implementation. The Management is also responsible in setting the infrastructure and providing the environment and adequate resources to support the Shariah governance structure. This includes putting in place adequate systems and controls in order to ensure compliance with Shariah and to mitigate Shariah non-compliance risk.

Shariah Research & Advisory
The Shariah Research & Advisory Department is accountable to the Shariah Committee and is responsible for providing day-to-day Shariah advisory, conducting Shariah research, formulating Shariah policies and acting as Secretariat to the Shariah Committee and the Shariah Oversight Committee.

Shariah Risk Management
The Shariah Risk Management ("SRM") function is accountable to the RMCD. The SRM is a function to systematically identify, measure, monitor and control of Shariah non-compliance risks to mitigate any possible non-compliance events.

The Shariah Risk Management is executed through the three lines of defence in managing Shariah risk. The three lines of defence are: 1st - The Business and Support Units; 2nd – Shariah Risk Management, Shariah Review, Shariah Research & Advisory, Compliance; 3rd – Shariah Audit.

Shariah Review
The Shariah Review function is accountable to the Shariah Committee. The objective of the Shariah review function is to provide reasonable self-assurance for AmBank Islamic in its daily activities and operations thus to add value and improve the degree of Shariah awareness and compliance.

Shariah Audit
The Shariah Audit function is accountable to the AEC. A designated team within the Group Internal Audit Department is responsible to conduct independent assessment on the level of Shariah compliance of Islamic banking operations through Shariah Audit function. Audit coverage includes review of product structure documentation, adequacy of systems, internal controls and computation, staff competency and adequacy of the Shariah governance process.

Shariah Non-Compliant Income
As at 31 March 2016, there were a total of eight (8) Shariah non-compliant incidents which resulted in total Shariah non-compliant income of RM9,741,000. This amount has been purified in accordance with the method as approved by the Shariah Committee/Shariah Oversight Committee.

All these eight (8) Shariah non-compliant incidents have been rectified accordingly and AmBank Islamic has put in place and continues to enhance controls to prevent similar incidents from recurring, such as enhancement to systems, documentation, and process flows as well as manuals, guides and raising stakeholders' awareness.

51. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

In addition, fair value information for non-financial assets and liabilities such as investments in subsidiaries and taxation are excluded, as they do not fall within the scope of MFRS 7 Financial Instruments: Disclosure and Presentation, which requires the fair value information to be disclosed.

(a) Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values)

	Group		Company	
31 March 2016	**Carrying Amount RM'000**	**Fair Value RM'000**	**Carrying Amount RM'000**	**Fair Value RM'000**
Financial Assets				
Financial investments held-to-maturity	4,167,494	4,114,645	-	-
Loans, advances and financing[1]	20,938,966	21,369,722	-	-
Receivables: Investments not quoted in active markets	565,322	572,238	-	-
	25,671,782	**26,056,605**	**-**	**-**
Financial Liabilities				
Recourse obligation on loans and financing sold to Cagamas Berhad	3,935,775	4,044,741	-	-
Term funding	8,607,614	8,655,247	1,206,000	1,200,495
Debt capital	4,094,077	4,432,907	-	-
	16,637,466	**17,132,895**	**1,206,000**	**1,200,495**

	Group		Company	
31 March 2015	**Carrying Amount RM'000**	**Fair Value RM'000**	**Carrying Amount RM'000**	**Fair Value RM'000**
Financial Assets				
Financial investments held-to-maturity	3,864,508	3,207,643	-	-
Loans, advances and financing[1]	21,611,884	21,752,786	-	-
Receivables: Investments not quoted in active markets	551,163	554,007	-	-
	26,027,555	**25,514,436**	**-**	**-**
Financial Liabilities				
Recourse obligation on loans and financing sold to Cagamas Berhad	2,769,585	2,840,329	-	-
Term funding	8,302,354	8,341,216	1,206,000	1,197,825
Debt capital	4,580,573	4,940,045	-	-
	15,652,512	**16,121,590**	**1,206,000**	**1,197,825**

[1] excluding loans, advances and financing of RM65,574.3 million (2015: RM64,561.9 million) where the carrying amounts are reasonable approximation of their fair values

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments measured at fair value and for which fair values are disclosed

Group **31 March 2016**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Level 3** **RM'000**	**Total** **RM'000**
Financial assets measured at fair value				
Derivative financial assets	33	1,883,968	-	1,884,001
Financial assets held-for-trading				
- Money market securities	-	782,884	-	782,884
- Equities	301,702	-	-	301,702
- Quoted private debt securities	38,962	-	-	38,962
- Unquoted private debt securities	-	3,797,070	-	3,797,070
Financial investments available-for-sale				
- Money market securities	-	5,496,253	-	5,496,253
- Equities	1,097,768	33,725	-	1,131,493
- Unquoted private debt securities	-	4,933,103	-	4,933,103
Financial assets for which fair values are disclosed				
Financial investments held-to-maturity	-	4,113,449	1,196	4,114,645
Loans, advances and financing	-	21,369,722	-	21,369,722
Receivables: Investments not quoted in active markets	-	491,072	81,166	572,238
	1,438,465	**42,901,246**	**82,362**	**44,422,073**
Financial liabilities measured at fair value				
Derivative financial liabilities	1,992	2,020,815	-	2,022,807
Financial liabilities for which fair values are disclosed				
Recourse obligation on loans and financing sold to Cagamas Berhad	-	4,044,741	-	4,044,741
Term funding	-	8,655,247	-	8,655,247
Debt capital	-	4,432,907	-	4,432,907
	1,992	**19,153,710**	**-**	**19,155,702**

Group **31 March 2015**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Level 3** **RM'000**	**Total** **RM'000**
Financial assets measured at fair value				
Derivative financial assets	1	1,437,536	-	1,437,537
Financial assets held-for-trading				
- Money market securities	-	1,422,695	-	1,422,695
- Equities	181,775	-	-	181,775
- Quoted private debt securities	39,394	-	-	39,394
- Unquoted private debt securities	-	3,030,359	-	3,030,359
Financial investments available-for-sale				
- Money market securities	-	5,246,999	-	5,246,999
- Equities	774,593	33,657	-	808,250
- Unquoted private debt securities	-	4,212,220	-	4,212,220
Financial assets for which fair values are disclosed				
Financial investments held-to-maturity	-	3,205,760	1,883	3,207,643
Loans, advances and financing	-	21,752,786	-	21,752,786
Receivables: Investments not quoted in active markets	-	477,448	76,559	554,007
	995,763	**40,819,460**	**78,442**	**41,893,665**
Financial liabilities measured at fair value				
Derivative financial liabilities	2,702	1,382,776	-	1,385,478
Financial liabilities for which fair values are disclosed				
Recourse obligation on loans and financing sold to Cagamas Berhad	-	2,840,329	-	2,840,329
Term funding	-	8,341,216	-	8,341,216
Debt capital	-	4,940,045	-	4,940,045
	2,702	**17,504,366**	**-**	**17,507,068**

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments measured at fair value and for which fair values are disclosed (Cont'd.)

Company **31 March 2016**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Level 3** **RM'000**	**Total** **RM'000**
Financial assets measured at fair value				
Financial investments available-for-sale				
- Equities	**121,860**	**-**	**-**	**121,860**
Financial liabilities for which fair values are disclosed				
Term funding	**-**	**1,200,495**	**-**	**1,200,495**

31 March 2015	**Level 1** **RM'000**	**Level 2** **RM'000**	**Level 3** **RM'000**	**Total** **RM'000**
Financial assets measured at fair value				
Financial investments available-for-sale				
- Equities	110,704	-	-	110,704
Financial liabilities for which fair values are disclosed				
Term funding	-	1,197,825	-	1,197,825

Determination of fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

(a) Financial assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than six months), demand deposits and savings accounts without a specific maturity, the carrying amounts approximate to their fair value. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since the instrument was initially recognised.

(b) Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were initially recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads to the extent such observable inputs are available, or based on indicative rate of return of the instrument with similar credit risk if relevant observable inputs are not available.

(c) Contingent liabilities and undrawn credit facilities

The fair value of contingent liabilities and undrawn credit facilities are not readily ascertainable. These financial instruments are presently not sold or traded. They generate fees that are in line with market prices for similar arrangements. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs and potential loss that may arise should these commitments crystallise. The Group and Company assess that their respective fair values are unlikely to be significant given that the overall level of fees involved is not significant and no provision is necessary to be made.

(d) Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with remaining maturities of less than six months are estimated to approximate their carrying values. For securities purchased under resale agreements with maturities of more than six months, the fair values are estimated based on discounted cash flows using the prevailing KLIBOR rates and interest rate swap rates.

(e) Derivatives

Derivative products valued using a valuation technique with market observable inputs are mainly interest rate swaps and options, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Derivative products valued using a valuation technique with significant non-market observable inputs are long dated contracts (interest rate swaps, currency swaps, forwards foreign exchange contracts, option contracts and certain credit default swaps). These derivatives are valued using models that calculate the present value such as credit models (e.g., default rate models or credit spread models) and the binomial model for options. The models incorporate various non-observable assumptions that include the credit spread of the reference asset for credit default swaps, and market rate volatilities.

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of fair value (Cont'd.)

(f) Financial investments available-for-sale

Financial investments available-for-sale valued using valuation techniques or pricing models primarily consist of unquoted equities and debt securities.

(g) Other trading assets

Other trading assets valued using a valuation technique consists of certain debt securities and asset–backed securities. The Group and Company value the securities using discounted cash flow valuation models which incorporate observable and unobservable data. Observable inputs include assumptions regarding current rates of interest and broker statements. Unobservable inputs include assumptions regarding expected future default rates, prepayment rates and market liquidity discounts.

(h) Recourse obligation on loans and financing sold to Cagamas Berhad

The fair values for recourse obligation on loans and financing sold to Cagamas Berhad are determined based on discounted cash flows of future instalments payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as described in Note 2.5(n).

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 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 or 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.

There is no transfer between Level 1 and Level 2 during the current and previous financial year for the Group and the Company.

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 and liabilities which are recorded at fair value for the financial year.

	Financial investments available-for-sale	Financial investments available-for-sale
	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Balance at beginning of the financial year	-	417
Total gains/(losses) recognised in:		
- income statement:		
- other operating income	1,235	325
- impairment writeback	10,956	-
Settlements	(12,191)	(742)
Balance at end of the financial year	**-**	**-**

52. NET ASSETS PER SHARE (RM)

Net assets per share represent the reporting date total assets less total liabilities and non-controlling interests expressed as an amount per ordinary share.

Net assets per share is calculated as follows:

	Group		Company	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Total assets	133,764,000	133,803,824	9,659,565	9,676,441
Less:				
Total liabilities	117,644,612	118,296,400	1,243,259	1,246,873
Non-controlling interests	950,910	1,052,279	-	-
	118,595,522	119,348,679	1,243,259	1,246,873
Net assets	**15,168,478**	**14,455,145**	**8,416,306**	**8,429,568**
Issued and fully paid up ordinary shares of RM1.00 each ('000)	**3,014,185**	**3,014,185**	**3,014,185**	**3,014,185**
Net assets per share (RM)	**5.03**	**4.80**	**2.79**	**2.80**

53. BUSINESS SEGMENT ANALYSIS

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

(a) Retail banking

Retail banking will focus on building emerging affluent and small business customers and the mass market. Retail banking offers products and financial solutions which includes auto financing, mortgage and personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.

(b) Wholesale banking

Wholesale banking comprises Corporate and Commercial Banking, Markets, Investment Banking and Fund Management.

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

(ii) Markets includes proprietary trading as well as providing full range of products and services relating to treasury activities, including foreign exchange, derivatives and fixed income;

(iii) Investment Banking offers investment banking solutions and services, encompassing capital markets activities, equity derivatives, broking, private banking services, corporate advisory and fund raising services (equity and debt 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 (previously known as Operating Segments)

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.

53. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Measurements of Segment Performance

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Operating Revenue

Operating revenue of the Group comprises all types of revenue derived from the business segments but after elimination of related companies' transactions.

Major Customers

No revenues from one single customer amounted to greater than 10% of the Group's revenues for the current and previous financial year.

During the current financial year, the Group:

(i) has presented allowances for impairment on loans, advances and financing separately from other assets to better align with internal information used to manage the business;

(ii) expanded the disclosure for Wholesale Banking Division to provide disclosures that help investors and other stakeholders understand the Group's performance; and

(iii) has presented non-recurring gains/losses separately for other operating income to provide more meaningful information.

Accordingly, comparatives have been restated to conform with current year's presentation.

Group		**Wholesale Banking**						
For the financial year ended 31 March 2016	**Retail Banking RM'000**	**Corporate & Commercial Banking RM'000**	**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	2,976,145	2,271,544	487,067	225,638	134,727	1,588,124	732,794	8,416,039
Revenue from other segments	(248,034)	367,528	(279,718)	(24,474)	-	-	184,698	-
Total operating revenue	**2,728,111**	**2,639,072**	**207,349**	**201,164**	**134,727**	**1,588,124**	**917,492**	**8,416,039**
Net interest income	1,223,337	779,727	43,213	39,124	2,471	132,997	157,937	2,378,806
Other income	254,688	177,327	122,222	149,640	132,256	370,565	95,838	1,302,536
Gain on disposal of subsidiary	-	-	-	11,935	-	-	30	11,965
Income	1,478,025	957,054	165,435	200,699	134,727	503,562	253,805	3,693,307
Share in results of associates and joint ventures	3,536	-	-	-	-	(19,311)	18,277	2,502
Other operating expenses	(940,331)	(238,373)	(75,162)	(132,832)	(70,697)	(320,125)	(396,785)	(2,174,305)
of which:								
Depreciation of property and equipment	(22,687)	(1,743)	(905)	(1,682)	(375)	(12,667)	(17,134)	(57,193)
Amortisation of intangible assets	(17,735)	(3,006)	(6,571)	(835)	(1,387)	(8,558)	(59,843)	(97,935)
Profit/(Loss) before provisions	541,230	718,681	90,273	67,867	64,030	164,126	(124,703)	1,521,504
(Allowance)/Writeback for impairment losses on loan, advances and financing	71,247	94,889	-	(3,426)	-	(237)	1,619	164,092
(Allowance)/Writeback for impairment losses on other assets	(1,148)	10,680	(209)	(6,153)	-	(3,207)	4,613	4,576
Writeback of provision for commitments and contingencies	2,878	26,285	-	101	-	-	11,576	40,840
Profit/(Loss) before taxation and zakat	614,207	850,535	90,064	58,389	64,030	160,682	(106,895)	1,731,012
Taxation and zakat	(146,979)	(196,037)	(21,615)	(9,179)	(14,914)	14,043	43,148	(331,533)
Profit/(Loss) for the financial year	**467,228**	**654,498**	**68,449**	**49,210**	**49,116**	**174,725**	**(63,747)**	**1,399,479**
Other information								
Total segment assets	**46,656,442**	**40,305,784**	**9,660,265**	**2,508,973**	**144,881**	**5,537,944**	**28,949,711**	**133,764,000**
Total segment liabilities	**42,054,745**	**51,671,052**	**5,093,198**	**654,374**	**22,049**	**3,635,685**	**14,513,509**	**117,644,612**
Cost to income ratio	**63.5%**	**24.9%**	**45.4%**	**66.2%**	**52.5%**	**66.1%**	**145.8%**	**58.8%**
Gross loans/financing	**46,302,620**	**40,247,126**	**-**	**1,391,646**	**-**	**5,301**	**(54,420)**	**87,892,273**
Net loans/financing	**45,836,798**	**39,773,010**	**-**	**1,379,973**	**-**	**5,065**	**(481,592)**	**86,513,254**
Impaired loans, advances and financing	**775,690**	**922,913**	**-**	**1,782**	**-**	**-**	**470**	**1,700,855**
Total deposits	**41,519,878**	**49,077,918**	**697,757**	**-**	**-**	**-**	**806,790**	**92,102,343**
Additions to:								
Property and equipment	**23,301**	**490**	**388**	**1,692**	**2,321**	**47,844**	**38,204**	**114,240**
Intangible assets	**15,192**	**137**	**1,871**	**1,743**	**266**	**24,813**	**86,332**	**130,354**

53. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial year ended 31 March 2015	Retail Banking RM'000	Wholesale Banking: Corporate & Commercial Banking RM'000	Wholesale Banking: 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	3,233,531	2,175,451	437,593	298,725	141,339	1,684,522	1,171,360	9,142,521
Revenue from other segments	(354,576)	441,097	(222,021)	(18,155)	-	-	153,655	-
Total operating revenue	**2,878,955**	**2,616,548**	**215,572**	**280,570**	**141,339**	**1,684,522**	**1,325,015**	**9,142,521**
Net interest income	1,443,147	862,389	44,872	52,087	2,859	127,137	237,800	2,770,291
Other income	279,212	209,677	140,395	200,789	138,480	447,839	58,900	1,475,292
Gain on disposal of subsidiary	-	-	-	25,255	-	-	450,618	475,873
Income	1,722,359	1,072,066	185,267	278,131	141,339	574,976	747,318	4,721,456
Share in results of associates and joint ventures	3,460	-	-	-	-	(10,521)	10,249	3,188
Other operating expenses	(935,445)	(257,828)	(74,541)	(189,077)	(75,318)	(303,280)	(322,390)	(2,157,879)
of which:								
Depreciation of property and equipment	(24,711)	(2,594)	(1,417)	(3,753)	(406)	(12,799)	(16,778)	(62,458)
Amortisation of intangible assets	(16,845)	(3,517)	(4,555)	(802)	(1,430)	(6,379)	(51,647)	(85,175)
Profit before provisions	790,374	814,238	110,726	89,054	66,021	261,175	435,177	2,566,765
(Allowance)/Writeback for impairment losses on loan, advances and financing	(237,363)	204,719	-	6,883	-	-	56,296	30,535
(Allowance)/Writeback for impairment losses on other assets	220	(5,770)	(245)	(15,483)	-	60,057	(51,054)	(12,275)
Writeback of provision for commitments and contingencies	10,439	23,495	-	(533)	-	-	(14,146)	19,255
Profit before taxation and zakat	563,670	1,036,682	110,481	79,921	66,021	321,232	426,273	2,604,280
Taxation and zakat	(140,569)	(245,830)	(27,620)	(20,221)	(12,033)	(60,225)	(53,229)	(559,727)
Profit for the financial year	**423,101**	**790,852**	**82,861**	**59,700**	**53,988**	**261,007**	**373,044**	**2,044,553**
Other information								
Total segment assets	46,440,738	40,201,326	8,732,515	2,445,967	159,003	5,499,153	30,325,122	133,803,824
Total segment liabilities	43,498,003	52,251,467	4,249,864	586,567	41,207	3,376,268	14,293,024	118,296,400
Cost to income ratio	54.2%	24.0%	40.2%	68.0%	53.3%	53.7%	42.6%	45.7%
Gross loans/financing	46,301,290	40,101,460	-	1,462,249	-	10,917	(52,873)	87,823,043
Net loans/financing	45,602,354	39,647,066	-	1,455,957	-	10,917	(542,500)	86,173,794
Impaired loans, advances and financing	929,598	638,340	-	4,324	-	-	469	1,572,731
Total deposits	42,763,166	47,199,707	510,577	-	-	-	3,958,263	94,431,713
Additions to:								
Property and equipment	23,736	497	210	3,477	291	26,001	21,664	75,876
Intangible assets	9,086	1,112	6,164	851	300	8,931	59,576	86,020

54. INSURANCE BUSINESS

(I) STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	General Insurance fund		Shareholders' fund		Total *	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
ASSETS						
Cash and short-term funds	273,201	124,305	1,173	802	274,374	125,107
Deposits and placements with banks and other financial institutions	10,098	61,789	1,086	4,021	11,184	65,810
Financial assets held-for-trading	2,886,136	3,046,435	-	-	2,886,136	3,046,435
Financial investments available-for-sale	37,354	37,019	554,058	563,981	591,412	601,000
Loans, advances and financing	5,065	10,917	-	-	5,065	10,917
Deferred tax assets	21,326	19,511	-	-	21,326	19,511
Investment in subsidiary	-	-	2,108,733	2,108,733	2,108,733	2,108,733
Other assets	157,816	143,203	429,360	805,859	164,844	149,915
Reinsurance, retakaful assets and other insurance receivables	513,555	433,929	-	-	513,555	433,929
Investment properties	-	7,713	-	-	-	7,713
Property and equipment	98,992	82,322	-	-	98,992	82,322
Intangible assets	28,323	8,036	-	-	28,323	8,036
Assets held for sale	18,398	83,775	-	-	18,398	83,775
TOTAL ASSETS	**4,050,264**	**4,058,954**	**3,094,410**	**3,483,396**	**6,722,342**	**6,743,203**
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	417,878	405,756	417,878	405,756
Deferred tax liabilities	-	-	45,842	48,938	45,842	48,938
Other liabilities	697,409	1,081,789	10,845	25,658	285,922	308,300
Insurance, takaful contract liabilities and other insurance payables	2,761,460	2,544,649	-	-	2,761,460	2,544,649
Total Liabilities	**3,458,869**	**3,626,438**	**474,565**	**480,352**	**3,511,102**	**3,307,643**
Share capital	-	-	1,145,248	1,145,248	1,145,248	1,145,248
Reserves	591,395	432,516	1,474,597	1,857,796	2,065,992	2,290,312
Total Equity	591,395	432,516	2,619,845	3,003,044	3,211,240	3,435,560
TOTAL LIABILITIES AND EQUITY	**4,050,264**	**4,058,954**	**3,094,410**	**3,483,396**	**6,722,342**	**6,743,203**

* after elimination of intercompany balances

54. INSURANCE BUSINESS (CONT'D.)

(I) INCOME STATEMENTS AS AT 31 MARCH 2016

Group	General insurance fund 31 March 2016 RM'000	General insurance fund 31 March 2015 RM'000	Life insurance fund 31 March # 2016 RM'000	Life insurance fund 31 March 2015 RM'000	Family takaful fund 31 March ## 2016 RM'000	Family takaful fund 31 March 2015 RM'000	Shareholders' fund 31 March 2016 RM'000	Shareholders' fund 31 March 2015 RM'000	Total* 31 March 2016 RM'000	Total* 31 March 2015 RM'000
Interest income	3,985	5,735	-	7,565	-	197	419	1,800	4,404	15,297
Interest expense	-	-	-	-	-	-	(18,121)	(17,599)	(18,121)	(17,599)
Net interest income	3,985	5,735	-	7,565	-	197	(17,702)	(15,799)	(13,717)	(2,302)
Income from insurance business	1,447,839	1,450,170	-	42,843	-	2,602	-	-	1,447,839	1,495,615
Insurance claims and commissions	(1,085,708)	(1,071,293)	-	(28,650)	-	(1,944)	-	(581)	(1,068,519)	(1,077,566)
Net income from insurance business	362,131	378,877	-	14,193	-	658	-	(581)	379,320	418,049
Other operating income	126,151	113,551	-	4,417	-	(832)	22,848	56,113	148,999	173,249
Net income	492,267	498,163	-	26,175	-	23	5,146	39,733	514,602	588,996
Other operating expenses	(297,629)	(273,526)	-	(7,776)	-	(5)	(3,847)	(2,955)	(301,476)	(284,262)
Acquisition and business efficiency expenses	(8,445)	(9,800)	-	-	-	-	-	-	(8,445)	(9,800)
Operating profit	186,193	214,837	-	18,399	-	18	1,299	36,778	204,681	294,934
Allowances for impairment on loans and financing	(237)	-	-	-	-	-	-	-	(237)	-
Net impairment (loss)/writeback on:										
Financial investments	-	-	-	-	-	-	(359)	4,945	(359)	4,945
Doubtful sundry receivables	(3,867)	30,918	-	(1,617)	-	-	-	(72)	(3,867)	29,229
Intangible assets	1,019	(4,116)	-	-	-	-	-	-	1,019	(4,116)
Profit before taxation and zakat	183,108	241,639	-	16,782	-	18	940	41,651	201,237	324,992
Taxation and zakat	(25,116)	(40,822)	-	(3,948)	-	(18)	14,549	(9,685)	(10,567)	(54,473)
Profit for the financial year	**157,992**	**200,817**	**-**	**12,834**	**-**	**-**	**15,489**	**31,966**	**190,670**	**270,519**

Previously indirect whollly-owned operation; partial disposal of equity interest in financial year ended 31 March 2015 had resulted in closing equity interest of 50% less one share.

Previously indirect whollly-owned operation; partial disposal of equity interest financial year ended 31 March 2015 had resulted in closing equity interest of 50% plus one share.

* after elimination of intercompany balances

54. INSURANCE BUSINESS (CONT'D.)

(III) NET INCOME FROM INSURANCE BUSINESS

	Note	Group 31 March 2016 RM'000	31 March 2015 RM'000
Income from insurance business:			
General insurance		1,447,839	1,450,169
Life insurance and Family Takaful		-	45,446
	(a)	1,447,839	1,495,615
Insurance claims and commission			
Insurance commission		141,461	111,192
General insurance claims	(b)	927,058	910,188
Life insurance and Family Takaful claims	(b)	-	56,186
		1,068,519	1,077,566
		379,320	**418,049**
(a) Income from insurance business:			
Gross Premium			
- insurance contract		1,567,387	1,616,152
- change in unearned premium provision		14,178	32,448
		1,581,565	1,648,600
Premium ceded			
- insurance contract		(127,248)	(146,844)
- change in unearned premium provision		(6,478)	(6,141)
		(133,726)	(152,985)
		1,447,839	**1,495,615**
(b) Insurance claims:			
- gross benefits and claims paid		888,808	1,029,140
- claims ceded to reinsurers		(87,158)	(109,899)
- change in contract liabilities - insurance contract		190,570	(21,039)
- change in contract liabilities ceded to reinsurers - insurance contract		(65,162)	68,172
		927,058	**966,374**

(IV) INSURANCE RECEIVABLES

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Amount owing by reinsurance and cedants	20,719	21,835
Due premiums including agents/brokers and co-insurers balances	85,967	71,705
Allowance for impairment	(33,877)	(33,548)
Reinsurance deposit	16,815	-
Disposal of subsidiaries	-	9,184
	89,624	**69,176**
The movement in allowance for impairment is as follows:		
Balance at beginning of the financial year	33,548	9,002
Charge for the financial year	329	25,125
Disposal of equity in subsidiaries	-	(579)
Balance at end of the financial year	**33,877**	**33,548**

(V) INSURANCE PAYABLES

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Amount due to agents and intermediaries	25,270	24,658
Amounts due to reinsurers/retakaful operators and cedants	92,294	52,486
	117,564	**77,144**

54. INSURANCE BUSINESS (CONT'D.)

(VI) INSURANCE CONTRACT LIABILITIES - GENERAL INSURANCE

31 March 2016 Group	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		1,090,504	(265,793)	824,711
Provision for incurred but not reported claims ("IBNR")		692,727	(87,361)	605,366
Provision for risk margin for adverse deviations ("PRAD")		142,320	(30,379)	111,941
		1,925,551	(383,533)	1,542,018
Less: Impairment loss on reinsurance assets		-	7,514	7,514
Provision for outstanding claims	(I)	1,925,551	(376,019)	1,549,532
Provision for unearned premiums	(II)	718,345	(47,912)	670,433
		2,643,896	**(423,931)**	**2,219,965**
(I) **Provision for outstanding claims:**				
Balance at beginning of the financial year		1,734,982	(318,371)	1,416,611
Arising from the acquisition of Kurnia		-	-	-
Claims incurred in the current accident year		1,064,761	(54,418)	1,010,343
Movements in claims incurred in prior accident years		14,616	(97,902)	(83,286)
Claims paid during the financial year		(888,808)	87,158	(801,650)
Balance at end of the financial year		**1,925,551**	**(383,533)**	**1,542,018**
(II) **Provision for unearned premiums:**				
Balance at beginning of the financial year		732,523	(54,390)	678,133
Arising from the acquisition of Kurnia		-	-	-
Premiums written in the financial year		1,567,387	(127,248)	1,440,139
Premiums earned during the financial year		(1,581,565)	133,726	(1,447,839)
Balance at end of the financial year		**718,345**	**(47,912)**	**670,433**

31 March 2015 Group		Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		1,013,392	(222,641)	790,751
Provision for incurred but not reported claims ("IBNR")		572,085	(47,715)	524,370
Provision for risk margin for adverse deviations ("PRAD")		149,505	(48,015)	101,490
	(I)	1,734,982	(318,371)	1,416,611
Less: Impairment loss on reinsurance assets		-	8,008	8,008
Provision for outstanding claims		1,734,982	(310,363)	1,424,619
Provision for unearned premiums	(II)	732,523	(54,390)	678,133
		2,467,505	**(364,753)**	**2,102,752**
(I) **Provision for outstanding claims:**				
Balance at beginning of the financial year		1,710,589	(386,820)	1,323,769
Claims incurred in the current accident year		544,553	(60,255)	484,298
Movements in claims incurred in prior accident years		396,445	29,446	425,891
Claims paid during the financial year		(916,605)	99,258	(817,347)
Balance at end of the financial year		**1,734,982**	**(318,371)**	**1,416,611**
(II) **Provision for unearned premiums:**				
Balance at beginning of the financial year		775,937	(71,496)	704,441
Premiums written in the financial year		1,565,492	(141,629)	1,423,863
Premiums earned during the financial year		(1,608,906)	158,735	(1,450,171)
Balance at end of the financial year		**732,523**	**(54,390)**	**678,133**

54. INSURANCE BUSINESS (CONT'D.)

(VII) GENERAL INSURANCE BUSINESS

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

In setting provisions for claims, the insurance subsidiary gives consideration to the probability and magnitude of future claim experience being more adverse than assumed and exercises a degree of caution in setting the reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin to provide necessary confidence in adequacy is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

While the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

The management of the insurance subsidiary believes that the estimates of total claims outstanding as of the reporting date are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

Gross general insurance contract liabilities for 2016:

Accident year	Before 2010 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	*2016 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	1,287,986	1,086,817	1,157,126	1,200,371	1,205,506	1,242,423	1,194,736	1,051,562			
One year later	1,168,663	963,725	1,029,375	1,035,887	1,078,539	1,080,837	1,002,585				
Two year later	1,140,354	965,918	1,028,550	1,018,768	1,061,513	1,040,857					
Three year later	1,125,278	984,497	992,759	1,006,413	1,007,358						
Four year later	1,119,718	951,916	968,326	901,419							
Five year later	1,100,126	937,177	881,739								
Six year later	1,098,296	871,433									
Seven year later	1,145,310										
Current estimate of accumulative claims incurred	1,145,310	871,433	881,739	901,419	1,007,358	1,040,857	1,002,585	1,051,562			
At the end of accident year	(385,276)	(363,389)	(356,496)	(394,477)	(391,391)	(382,588)	(350,724)	(349,239)			
One year later	(763,655)	(667,025)	(715,652)	(722,240)	(746,862)	(695,027)	(590,262)				
Two year later	(903,440)	(813,863)	(833,504)	(860,786)	(886,525)	(768,915)					
Three year later	(996,601)	(865,813)	(889,672)	(911,881)	(841,606)						
Four year later	(1,032,649)	(891,579)	(906,103)	(825,379)							
Five year later	(1,045,683)	(900,401)	(838,063)								
Six year later	(1,053,200)	(852,042)									
Seven year later	(983,514)										
Cumulative payments to-date	(983,514)	(852,042)	(838,063)	(825,379)	(841,606)	(768,915)	(590,262)	(349,239)			
Gross general insurance claims liabilities (direct and facultative)	**161,796**	**19,391**	**43,676**	**76,040**	**165,752**	**271,942**	**412,323**	**702,323**	**1,853,243**	**72,308**	**1,925,551**

Net general insurance claims liabilities for 2016:

Accident year	Before 2010 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	1,086,325	931,415	884,131	792,136	926,165	1,028,962	1,089,589	997,143			
One year later	1,124,363	925,617	877,184	793,919	896,635	959,376	951,514				
Two year later	1,097,353	905,527	863,446	791,977	860,833	982,954					
Three year later	1,008,609	891,173	848,750	779,481	885,185						
Four year later	997,677	878,021	836,041	794,484							
Five year later	986,821	865,970	839,817								
Six year later	974,585	851,612									
Seven year later	979,670										
Current estimate of accumulative claims incurred	979,670	851,612	839,817	794,484	885,185	982,954	951,514	997,143			
At the end of accident year	(358,787)	(344,917)	(328,287)	(323,199)	(329,836)	(362,384)	(333,247)	(349,200)			
One year later	(693,181)	(621,523)	(633,815)	(582,021)	(627,664)	(654,304)	(588,952)				
Two year later	(823,869)	(754,228)	(734,325)	(687,473)	(730,446)	(760,861)					
Three year later	(913,490)	(802,073)	(779,901)	(725,991)	(773,550)						
Four year later	(943,843)	(824,937)	(796,842)	(742,500)							
Five year later	(954,780)	(833,625)	(804,583)								
Six year later	(962,735)	(835,931)									
Seven year later	(957,091)										
Cumulative payments to-date	(957,091)	(835,931)	(804,583)	(742,500)	(773,550)	(760,861)	(588,952)	(349,200)			
Net general insurance claims liabilities (direct and facultative)	**22,579**	**15,681**	**35,234**	**51,984**	**111,635**	**222,093**	**362,562**	**647,943**	**1,469,711**	**72,307**	**1,542,018**

54. INSURANCE BUSINESS (CONT'D.)

(VII) GENERAL INSURANCE BUSINESS (Cont'd.)

Claims development table (Cont'd.)

Gross general insurance contract liabilities for 2015:

Accident year	Before 2010 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	*2016 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	579,716	1,287,986	1,086,817	1,157,126	1,200,371	1,205,506	1,242,423	1,194,736			
One year later	554,991	1,168,663	963,725	1,029,375	1,035,887	1,078,539	1,080,837				
Two year later	572,437	1,140,354	965,918	1,028,550	1,018,768	1,061,513					
Three year later	565,583	1,125,278	984,497	992,759	1,006,413						
Four year later	558,415	1,119,718	951,916	968,326							
Five year later	545,111	1,100,126	937,177								
Six year later	545,612	1,098,296									
Seven year later	532,703										
Current estimate of accumulative claims incurred	532,703	1,098,296	937,177	968,326	1,006,413	1,061,513	1,080,837	1,194,736			
At the end of accident year	(136,919)	(385,276)	(363,389)	(356,496)	(394,477)	(391,391)	(382,588)	(350,724)			
One year later	(360,830)	(763,655)	(667,025)	(715,652)	(722,240)	(746,862)	(695,027)				
Two year later	(432,152)	(903,440)	(813,863)	(833,504)	(860,786)	(886,525)					
Three year later	(478,826)	(996,601)	(865,813)	(889,672)	(911,881)						
Four year later	(506,578)	(1,032,649)	(891,579)	(906,103)							
Five year later	(516,850)	(1,045,683)	(900,401)								
Six year later	(519,400)	(1,053,200)									
Seven year later	(522,598)										
Cumulative payments to-date	(522,598)	(1,053,200)	(900,401)	(906,103)	(911,881)	(886,525)	(695,027)	(350,724)			
Gross general insurance claims liabilities (direct and facultative)	**10,105**	**45,096**	**36,776**	**62,223**	**94,532**	**174,988**	**385,810**	**844,012**	**1,653,542**	**81,440**	**1,734,982**

* the diagonal for 31 March 2016 is based on a 3-months analysis as at 31 March 2016.

Net general insurance claims liabilities for 2015:

Accident year	Before 2010 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	514,864	1,086,325	931,415	884,131	792,136	926,165	1,028,962	1,089,589			
One year later	551,130	1,124,363	925,617	877,184	793,919	896,635	959,376				
Two year later	561,232	1,097,353	905,527	863,446	791,977	860,833					
Three year later	547,667	1,008,609	891,173	848,750	779,481						
Four year later	517,891	997,677	878,021	836,041							
Five year later	502,403	986,821	865,970								
Six year later	494,032	974,585									
Seven year later	490,082										
Current estimate of accumulative claims incurred	490,082	974,585	865,970	836,041	779,481	860,833	959,376	1,089,589			
At the end of accident year	(127,466)	(358,787)	(344,917)	(328,287)	(323,199)	(329,836)	(362,384)	(333,247)			
One year later	(334,238)	(693,181)	(621,523)	(633,815)	(582,021)	(627,664)	(654,304)				
Two year later	(400,879)	(823,869)	(754,228)	(734,325)	(687,473)	(730,446)					
Three year later	(444,160)	(913,490)	(802,073)	(779,901)	(725,991)						
Four year later	(469,436)	(943,843)	(824,937)	(796,842)							
Five year later	(477,878)	(954,780)	(833,625)								
Six year later	(480,560)	(962,735)									
Seven year later	(483,401)										
Cumulative payments to-date	(483,401)	(962,735)	(833,625)	(796,842)	(725,991)	(730,446)	(654,304)	(333,247)			
Net general insurance claims liabilities (direct and facultative)	**6,681**	**11,850**	**32,345**	**39,199**	**53,490**	**130,387**	**305,072**	**756,342**	**1,335,366**	**81,245**	**1,416,611**

54. INSURANCE BUSINESS (CONT'D.)

(VIII) REDEEMABLE CUMULATIVE CONVERTIBLE PREFERENCE SHARE

In the financial year ended 31 March 2013, AmGeneral Holdings Berhad ("AMGH") (a 51% owned subsidiary) had issued RM600 million of Redeemable Cumulative Convertible Preference Share ("RCCPS") and the salient features of the RCCPS are as follows:

The RCCPS are redeemable during the redemption period from 27 September 2012 to 26 September 2027 ("maturity date"). The RCCPS will be redeemed during the redemption period or at the maturity date with the redemption price equal to the issue price.

The RCCPS confers on the holders the right to a fixed cumulative preference dividend calculated at 1% per annum each year to be declared and paid within six months from the end of each financial year, calculated based on the issue price of the RCCPS, in priority to any other classes of shares to the extent that there are profits available for distribution and compliance with the capital adequacy requirements as stipulated by Bank Negara Malaysia.

The RCCPS holders are entitled at any time to convert all or any of the RCCPS held to ordinary shares in AMGH on the basis of one RCCPS for one new ordinary share.

At Group, the RCCPS is presented net of deferred tax, and reflects only the portion issued to the NCI.

(IX) INVESTMENT PROPERTIES

Investment property of general insurance business

	31 March 2016 RM'000	31 March 2015 RM'000
Cost / Carrying amount:		
At beginning of the financial year	7,713	7,713
Transfer to assets held for sale (Note 56(b))	(7,713)	-
At end of the financial year	**-**	**7,713**

At 31 March 2015, had the investment property of the Group been carried under the fair value model, the fair value would have been RM12,120,000. The fair value is determined based on desktop valuation that reflects market conditions by an accredited independent valuer whereby valuation was based on comparison method that makes comparison to similar properties that were either transacted recently or listed for sale within the same location or other comparable localities (Level 2 in the fair value hierarchy).

The following amounts in respect of the investment property of the general insurance business were recognised in the income statement:

	31 March 2016 RM'000	31 March 2015 RM'000
Rental income	-	-
Operating expenses arising from investment properties that generated rental income	-	(40)

55. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements excluding financial assets not subject to offset and that are only subject to collateral arrangements (eg. loans, advances and financing) are as follows:-

Group	Gross amount of recognised financial assets/ liabilities RM'000	Gross amounts offset in the statement of financial position RM'000	Amounts presented in the statement of financial position RM'000	Amount not offset in the statements of financial position: Financial instruments RM'000	Amount not offset in the statements of financial position: Cash collateral received/ pledged RM'000	Net amount RM'000
31 March 2016						
Derivative financial assets	1,884,061	-	1,884,061	(967,793)	(469,030)	447,238
Other assets	751,197	(21,947)	729,250	(32,254)	(9,825)	687,171
	2,635,258	**(21,947)**	**2,613,311**	**(1,000,047)**	**(478,855)**	**1,134,409**
Derivative financial liabilities	2,022,865	-	2,022,865	(967,793)	(670,715)	384,357
Other liabilities	719,837	(21,947)	697,890	-	-	697,890
	2,742,702	**(21,947)**	**2,720,755**	**(967,793)**	**(670,715)**	**1,082,247**
31 March 2015						
Derivative financial assets	1,437,537	-	1,437,537	(588,586)	(277,727)	571,224
Other assets	638,578	(15,992)	622,586	(34,438)	(11,151)	576,997
	2,076,115	**(15,992)**	**2,060,123**	**(623,024)**	**(288,878)**	**1,148,221**
Derivative financial liabilities	1,385,479	-	1,385,479	(588,586)	(682,843)	114,050
Other liabilities	572,686	(15,992)	556,694	-	-	556,694
	1,958,165	**(15,992)**	**1,942,173**	**(588,586)**	**(682,843)**	**670,744**

56. ASSETS HELD FOR SALE

	31 March 2016 RM'000	31 March 2015 RM'000
Assets held for sale		
Proposed disposal of PT AmCapital Indonesia ("AMCI")	-	120,461
Proposed disposal of property and equipment (Note b)	11,647	83,775
Proposed disposal of investment property (Note b)	7,713	-
Proposed disposal of AmTrustee Berhad ("AmTrustee") (Note a)	5,380	-
	24,740	**204,236**
Liabilities directly associated with assets held for sale		
Proposed disposal of AMCI	-	48,995
Proposed disposal of AmTrustee (Note a)	4,370	-
	4,370	**48,995**
Net assets held for sale	**20,370**	**155,241**

56. ASSETS HELD FOR SALE (CONT'D.)

(a) During the current financial year, the Board had approved the proposal to dispose AmTrustee ("Proposed disposal"), an indirect subsidiary held through the shareholding of four other subsidiaries within the Group. The Proposed disposal will not result in significant impact on the Group's income statement or statement of financial position as the trustee business is not core to the banking business of the Group and only a complement to the investment bank business with a small contribution to the Group.

	31 March 2016 RM'000
Assets	
Cash and short-term funds	3,269
Deposit with bank	100
Deferred tax assets	367
Other assets	1,470
Property and equipment (Note 18)	118
Intangible assets (Note 19)	56
Assets of subsidiary held for sale	**5,380**
Liabilities	
Other liabilities	4,370
Liabilities of subsidiary held for sale	**4,370**
Net assets of subsidiary held for sale	**1,010**

(b) Proposed disposal of property and investment property by AmGeneral Insurance Berhad ("AmGeneral Insurance")

During the current financial year, AmGeneral Insurance entered into Sale and Purchase Agreements for the proposed disposal of its self - occupied property and investment property. These disposals have not been completed as at the date of this report as certain conditions precedent have yet to be met. In the previous financial year, AmGeneral Insurance had also entered into a conditional Sale and Purchase Agreement to dispose certain leasehold land and buildings. The details of the balances reclassified to Assets held for sale are as follows:

	31 March 2016 RM'000	31 March 2015 RM'000
Balance at beginning of the financial year	83,775	-
Reclassified from:		
Property and Equipment (Note 18)	11,647	83,775
Investment property (Note 54 (IX))	7,713	-
Disposal completed during the financial year	(83,775)	-
Balance at end of the financial year	**19,360**	**83,775**

57. OPERATIONS OF ISLAMIC BANKING

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	Group 31 March 2016 RM'000	31 March 2015 (Restated) RM'000	1 April 2014 (Restated) RM'000
ASSETS				
Cash and short-term funds	ii	4,385,587	4,307,281	2,941,329
Deposits and placements with banks and other financial institutions	iii	500,000	750,000	1,118,383
Derivative financial assets		57,272	27,469	7,699
Financial assets held-for-trading	iv	174,550	151,783	64,694
Financial investments available-for-sale	v	3,177,516	4,109,611	3,854,715
Financial investments held-to-maturity	vi	1,263,639	1,249,567	1,236,055
Financing and advances	vii	27,391,553	27,497,806	24,445,039
Receivables: investments not quoted in active markets		468,141	463,982	106,649
Statutory deposit with Bank Negara Malaysia		842,000	1,045,000	891,000
Deferred tax assets	viii	296	1	292
Other assets	ix	348,234	378,727	567,242
Property and equipment	x	368	326	409
Intangible assets	xi	14	20	28
TOTAL ASSETS		**38,609,170**	**39,981,573**	**35,233,534**
LIABILITIES AND ISLAMIC BANKING FUNDS				
Deposits and placements of banks and other financial institutions	xii	1,451,897	1,356,530	2,672,606
Investment account due to licensed bank	xiii	1,000,000	1,363,442	449,982
Recourse obligation on financing sold to Cagamas Berhad		1,127,824	1,436,775	2,068,337
Derivative financial liabilities		67,685	34,491	7,675
Deposits from customers	xiv	28,375,395	29,748,968	25,423,364
Investment accounts of customers	xv	18,411	-	-
Term funding	23(a)(ii)	1,850,000	1,850,000	550,000
Subordinated Sukuk	24(c)(ii)	1,399,528	1,149,384	1,149,302
Deferred tax liabilities	viii	5,883	10,839	7,255
Other liabilities	xvi	470,486	446,758	387,526
TOTAL LIABILITIES		**35,767,109**	**37,397,187**	**32,716,047**
Share capital/Capital funds	xvii	492,922	492,922	495,761
Reserves		2,349,139	2,091,464	2,021,726
TOTAL ISLAMIC BANKING FUNDS		**2,842,061**	**2,584,386**	**2,517,487**
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		**38,609,170**	**39,981,573**	**35,233,534**
COMMITMENTS AND CONTINGENCIES	xxvi	**8,372,430**	**7,557,214**	**8,467,022**

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

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000
Income derived from investment of depositors' funds and others	xviii	1,813,111	1,752,730
Income derived from investment of investment account funds	xix	69,554	-
Writeback/(allowance) for impairment on financing and advances	xx	4,174	(131,549)
Writeback for commitment and contingencies		3,818	10,032
Impairment for sundry debtors		(10)	-
Transferred to profit equalisation reserve		(1,406)	(35,379)
Total distributable income		1,889,241	1,595,834
Income attributable to the depositors and others	xxi	(1,062,427)	(919,464)
Income attributable to investment account holders	xxii	(62,224)	(12,206)
Profit attributable to the Group		764,590	664,164
Income derived from Islamic Banking Funds	xxiii	123,674	105,165
Total net income		888,264	769,329
Operating expenses	xxiv	(412,974)	(369,098)
Finance cost		(137,979)	(80,441)
Profit before taxation and zakat		337,311	319,790
Taxation and zakat	xxv	(84,628)	(71,247)
Profit after taxation and zakat		**252,683**	**248,543**

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000
Profit after taxation and zakat	252,683	248,543
Other comprehensive income:		
Items that may be reclassified to income statement		
Net change in revaluation of financial investments available-for-sale	6,583	15,917
Exchange differences on translation of foreign operations	(1)	609
Income tax relating to the components of other comprehensive income	(1,580)	(4,066)
Other comprehensive income for the financial year, net of tax	5,002	12,460
Total comprehensive income for the financial year	**257,685**	**261,003**

The accompanying notes form an integral part of the financial statements of the operations of Islamic banking.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Group	Share capital/ Capital funds RM'000	Non-Distributable: Share premium RM'000	Statutory reserve RM'000	Profit equalisation reserve RM'000	Available-for-sale reserve/ (deficit) RM'000	Foreign currency translation reserve/ (deficit) RM'000	Distributable: Retained earnings RM'000	Total equity RM'000
At 1 April 2014	495,761	724,185	483,345	1,260	(18,388)	(662)	831,986	2,517,487
Profit for the financial year	-	-	-	-	-	-	248,543	248,543
Other comprehensive income, net	-	-	-	-	11,851	609	-	12,460
Total comprehensive income for the financial year	-	-	-	-	11,851	609	248,543	261,003
Transfer to conventional business	(2,839)	-	-	-	-	-	(3,817)	(6,656)
Utilisation of profit equalisation reserve for the financial year	-	-	-	2,644	-	-	(2,644)	-
Transfer to ESS shares recharged difference on purchase price of shares vested	-	-	-	-	-	-	(428)	(428)
Dividend paid	-	-	-	-	-	-	(187,020)	(187,020)
At 31 March 2015	**492,922**	**724,185**	**483,345**	**3,904**	**(6,537)**	**(53)**	**886,620**	**2,584,386**
At 1 April 2015	492,922	724,185	483,345	3,904	(6,537)	(53)	886,620	2,584,386
Profit for the financial year	-	-	-	-	-	-	252,683	252,683
Other comprehensive income, net	-	-	-	-	5,003	-	-	5,003
Total comprehensive income	-	-	-	-	5,003	-	252,683	257,686
Utilisation of profit equalisation reserve for the financial year	-	-	-	(3,904)	-	-	3,904	-
Transfer to ESS shares recharged difference on purchase price of shares vested	-	-	-	-	-	-	(10)	(10)
At 31 March 2016	**492,922**	**724,185**	**483,345**	**-**	**(1,534)**	**(53)**	**1,143,197**	**2,842,062**

The accompanying notes form an integral part of the financial statements of the operations of Islamic banking.

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	337,311	319,790
Add/(less) adjustments for:		
Accretion of discount less amortisation of premium	(94,542)	(104,653)
Allowance for impairment on financing and advances	105,574	270,929
Depreciation of property and equipment	78	133
Amortisation of intangible assets	7	17
Impairment writeback on sundry receivables	10	-
Transfer to profit equalisation reserve	1,406	35,379
Gain on sale of financial assets held-for-trading	(554)	(117)
Net loss/(gain) on revaluation of financial assets held-for-trading	8	(993)
Net loss on sale of financial investments available-for-sale	853	131
Net loss/(gain) on revaluation of derivatives	944	(232)
Writeback of provision for commitments and contingencies	(3,818)	(10,032)
Shares/options granted under Executives' Share Scheme	165	(11)
Operating profit before working capital changes	347,442	510,341
(Increase)/decrease in operating assets		
Deposits and placements of banks and other financial institutions	250,000	368,383
Financial assets held-for-trading	(22,221)	(85,979)
Financing and advances	679	(3,323,696)
Statutory deposit with Bank Negara Malaysia	203,000	(154,000)
Other assets	1,888	161,720
Increase/(decrease) in operating liabilities		
Deposits and placements of banks and other financial institutions	(1,268,075)	(1,316,076)
Investment account due to licensed bank	1,000,000	913,460
Recourse obligation on financing sold to Cagamas Bhd	(308,951)	(631,562)
Deposits from customers	(1,373,573)	4,325,604
Investment accounts of customers	18,411	-
Other liabilities	31,011	68,593
Cash generated from operating activites	(1,120,389)	836,788
Zakat paid	(1,411)	(1,336)
Tax paid	(66,350)	(73,731)
Net cash (used in)/generated from operating activities	(1,188,150)	761,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal/(Purchase) of financial investments	1,016,715	(152,035)
Purchase of property and equipment	(258)	(48)
Purchase of intangible assets	(1)	(9)
Purchase of receivables: investments not quoted in active markets	-	(350,000)
Net cash generated from/(used in) investing activities	1,016,456	(502,092)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net capital funds transferred to conventional business	-	(6,656)
Dividend paid	-	(187,021)
Term funding	250,000	1,300,000
Net cash generated from financing activities	250,000	1,106,323
Net increase in cash and cash equivalents	78,306	1,365,952
Cash and cash equivalents at beginning of the financial year	4,307,281	2,941,329
Cash and cash equivalents at end of the financial year	**4,385,587**	**4,307,281**

The accompanying notes form an integral part of the financial statements of the operations of Islamic banking.

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING

(I) ISLAMIC BANKING BUSINESS

Shariah Committee and governance

The Shariah Committee comprises five (5) members and is responsible and accountable on matters related to Shariah. This includes:

i. advising Board of Directors and Management of the AmBank Islamic on Shariah matters;
ii. endorsing and validating products and services, Shariah policies and the relevant documentation in relation to Islamic Banking operation; and
iii. providing advice and guidance on management of zakat fund, charity and other social programme activities.

The Shariah Committee members also sit in the Shariah Oversight Committee, a sub-committee to the Shariah Committee performing an oversight function from Shariah perspective to assess work carried out by Shariah review, Shariah audit, Shariah regulatory review and Shariah risk management. Shariah Oversight Committee is also responsible to provide guidance and advice on matters pertaining to Shariah non-compliance incidents as well as treatment of Shariah non-compliance income.

Shariah non-compliance incident and income

A total amount of RM9,741,000 arising from eight (8) Shariah non-compliant incidents was recorded as Shariah non-compliant income. The amount due to operational error was derecognised as prescribed by the Shariah Oversight Committee and was subsuquently purified as at 31 March 2016.

(II) CASH AND SHORT-TERM FUNDS

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Cash and bank balances	302,185	1,848
Deposits maturing within one month:		
Other financial institutions	4,083,402	4,305,433
	4,385,587	**4,307,281**

(III) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Licensed banks	**500,000**	**750,000**

(IV) FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
At Fair Value		
Money Market Securities:		
Malaysian Government Investment Certificates	84,167	141,705
Unquoted Securities:		
In Malaysia:		
Private debt securities	90,383	10,078
Total	**174,550**	**151,783**

The accompanying notes form an integral part of the financial statements of the operations of Islamic banking.

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(V) FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
At Fair Value		
Money Market Securities:		
Malaysian Government Investment Certificates	422,674	204,121
Islamic negotiable instruments of deposit	1,984,615	3,045,885
Bank Negara Monetary notes	-	254,914
	2,407,289	3,504,920
Unquoted Securities:		
In Malaysia:		
Private debt securities	770,227	604,691
Total	**3,177,516**	**4,109,611**

(VI) FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
At amortised cost		
Unquoted Securities:		
In Malaysia:		
Private debt securities	**1,263,639**	**1,249,567**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VII) FINANCING AND ADVANCES

(a) Financing and advances by type and Shariah contracts are as follows:

Group 31 March 2016	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
Cash lines	-	-	-	-	1,048,099	-	1,048,099
Term financing	2,359,827	2,251,556	9,987	-	3,925,922	80,224	8,627,516
Revolving credit	191,617	1,585,145	-	-	3,045,920	-	4,822,682
Housing financing	2,113,486	-	47,256	-	-	-	2,160,742
Hire purchase receivables	4	-	-	9,455,956	-	-	9,455,960
Bills receivable	-	-	-	-	-	13,134	13,134
Credit card receivables	-	-	-	-	-	260,129	260,129
Trust receipts	-	152,071	-	-	-	-	152,071
Claims on customers under acceptance credits	-	1,114,116	-	-	-	130,211	1,244,327
Gross financing and advances*	4,664,934	5,102,888	57,243	9,455,956	8,019,941	483,698	27,784,660
Allowance for impairment on financing and advances							
- Collective allowance							(329,392)
- Individual allowance							(63,715)
Net financing and advances							**27,391,553**

Group 31 March 2015	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
Cash lines	-	-	-	-	888,591	-	888,591
Term financing	2,561,064	2,530,032	9,325	-	4,122,052	40,429	9,262,902
Revolving credit	456,811	431,597	-	-	3,165,176	-	4,053,584
Housing financing	1,359,372	-	31,114	-	-	-	1,390,486
Hire purchase receivables	4	-	-	10,950,562	-	-	10,950,566
Bills receivable	-	-	-	-	-	735	735
Credit card receivables	-	-	-	-	-	278,597	278,597
Trust receipts	-	100,907	-	-	-	-	100,907
Claims on customers under acceptance credits	-	959,675	-	-	-	136,291	1,095,966
Gross financing and advances*	4,377,251	4,022,211	40,439	10,950,562	8,175,819	456,052	28,022,334
Allowance for impairment on financing and advances							
- Collective allowance							(458,453)
- Individual allowance							(66,075)
Net financing and advances							**27,497,806**

* 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.

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VII) FINANCING AND ADVANCES (CONT'D)

(b) The maturity structure of financing and advances are as follows:

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Maturing within one year	9,416,629	8,712,569
Over one to three years	3,144,241	2,914,449
Over three to five years	5,460,974	4,481,931
Over five years	9,762,816	11,913,385
	27,784,660	**28,022,334**

(c) Gross financing and advances analysed by type of customers are as follows:

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Domestic non-bank financial institutions	457,764	376,383
Domestic business enterprises		
- Small medium enterprises	4,608,019	4,320,458
- Others	8,762,780	9,136,728
Government and statutory bodies	833,361	383,730
Individuals	12,990,697	13,663,125
Other domestic entities	43,815	57,698
Foreign individual and entities	88,224	84,212
	27,784,660	**28,022,334**

(d) Financing and advances analysed by profit rate sensitivity are as follows:

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Fixed rate:		
Housing financing	241,629	257,808
Hire purchase receivables	8,783,117	10,016,187
Other financing	3,091,632	3,125,980
Variable rate:		
Base rate and lending/financing rate plus	5,127,588	5,236,078
Cost-plus	9,498,853	9,040,137
Other variable rates	1,041,841	346,144
	27,784,660	**28,022,334**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VII) FINANCING AND ADVANCES (CONT'D.)

(e) Gross financing and advances analysed by sectors are as follows:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Agriculture	1,549,925	1,425,890
Mining and quarrying	1,546,980	1,676,384
Manufacturing	2,854,552	2,349,086
Electricity, gas and water	129,373	148,422
Construction	1,931,581	2,137,670
Wholesale, retail trade, restaurants and hotels	958,268	944,867
Transport, storage and communication	775,103	937,626
Finance and insurance	457,858	376,383
Real estate	2,698,165	2,825,535
Business activities	458,730	461,035
Education and health	1,252,321	821,983
Household of which:	13,064,790	13,742,679
- purchase of residential properties	2,149,764	1,370,877
- purchase of transport vehicles	9,060,015	10,401,534
- others	1,855,011	1,970,268
Others	107,014	174,774
Gross financing and advances	**27,784,660**	**28,022,334**

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

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Balance at beginning of the financial year	606,455	348,515
Impaired during the financial year	414,127	776,843
Reclassification to non-impaired financing	(59,820)	(81,471)
Recoveries	(126,010)	(123,309)
Amount written off	(229,551)	(314,123)
Balance at end of the financial year	**605,201**	**606,455**
Gross impaired financing and advances as % of gross financing and advances	**2.2%**	**2.2%**
Financing loss coverage (excluding collateral values)	**65.0%**	**86.5%**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VII) FINANCING AND ADVANCES (CONT'D.)

(g) Impaired financing and advances analysed by sectors are as follows:

	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000
Agriculture	150	354
Mining and quarrying	3,450	7
Manufacturing	29,434	34,143
Electricity, gas and water	16,233	21,100
Construction	4,813	9,590
Wholesale, retail trade, restaurants and hotels	4,350	6,763
Transport, storage and communication	6,998	12,076
Finance and insurance	-	33
Real estate	378,700	322,332
Business activities	2,670	4,211
Education and health	3,305	6,169
Household of which:	154,228	188,040
- Purchase of residential properties	22,597	20,771
- Purchase of transport vehicles	116,266	155,185
- Others	15,365	12,084
Others	870	1,637
Impaired financing and advances	**605,201**	**606,455**

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

	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000
Collective allowance		
Balance at beginning of the financial year	458,453	534,465
Allowance made during the financial year	77,975	224,295
Transferred from conventional commercial banking*	17	2,463
Foreign exchange differences	(5)	-
Amount written off and others	(207,048)	(302,770)
Balance at end of the financial year	**329,392**	**458,453**
Collective allowance as % of gross financing and advances (excluding RIA financing) less individual allowance	**1.2%**	**1.7%**
Individual allowance		
Balance at beginning of the financial year	66,075	19,470
Allowance made during the financial year	27,588	46,634
Amount written off and others	(29,949)	(29)
Balance at end of the financial year	**63,714**	**66,075**

* As at 31 March 2016, the gross exposure and collective allowance relating to the RIA financing amounted to RM1,004.0 million and RM1.5 million respectively (31 March 2015: RM1,363.8 million and RM1.6 million respectively). There was no individual allowance provided for the RIA financing.

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(VIII) DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the statements of financial position, after appropriate offsetting:

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Deferred tax assets	296	1
Deferred tax liabilities	(5,883)	(10,839)
	(5,587)	**(10,838)**

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Deferred tax assets	6,912	5,751
Deferred tax liabilities	(12,499)	(16,589)
	(5,587)	**(10,838)**

The components and movements of deferred tax assets/(liabilities) prior to offsetting are as follows:

Group 31 March 2016	Balance at beginning of financial year RM'000	Recognised in income statement RM'000	Recognised in other comprehensive income RM'000	Balance at end of financial year RM'000
Deferred tax assets				
Excess of capital allowance over depreciation	-	-	-	-
Other temporary differences	3,266	2,916	-	6,182
Profit equalisation reserve	403	(403)	-	-
Deferred income	-	228	-	228
Available-for-sale reserve	2,082	-	(1,580)	502
	5,751	**2,741**	**(1,580)**	**6,912**
Deferred tax liabilities				
Excess of capital allowance over depreciation	(29)	(3)	-	(32)
Deferred charges	(16,560)	4,093	-	(12,467)
	(16,589)	**4,090**	**-**	**(12,499)**
Group 31 March 2015				
Deferred tax assets				
Other temporary differences	5,243	(1,977)	-	3,266
Profit equalisation reserve	393	10	-	403
Available-for-sale reserve	6,148	-	(4,066)	2,082
	11,784	**(1,967)**	**(4,066)**	**5,751**
Deferred tax liabilities				
Excess of capital allowance over depreciation	(43)	14	-	(29)
Deferred charges	(18,704)	2,144	-	(16,560)
	(18,747)	**2,158**	**-**	**(16,589)**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(IX) OTHER ASSETS

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Trade debtors	10,009	7,161
Other receivables, deposits and prepayments	24,270	61,403
Amount due from related company	91,708	47,453
Amount due from originators	127,791	136,695
Profit receivable	31,604	28,227
Tax recoverable	10,903	28,784
Deferred charges	51,949	69,004
	348,234	**378,727**

(X) PROPERTY AND EQUIPMENT

Group	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
31 March 2016					
Cost					
At beginning of the financial year	600	432	596	199	1,827
Additions	185	-	62	11	258
Reclassification/Transfers	(455)	-	-	-	(455)
At end of the financial year	330	432	658	210	1,630
Accumulated Depreciation					
At beginning of the financial year	400	420	509	172	1,501
Depreciation for the financial year	35	5	24	14	78
Reclassification/Transfers	(317)	-	-	-	(317)
At end of the financial year	118	425	533	186	1,262
Net Book Value					
As at 31 March 2016	**212**	**8**	**124**	**24**	**368**
31 March 2015					
Cost					
At beginning of the financial year	600	432	551	196	1,779
Additions	-	-	45	3	48
At end of the financial year	600	432	596	199	1,827
Accumulated Depreciation					
At beginning of the financial year	336	393	480	161	1,370
Depreciation for the financial year	64	27	29	11	131
At end of the financial year	400	420	509	172	1,501
Net Book Value					
As at 31 March 2015	**200**	**12**	**87**	**27**	**326**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XI) INTANGIBLE ASSETS

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Cost		
At beginning of the financial year	917	908
Additions	1	9
At end of the financial year	918	917
Accumulated Depreciation		
At beginning of the financial year	897	880
Amortisation for the financial year	7	17
At end of the financial year	904	897
Net Carrying Amount	**14**	**20**

(XII) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group 31 March 2016 RM'000	31 March 2015 (Restated) RM'000
Non-Mudarabah Fund:		
Licensed investment banks	270,246	159
Other financial institutions	691,550	257,218
Bank Negara Malaysia	22,027	29,250
Mudarabah Fund:		
Other financial institutions	457,674	824,534
Licensed investment banks	10,400	245,369
Licensed banks	-	-
	1,451,897	**1,356,530**

(XIII) INVESTMENT ACCOUNT DUE TO LICENSED BANK

	Note	Group 31 March 2016 RM'000	31 March 2015 (Restated) RM'000
Restricted investment account:			
- Mudarabah Muqayyadah	(a)	**1,000,000**	1,363,442

(a) The RIA is a contract based on the Shariah concept of Mudarabah between two parties, that is, capital provider and entrepreneur to finance a business venture where the business venture is managed solely by AmBank Islamic as the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio. Losses shall be borne solely by the capital provider. For all the RIA contracts, the capital provider is AmBank, the Group's conventional commercial bank.

During the current financial year, on 16 December 2015, the RIA, was early redeemed by the investment account holder, AmBank. The placement was for a tenor of 370 days, maturing on 5 February 2016. On the same day, a new contract for the sum of RM1.0 billion was entered into by AmBank Islamic with AmBank. This new contract is for a period of 5 years. On 31 December 2015, another new contract for the sum of RM300.0 million was entered into by AmBank Islamic with AmBank and this contract is for a tenor of 291 days; this contract was early redeemed by AmBank on 15 March 2016.

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XIII) INVESTMENT ACCOUNT DUE TO LICENSED BANK (CONT'D.)

(b) Movement in the investment accounts is as follows:

	Mudarabah restricted investment account RM'000
At 1 April 2015	1,363,442
Funding inflows/outflows:	
New placement during the financial year	1,300,000
Net movement during the financial year	(1,725,658)
Income from investment	69,070
AmBank Islamic's share of profit:	
Profit distributed to mudarib	(6,854)
At 31 March 2016	**1,000,000**
Investment asset:	
Interbank placement	1,000,000
Total Investment	**1,000,000**

(c) Profit Sharing Ratio, Rate of Return and Performance Incentive Fee for the investment accounts are as follows:

	Profit sharing ratio (%)	Average rate of return (%)
Restricted investment account:		
between 2 to 5 years	**90**	**4.56**

(XIV) DEPOSITS FROM CUSTOMERS

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
(i) By type of deposit:		
Savings deposits:		
Wadiah	1,950,534	1,893,135
Mudarabah	-	5,215
Demand deposits:		
Wadiah	3,911,360	3,875,971
Mudarabah	-	45,380
Term deposits:		
General investment deposits:		
Wakalah	-	314,750
Mudarabah	-	13,846,615
Commodity murabahah	22,507,105	9,761,507
Negotiable instruments of deposits:		
Bai' Bithaman Ajil	6,396	6,395
Structured deposits:		
Mudarabah	-	-
	28,375,395	**29,748,968**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XIV) DEPOSITS FROM CUSTOMERS (CONT'D.)

(ii) The deposits are sourced from the following types of customers:

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Business enterprises	12,657,390	14,716,046
Government and statutory bodies	7,074,020	6,899,768
Individuals	6,994,982	6,907,008
Others	1,649,003	1,226,146
	28,375,395	**29,748,968**

(iii) The maturity structure of negotiable instruments of deposits, term deposits, general investment deposits and structured deposits are as follows:

	Group	
	31 March 2016 RM'000	**31 March 2015 RM'000**
Due within six months	17,900,847	20,614,382
Over six months to one year	3,040,322	2,054,368
Over one to three years	1,505,779	816,628
Over three to five years	66,553	443,889
	22,513,501	**23,929,267**

(XIV) INVESTMENT ACCOUNTS OF CUSTOMERS

	Group	
	31 March 2016 RM'000	**31 March 2015 (Restated) RM'000**
Unrestricted investment account without maturity		
- Wakalah	**18,411**	**-**

(a) Movement in the investment accounts is as follows:

	Wakalah unrestricted investment account RM'000
At 1 April 2015	-
<u>Funding inflows:</u>	
New placement during the financial year	15,634
Redemption during the financial year	2,769
Income from investment	484
<u>AmBank Islamic's share of profit:</u>	
Profit distributed to mudarib	(476)
At 31 March 2016	**18,411**
Investment asset:	
Interbank placement	18,411
Total investment	**18,411**

For the current financial year, the Group did not impose Wakalah fees to the Investment Account Holders.

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XV) INVESTMENT ACCOUNTS OF CUSTOMERS (CONT'D.)

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

	Average rate of return (%)	Performance incentive fee (%)
Unrestricted investment account:		
less than 3 months	**0.05**	**3.18**

(XVI) OTHER LIABILITIES

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Other payables and accruals	343,221	333,081
Taxation and zakat payable	36,323	30,508
Provision for commitments and contingencies	11,603	15,415
Amount owing to conventional banking	77,525	62,642
Lease deposits and advance rental	1,814	3,432
Profit equalisation reserve	-	1,680
	470,486	**446,758**

The movements in profit equalisation reserve are as follows:

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Balance at beginning of the financial year	1,680	1,571
Provision during the financial year	1,406	35,379
Utilisation during the financial year	(3,086)	(35,270)
Balance at end of the financial year	**-**	**1,680**

(XVII) SHARE CAPITAL/CAPITAL FUNDS

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Allocated:		
Balance at beginning and end of the financial year	563,381	563,381
Utilised:		
Balance at beginning of the financial year	492,922	495,761
Utilised during the financial year	-	(2,839)
Balance at end of financial year	**492,922**	**492,922**

(XVIII) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Income derived from investment of:		
(i) General investment deposits	138,299	1,034,657
(ii) Other deposits	1,674,812	704,819
(iii) Special Investment deposits	-	13,254
	1,813,111	**1,752,730**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XVIII) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONT'D.)

(i) Income derived from investment of general investment deposits:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Finance income and hibah:		
Financing and advances	115,990	940,444
Financial assets held-for-trading	508	665
Financial investments available-for-sale	1,818	27,671
Financial investments held-to-maturity	4,363	8,165
Financing income on impaired financing	494	3,561
Deposits and placements with banks and other financial institutions	11,755	16,565
Others	455	1,017
	135,383	998,088
Net gain from sale of financial assets held-for-trading	301	277
(Loss)/Gain on revaluation of financial assets held-for-trading	(29)	369
Foreign exchange	196	6,208
Loss from sale of financial investments available-for-sale	(23)	(28)
Net loss on derivatives	(526)	(110)
Others	114	(14)
	33	6,702
Fee and commission income:		
Commission	6	4
Other fee income	2,877	29,863
	2,883	29,867
Total	**138,299**	**1,034,657**

(ii) Income derived from investment of other deposits:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Finance income and hibah:		
Financing and advances	1,368,553	512,042
Financial assets held-for-trading	9,501	5,897
Financial investments held-to-maturity	51,128	46,652
Financial investments available-for-sale	25,417	15,369
Impaired financing and advances	10,145	1,671
Deposits and placements with financial institutions	140,927	84,337
Others	27,599	17,461
	1,633,270	683,429
Loss from sale of financial investments available-for-sale	(30)	(26)
Gain/(Loss) from sale of financial assets held-for-trading	253	(159)
Gain on revaluation of financial assets held-for-trading	21	624
Foreign exchange	920	4,072
Net gain/(loss) on derivatives	38	(127)
Others	1,706	(15)
	2,908	4,369
Fee and commission income:		
Commission	9,194	3,886
Other fee income	29,440	13,135
	38,634	17,021
Total	**1,674,812**	**704,819**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XVIII) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONT'D.)

(iii) Income derived from investment of specific investment deposits

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Finance income and hibah:		
Financing and advances	**-**	**13,254**

(XIX) INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Income derived from investment of:		
(i) Restricted investment account	69,070	-
(ii) Unrestricted investment accounts	484	-
	69,554	**-**
(i) Income derived from investment of restricted investment account		
Finance income and hibah:		
Financing and advances		
- Financing income	**69,070**	**-**
(ii) Income derived from investment of unrestricted investment accounts		
Finance income and hibah:		
Deposits and placements with banks and other financial institutions	**484**	**-**

(XX) ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Allowance for impairment on financing and advances:		
Individual allowance, net	27,588	46,634
Collective allowance, net	77,986	224,295
	105,574	270,929
Impaired financing and advances recovered, net	(109,748)	(139,380)
	(4,174)	**131,549**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XXI) INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Deposits from customers:		
Mudarabah Fund	54,942	652,120
Non-Mudarabah Fund	924,458	130,409
	979,400	782,529
Deposits and placements of banks and other financial institutions:		
Mudarabah Fund	7,910	44,416
Non-Mudarabah Fund	41,023	9,421
Others	34,094	83,098
	83,027	136,935
Total	**1,062,427**	**919,464**

(XXII) INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Group 31 March 2016 RM'000	31 March 2015 (Restated) RM'000
Unrestricted:		
Customers - transactional investment accounts	8	-
Restricted:		
Licensed bank - investment account	62,216	12,206
	62,224	**12,206**

(XXIII) INCOME DERIVED FROM ISLAMIC BANKING FUNDS

	Group 31 March 2016 RM'000	31 March 2015 RM'000
Finance income and hibah:		
Financial investments available-for-sale	97,109	85,611
Deposits and placements with financial institutions	-	797
	97,109	86,408
Loss from sale of financial investments available-for-sale	(800)	(78)
Fee and commission income:		
Commission	3,555	3,546
Other fee income	25,346	16,058
Unrealised gain/(loss) on fair value hedge	(27)	233
Net loss on derivatives	(1,509)	(1,002)
	27,365	18,835
Total	**123,674**	**105,165**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XXIV) OPERATING EXPENSES

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Personnel costs	12,737	10,237
Establishment costs	1,391	1,568
Marketing and communication expenses	5,019	3,605
Administration and general expenses	98,917	34,106
Service transfer pricing expenses, net	294,910	319,582
	412,974	**369,098**

(XXV) TAXATION AND ZAKAT

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Taxation	83,049	69,843
Zakat	1,579	1,404
Taxation and zakat	**84,628**	**71,247**

(XXVI) NET INCOME FROM ISLAMIC BANKING

For consolidation with the conventional business, net income from the operations of Islamic banking comprises the following:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Income derived from investment of depositors' funds and others	1,813,111	1,752,730
Income derived from investment of investment account funds	69,554	-
Less: Income attributable to the depositors and others	(1,062,427)	(919,464)
Income attributable to investment account holders	(62,224)	(12,206)
Income attributable to the Group	758,014	821,060
Income derived from Islamic Banking Funds	123,674	105,165
Less: Finance cost	(137,979)	(80,441)
	743,709	845,784
Intercompany income and expenses	62,128	18,903
	805,837	**864,687**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XXVII) CAPITAL ADEQUACY RATIO

(a) The aggregated capital adequacy ratios under the Islamic banking operations of the Group are as follows:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Common Equity tier 1 ("CET 1") Capital ratio	**10.509%**	9.795%
Tier 1 Capital Ratio	**10.509%**	9.795%
Total Capital Ratio	**15.960%**	14.934%

The capital adequacy ratios of the Islamic banking operations of the Group are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (Basel II) and the Capital Adequacy Framework for Islamic Banks Capital Components ("CAFIB"). The Group's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

(b) The aggregated components of CET 1 Capital, Tier 1 and Tier 2 Capital of the Islamic banking operations of the Group are as follows:

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
CET1 Capital		
Ordinary shares	492,922	492,922
Share premium	724,185	724,185
Retained earnings	1,143,198	889,029
AFS deficit	(1,589)	(6,592)
Statutory reserve	483,345	483,345
Profit equalisation reserve	-	3,904
Less : Regulatory adjustments applied on CET1 capital		
Other intangibles	(14)	(21)
Deferred tax assets	(296)	(1)
Profit equalisation reserve	-	(3,904)
CET1 capital	**2,841,751**	**2,582,867**
Tier 2 capital		
Tier 2 capital instruments meeting all relevant criteria for inclusion	600,000	350,000
Tier 2 capital instruments (subject to gradual phase-out treatment)	600,000	700,000
Collective impairment provisions and regulatory reserves	273,963	305,338
Tier 2 capital	**1,473,963**	**1,355,338**
Total Capital	**4,315,714**	**3,938,205**

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

	Group	
	31 March 2016 RM'000	31 March 2015 RM'000
Credit RWA	26,189,811	25,918,548
Less : Credit RWA absorbed by Restricted Profit Sharing Investment Account	(1,003,979)	(1,363,811)
Total Credit RWA	25,185,832	24,554,737
Market RWA	296,231	230,629
Operational RWA	1,559,540	1,584,972
Total Risk Weighted Assets	**27,041,603**	**26,370,338**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XXVIII) COMMITMENTS AND CONTINGENCIES

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

As at the reporting date, the notional/principal amounts of the commitments and contingencies are as follows:

Group	31 March 2016 RM'000	31 March 2015 RM'000
Contingent Liabilities		
Certain transaction-related contingent items	746,826	746,892
Short-term self liquidating trade-related contingencies	121,004	80,959
Direct credit substitutes	235,448	107,926
Al-Kafalah guarantees	6,663	77,650
	1,109,941	1,013,427
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
- up to one year	2,846,243	2,923,931
- over one year	999,782	977,474
Unutilised credit card lines	476,806	594,355
Forward asset purchases	10,460	-
	4,333,291	4,495,760
Derivative Financial Instruments		
- One year or less	1,679,198	1,154,993
Profit rate related contracts:		
- Three to five years	900,000	180,000
- Over five years	350,000	350,000
Equity and commodity related contracts:		
- One year or less	-	363,034
	2,929,198	2,048,027
Total	**8,372,430**	**7,557,214**

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

NOTES TO THE FINANCIAL STATEMENTS OF THE OPERATIONS OF ISLAMIC BANKING (CONT'D.)

(XXIX) RESTATEMENT OF COMPARATIVES

During the current financial year, the Islamic banking subsidiary had restated the placement received from a related company, previously classified as Deposits and placements of banks and other financial insitutions to Investment account due to licensed bank as the placement was not principal guaranteed and both parties did not enter into a new investment account contract upon expiry of the transition period until 30 June 2015 to comply with IFSA 2013 and BNM standards on Shariah and policy document on Investment Account. The non-principal guaranteed placement by the same related company as at 31 March 2015 and 1 April 2014 was also reclassified to Investment account to provide more meaningful information. In the financial statements of the Group, both Investment account (asset) and Investment account due to licensed bank (liability) was eliminated on consolidation.

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

(i) Reconcilation of statement of financial position

	As previously reported RM'000	RM'000	As restated RM'000
As at 1 April 2014			
Deposits and placements of banks and other financial institutions	3,122,588	(449,982)	2,672,606
Investment account due to licensed bank	-	449,982	449,982
As at 31 March 2015			
Deposits and placements of banks and other financial institutions	2,719,972	(1,363,442)	1,356,530
Investment account due to licensed bank	-	1,363,442	1,363,442

(ii) Reconcilation of income statement

	As previously reported RM'000	RM'000	As restated RM'000
Income attributable to the depositors and others	938,304	(12,206)	926,098
Income attributable to investment account holders	-	12,206	12,206

(iii) Reconcilation of statement of cash flows

	As previously reported RM'000	RM'000	As restated RM'000
As at 31 March 2015			
Deposits and placements of banks and other financial institutions	(402,616)	(913,460)	(1,316,076)
Investment account due to licensed bank	-	913,460	913,460

58. RESTATEMENT OF COMPARATIVE INFORMATION

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

59. 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*, as 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		Company	
	31 March 2016 RM'000	**31 March 2015 RM'000**	**31 March 2016 RM'000**	**31 March 2015 RM'000**
Total retained earnings:				
- Realised	8,825,133	8,617,715	2,872,160	2,895,435
- Unrealised	1,965,338	1,553,202	-	-
Total share of retained earnings from associate:				
- Realised	126,731	86,956	-	-
- Unrealised	(6,725)	41,001	-	-
Less: Consolidation adjustments	(3,371,385)	(3,468,694)	-	-
Total Group retained earnings	**7,539,092**	**6,830,180**	**2,872,160**	**2,895,435**

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

RWCAF
– Pillar 3 Disclosure
(Applicable To The Regulated Banking Subsidiaries Of The Group)

For The Financial Year Ended 31 March 2016

1.0 Scope of Application

The Bank Negara Malaysia's ("BNM") Risk Weighted Capital Adequacy Framework (Basel II) ("RWCAF") and Capital Adequacy Framework for Islamic Banks ("CAFIB") – Disclosure Requirements ("Pillar 3") is applicable to all banking institutions licensed under the Financial Services Act 2013 ("FSA") and all Islamic banks licensed under the Islamic Financial Services Act 2013 ("IFSA"). The Pillar 3 disclosure requirements aim to enhance transparency on the risk management practices and capital adequacy of banking institutions.

The banking subsidiaries of AMMB Holdings Berhad ("AMMB") to which the RWCAF framework apply are AmBank (M) Berhad ("AmBank"), AmInvestment Bank Berhad ("AmInvestment Bank") and AmBank Islamic Berhad ("AmBank Islamic") – which offers Islamic banking services.

The following information has been provided in order to highlight the capital adequacy of our regulated banking subsidiaries and a pro-forma view of the Group position on an aggregated basis. The information provided has been verified by the Group internal auditors and certified by the Group Chief Executive Officer.

BNM guidelines on capital adequacy require regulated banking subsidiaries to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. Each of these entities is independently held by AMMB as a regulated banking institution – there are no cross-shareholdings within or between these entities. Each entity's standalone and consolidated capital adequacy position and more detailed quantitative disclosures are available via our website at www.ambankgroup.com.

With effect from 1 January 2013 to 31 December 2015, 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 28 November 2012, which is based on the Basel III capital accord. Prior to that, the capital adequacy ratios of the banking subsidiaries of AMMB were computed in accordance to BNM's Risk Weighted Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks (General Requirements and Capital Components) (as applicable), which are based on the Basel II capital accord. Each banking entity 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 Framework for Islamic Banks (Basel II – Risk Weighted Assets).

The minimum regulatory capital adequacy requirements for the risk weighted capital ratios are as follows:

Calendar year	Common Equity Tier 1 ("CET1") Capital ratio	Tier 1 Capital ratio	Total Capital ratio
2013	3.5%	4.5%	8.0%
2014	4.0%	5.5%	8.0%
2015 onwards	4.5%	6.0%	8.0%

The minimum regulatory capital adequacy requirements as stipulated in the above table have not factored in capital conservation buffer of 2.5% of total risk weighted assets ("RWA") and countercyclical capital buffer ranging between 0% and 2.5% of total RWA and additional buffer requirements that may be specified by BNM.

With effect from 1 January 2016, pursuant to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guidelines for its banking subsidiaries remained at 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. The Group's banking subsidiaries are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

(a) a Capital Conservation Buffer ("CCB") of 2.5%; and

(b) a Countercyclical Capital Buffer (CCyB) determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the bank has credit exposures

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

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

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

Frequency of Disclosure

Full disclosure requirements under the BNM guidelines are made on an annual and semi-annual basis except for disclosures under paragraph 10.1 of the guidelines and all qualitative disclosures which are made on an annual basis if there are no material changes in the interim reporting periods.

Medium and Location of Disclosure
The Pillar 3 disclosures of the Group is available on our corporate website at www.ambankgroup.com.

1.1 Basis of Consolidation

For statutory accounting purposes, the consolidated financial statements of AMMB comprise the financial statements of the Company and the financial statements of all its controlled entities (individually referred to as "group entities") where it is determined that there is a capacity to control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

For purposes of this Pillar 3 Disclosures, the consolidation basis used is the same as that used for regulatory capital adequacy purposes. The following table shows the differences between the scope of statutory and regulatory consolidation.

Type of entity	Accounting treatment	
	Statutory reporting	Basel III regulatory reporting
Subsidiaries licensed under FSA or IFSA or engaged in financial activities	Fully consolidated	Deducted from capital at the banking subsidiary entity level; Fully consolidated in the calculation of capital adequacy at the banking subsidiary consolidated level
Subsidiaries engaged in non-financial activities	Fully consolidated	Risk weighted at the banking subsidiary entity level; Consolidated in the calculation of capital adequacy at the banking subsidiary consolidated level
Associates and jointly controlled entities which are licensed under FSA or IFSA or engaged in financial activities	Equity accounted	Deducted in the calculation of capital
Associates and jointly controlled entities which are not licensed under FSA or IFSA or engaged in financial activities	Equity accounted	Reported as investment and risk weighted

Apart from regulatory requirements and statutory constraints, there is no current or foreseen material, practical or legal impediments to the transfer of funds or regulatory capital within the Group.

Any such transfers would require the approvals of the respective Board of Directors ("Board"), as well as the concurrence of BNM.

2.0 Capital Management

The capital and risk management of the banking subsidiaries of AMMB are managed collectively at Group level. The Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board. The capital plan ensures that adequate levels of capital and an optimum mix of different components of capital are maintained by the Group to support its strategy.

The capital plan takes the following into account:
(a) Regulatory capital requirements:
(b) Capital requirement to support business growth, strategic objectives, buffer for material regulatory risks and stress test results.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them. In addition, the models enable the Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

Stress testing and scenario analysis are used to ensure that the Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Group and how these events could be mitigated. The Group's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The Group's assessment of risk appetite is closely integrated with the Group's strategy, business planning and capital assessment processes, and is used to inform senior management's views on the level of capital required to support the Group's business activities.

The Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the Group's management disciplines.

The capital that the Group is required to hold is determined by its statement of financial position, commitments and contingencies, counterparty and other risk exposures after applying collateral and other mitigants, based on the Group's risk rating methodologies and systems. BNM has the right to impose further capital requirements on Malaysian Financial Institutions.

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. Capital is maintained on the basis of the local regulator's requirements. It is overseen by the Group Chief Executive Officers Committee ("Group CEOs Committee"). The Group CEOs Committee is also responsible for managing the Group's statement of financial position, capital and liquidity.

2.0 Capital Management (Cont'd.)

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board. The Risk Management Committee of Directors ("RMCD") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels. The Audit and Examination Committee ("AEC") reviews specific risk areas and the issues discussed at the key capital management committees.

Group CEOs Committee proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. For the current financial year ended 31 March 2016 ("FY 2016"), these ranges are 8.1% to 10.1% for the Common Equity Tier 1 Capital Ratio, 9.6% to 11.6% for the Tier 1 Capital Ratio, and 14.0% to 16.0% for the Total Capital Ratio. The Group has been operating within these ranges.

The Capital and Balance Sheet Management Department is responsible for the ongoing assessment of the demand for capital and the updating of the Group's capital plan.

Appropriate policies are also in place governing the transfer of capital within the Group. These ensure that capital is remitted as appropriate, subject to complying with regulatory requirements and statutory and contractual restrictions.

Table 2.1: Capital Adequacy Ratios

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

	31.03.16			
	AmBank	**AmBank Islamic**	**AmInvestment Bank**	**Group ***
Before deducting proposed dividends:				
CET1 Capital ratio	11.082%	9.846%	33.574%	11.530%
Tier 1 Capital ratio	12.555%	9.846%	33.574%	12.568%
Total Capital ratio	15.770%	15.320%	33.574%	16.405%
After deducting proposed dividends:				
CET1 Capital ratio	10.640%	9.846%	31.204%	11.183%
Tier 1 Capital ratio	12.114%	9.846%	31.204%	12.221%
Total Capital ratio	15.328%	15.320%	31.204%	16.058%

	31.03.15			
	AmBank	**AmBank Islamic**	**AmInvestment Bank**	**Group ***
Before deducting proposed dividends:				
CET1 Capital ratio	10.653%	9.200%	24.196%	10.975%
Tier 1 Capital ratio	12.446%	9.200%	24.196%	12.245%
Total Capital ratio	16.020%	14.371%	24.196%	16.233%
After deducting proposed dividends:				
CET1 Capital ratio	10.023%	9.200%	22.820%	10.508%
Tier 1 Capital ratio	11.816%	9.200%	22.820%	11.778%
Total Capital ratio	15.390%	14.371%	22.820%	15.766%

Notes:

(i) The Group has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, the capital adequacy ratios are computed in accordance with BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which is based on the Basel III capital accord.

(ii) Group* figures presented in this Report represent an **aggregation** of the consolidated capital positions and risk weighted assets ("RWA") of our regulated banking institutions. The consolidated positions of each entity are published at www.ambankgroup.com.

2.0 Capital Management (Cont'd.)

Table 2.2: Risk-Weighted Assets and Capital Requirements

The aggregated breakdown of RWA by exposures in major risk category of AMMB Banking Group is as follows:

		31 March 2016					
Exposure class	**RM'000**	**Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")** **RM'000**	**Net exposures/ EAD after CRM** **RM'000**	**Risk weighted assets** **RM'000**	**Risk Weighted Assets Absorbed by RIA** **RM'000**	**Total Risk Weighted Assets after effects of RIA** **RM'000**	**Minimum capital requirement at 8%** **RM'000**
1. **Credit risk**							
On balance sheet exposures							
Sovereigns/central banks		12,011,366	12,011,366	-	-	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")		9,938,209	9,938,209	2,091,639	-	2,091,639	167,331
Insurance companies, Securities firms and Fund managers		7,201	7,201	7,201	-	7,201	576
Corporates		51,251,650	49,695,524	39,354,722	1,003,979	38,350,743	3,068,059
Regulatory retail		33,688,061	32,665,429	25,679,133	-	25,679,133	2,054,330
Residential mortgages		11,347,176	11,324,616	4,010,179	-	4,010,179	320,814
Higher risk assets		111,409	111,409	167,113	-	167,113	13,369
Other assets		3,453,413	3,453,413	3,011,746	-	3,011,746	240,939
Securitisation exposures		53,432	53,432	13,607	-	13,607	1,089
Equity exposures		4,210	4,210	4,210	-	4,210	337
Defaulted exposures		1,147,366	1,130,451	1,396,145	-	1,396,145	111,691
Total for on balance sheet exposures		123,013,493	120,395,260	75,735,695	1,003,979	74,731,716	5,978,535
Off balance sheet exposures:							
Over the counter ("OTC") derivatives		4,513,246	4,513,246	1,840,600	-	1,840,600	147,248
Credit derivatives		42	42	21	-	21	2
Off balance sheet exposures other than OTC derivatives or Credit derivatives		10,897,557	10,076,020	8,832,482	-	8,832,482	706,598
Defaulted exposures		51,758	32,042	48,063	-	48,063	3,845
Total for off balance sheet exposures		15,462,603	14,621,350	10,721,166	-	10,721,166	857,693
Total on and off balance sheet exposures		138,476,096	135,016,610	86,456,861	1,003,979	85,452,882	6,836,228
2. **Large exposures risk requirement**				-	-	-	-
3. **Market risk**	**Long Position**	**Short Position**					
Interest rate risk /Rate of return risk							
- General interest rate risk/ Rate of return risk	93,046,824	91,456,261		2,071,964	-	2,071,964	165,757
- Specific interest rate risk/ Rate of return risk	2,624,760	860,826		141,221	-	141,221	11,297
Foreign currency risk	174,367	65,119		174,367	-	174,367	13,950
Equity risk							
- General risk	142,867	11,304		131,563	-	131,563	10,525
- Specific risk	142,867	11,304		30,081	-	30,081	2,407
Option risk	657,381	469,892		24,554	-	24,554	1,964
Total	96,789,066	92,874,706		2,573,750	-	2,573,750	205,900
4. **Operational risk**				6,902,371	-	6,902,371	552,190
5. **Total RWA and capital requirements**				95,932,982	1,003,979	94,929,003	7,594,318

As part of an arrangement between AmBank and AmBank Islamic in relation to Restricted Investment Account ("RIA") agreements, AmBank records as Investment account its exposure in the arrangement, whereas AmBank Islamic records its exposure as "financing and advances". The RIA is a contract based on Shariah concept of Mudarabah between AmBank and AmBank Islamic to finance a specific business venture where AmBank solely provides capital and the business ventures are managed solely by AmBank Islamic as the entrepreneur. The RIA exposes AmBank to the risks and rewards of the financing, and accordingly AmBank accounts for all impairment allowances and risk-weighted assets arising from the RIA arrangement.

2.0 Capital Management (Cont'd.)

Table 2.2: Risk-Weighted Assets and Capital Requirements (Cont'd.)

As at 31 March 2016, the gross exposure and collective allowance relating to the RIA financing are RM1,004.0 million and RM1.5 million (2015:RM1,363.8 million and RM1.6 million respectively). There was no individual allowance provided for the RIA financing. RIA assets excluded from the risk-weighted capital adequacy computation of AmBank Islamic for 31 March 2016 amounted to RM1,004.0 million and the risk weighted on these RIA assets are accounted for in the computation of capital adequacy of AmBank.

The aggregated breakdown of RWA by exposures in major risk category of AMMB Banking Group is as follows:

		31 March 2015					
Exposure class	RM'000	Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM") RM'000	Net exposures/ EAD after CRM RM'000	Risk weighted assets RM'000	Risk Weighted Assets Absorbed by RIA RM'000	Total Risk Weighted Assets after effects of RIA RM'000	Minimum capital requirement at 8% RM'000
1. **Credit risk**							
On balance sheet exposures							
Sovereigns/central banks		12,225,767	12,225,767	-	-	-	-
Banks, development financial institutions ("DFIs") and multilateral development banks ("MDBs")		12,408,855	12,408,855	2,594,507	-	2,594,507	207,561
Insurance companies, Securities firms and Fund managers		35,068	35,068	35,068	-	35,068	2,805
Corporates		52,163,610	48,697,187	40,305,638	1,363,811	38,941,827	3,115,346
Regulatory retail		32,239,542	32,051,629	24,276,596	-	24,276,596	1,942,128
Residential mortgages		10,961,099	10,938,010	3,889,953	-	3,889,953	311,196
Higher risk assets		120,233	120,233	180,349	-	180,349	14,428
Other assets		4,068,190	4,068,190	3,668,927	-	3,668,927	293,514
Securitisation exposures		54,626	54,626	27,088	-	27,088	2,167
Equity exposures		5,395	5,395	5,395	-	5,395	432
Defaulted exposures		1,163,558	1,151,136	1,386,084	-	1,386,084	110,887
Total for on balance sheet exposures		125,445,943	121,756,096	76,369,605	1,363,811	75,005,794	6,000,464
Off balance sheet exposures:							
Over the counter ("OTC") derivatives		3,820,769	3,820,769	1,665,359	-	1,665,359	133,229
Credit derivatives		16	16	8	-	8	1
Off balance sheet exposures other than OTC derivatives or Credit derivatives		10,720,143	9,871,131	8,832,374	-	8,832,374	706,590
Defaulted exposures		41,686	38,436	57,610	-	57,610	4,609
Total for off balance sheet exposures		14,582,614	13,730,352	10,555,351	-	10,555,351	844,429
Total on and off balance sheet exposures		140,028,557	135,486,448	86,924,956	1,363,811	85,561,145	6,844,893
2. **Large exposures risk requirement**				1,474	-	1,474	118
3. **Market risk**	**Long Position**	**Short Position**					
Interest rate risk /Rate of return risk							
- General interest rate risk/ Rate of return risk	86,476,527	84,366,499		2,028,187	-	2,028,187	162,255
- Specific interest rate risk/ Rate of return risk	3,124,503	939,785		150,546	-	150,546	12,044
Foreign currency risk	512,639	28,797		512,639	-	512,639	41,011
Equity risk							
- General risk	171,042	5,313		165,763	-	165,763	13,261
- Specific risk	171,042	5,313		258,396	-	258,396	20,672
Option risk	549,005	306,933		7,112	-	7,112	569
Total	91,004,758	85,652,640		3,122,643	-	3,122,643	249,812
4. **Operational risk**				6,946,680	-	6,946,680	555,734
5. **Total RWA and capital requirements**				96,995,753	1,363,811	95,631,942	7,650,557

3.0 Capital Structure

Table 3.3 Capital Structure summarises the aggregated capital position of the Group. The capital structure includes capital under the following headings:

- Common Equity Tier 1 ("CET1") Capital;
- Additional Tier 1 Capital; and
- Tier 2 Capital

All capital instruments included in the capital base have been issued in accordance with the BNM rules and guidelines. The Additional Tier 1 and Tier 2 capital instruments of the Group that were issued prior to 2013 do not meet all qualifying criteria for full recognition of capital instruments under the Basel III accord, on the requirements for loss absorbency at the point of non-viability, and write-off or conversion mechanisms for achieving principal loss absorption and/or loss absorbency at the point of non-viability. These Additional Tier 1 and Tier 2 capital instruments qualify for the gradual phase-out treatment under the transitional arrangements of the Basel III accord. Under this treatment, the amount of capital instruments that can be recognised for each banking entity (and its consolidated group level) shall be capped at 90% of the base in 2013 (as counted separately for Additional Tier 1 Capital and Tier 2 Capital respectively), with the cap reducing by 10% in each subsequent year. To the extent that an instrument is redeemed or derecognised after 1 January 2013, the amount serving as the base is not reduced.

3.1 CET 1 Capital

CET 1 Capital consists of the following:

(a) Paid-up Ordinary Share Capital
Paid-up ordinary share capital is an item of capital issued by an entity to an investor, which is fully paid-up and where the proceeds of issue are immediately and fully available. There is no obligation to pay a coupon or dividend to the equity holder of ordinary shares. The capital is available for unrestricted and immediate use to cover risks and losses, and enable the entity to continue trading. It can only be redeemed on the winding up of the entity.

(b) Share Premium
Share premium is used to record premium arising from new shares issued in the group entity.

(c) Retained Earnings
Retained earnings at the end of the financial year and eligible reserves are accumulated resources included in the shareholders' funds in an entity's statement of financial position, with certain regulatory adjustments applied. The retained earnings is included in CET 1 Capital net of any interim and/or final dividend declared, and net of any interim losses. Quarterly interim profits have been included in CET 1 Capital subject to review/audit by the external auditors.

(d) Other Disclosed Reserves
Other disclosed reserves comprise the following:

(i) Statutory reserve
Statutory reserve is maintained in compliance with Section 47(2) f of the FSA and Section 57(2) f of IFSA and is not distributable as cash dividends.

(ii) Capital Reserve and Merger Reserve
The capital reserve and merger reserve of the banking subsidiaries represent reserves arising from the transfer of subsidiaries pursuant to schemes of arrangement under group restructuring and was accounted for using the merger accounting method.

(iii) Foreign Currency Translation Reserve/(Deficit)
Exchange gain (foreign currency translation reserve) and exchange losses (foreign currency translation deficit) arise from the translation of the financial statements of foreign operations, whose functional currencies are different from that of the Group's presentation currency.

(iv) Available-for-Sale Reserve/(Deficit)
Available-for-sale reserve/(deficit) is in respect of unrealised fair value gains/(losses) on financial investments available-for-sale. Where the unrealised fair value changes is a net gain outstanding balance, the Bank can recognise 45% of the total outstanding balance as part of CET 1 Capital. Where the unrealised fair value changes is a net loss outstanding balance, the entire outstanding balance is deducted in CET 1 Capital.

(e) Cash Flow Hedging Reserve/(Deficit)
Cash flow hedging reserve/(deficit) comprises the portion of the gains/(losses) on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. Cash flow hedging gain as at the reporting period is classified as cash flow hedging reserve and cash flow hedging losses is classified as cash flow hedging deficit. The amount of the cash flow hedging reserve/(deficit) is derecognised in the calculation of CET 1 Capital.

(f) Profit Equalisation Reserve ("PER")
Profit equalisation reserve is the amount appropriated out of the total Islamic banking gross income in order to maintain a certain level of return to Investment Account Holders ("IAH") which is as stipulated by BNM's Guidelines on Profit Equalisation Reserve. Profit equalisation reserve is allocated from retained profits and classified as a separate reserve in equity and is non-distributable. The amount of the profit equalisation reserve is derecognised in the calculation of CET1 Capital. AmBank Islamic has discontinued with the application of PER since 30 September 2015.

(g) Regulatory Reserve
Regulatory reserve is maintained in accordance with paragraph 13.1 of the the BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing as an additional credit risk absorbent. The amount of the regulatory reserve is derecognised in the calculation of CET1 Capital.

3.2 Additional Tier 1 Capital

The amount of Additional Tier 1 Capital that can be recognised in the computation of the capital adequacy ratios of the banking subsidiaries, at both the entity and consolidated level for 2013, has been capped at 90% of the total qualifying Additional Tier 1 Capital balance outstanding as at 1 January 2013. For 2016, the amount of Additional Tier 1 Capital that can be recognised in the computation of the capital adequacy ratios are capped at 60% of the total qualifying Additional Tier 1 Capital balance outstanding as at 1 January 2013. This is in accordance with the transitional gradual phase-out treatment under the Basel III regime. As at 1 January 2013 and at present, only AmBank has Additional Tier 1 Capital Instrument in issuance. Table 3.1 outlines the application of the grandfathering provisions in respect of the Additional Tier 1 Capital Instruments of AmBank. Details of the Additional Tier 1 Capital Instruments are outlined below.

Table 3.1 Additional Tier 1 Capital Instruments of AmBank and the Basel III Gradual Phase-Out Treatment

Base for Additional Tier 1 Capital Instruments outstanding on 1 January 2013	
Instruments	**RM'000**
Non-cumulative Non-voting Guaranteed Preference Shares	750,100
Innovative Tier 1 Capital – Tranche 1 Innovative Tier 1 Capital – Tranche 2	300,000 185,000
Non-Innovative Tier 1 Capital – Tranche 1 Non-Innovative Tier 1 Capital – Tranche 2	200,000 300,000
Total qualifying base	**1,735,100**

Calendar year	**Cap on Additional Tier 1 Capital Instruments that can be recognised in capital adequacy computation each year**	
	Cap %	**Cap, RM'000**
2013	90%	1,561,590
2014	80%	1,388,080
2015	70%	1,214,570
2016	60%	1,041,060
2017	50%	867,550
2018	40%	694,040
2019	30%	520,530
2020	20%	347,020
2021	10%	173,510
2022	0%	0

Innovative Tier 1 Capital

Innovative Tier 1 Capital comprises deeply subordinated debt instruments which despite their legal form, have loss absorbency qualities and can therefore be included as Tier 1 Capital. The Innovative Tier 1 securities in issue and their primary terms are as follows:

(a) Non-cumulative Non-voting Guaranteed Preference Shares

On 27 January 2006, AMBB Capital (L) Ltd, a wholly-owned subsidiary of AmBank issued United States Dollar ("USD") 200 million Innovative Hybrid Tier 1 Capital comprising 2,000 preference shares of USD100,000 each ("Hybrid Securities"). The Hybrid Securities are subordinated and guaranteed by AmBank. The gross proceeds from the issuance was on-lent to AmBank in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing AmBank's working capital requirements.

The salient features of the Hybrid Securities are as follows:

(i) The Hybrid Securities bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, a floating rate per annum equal to 3 month USD LIBOR plus 2.90% if not redeemed on 27 January 2016. The non-cumulative dividends are payable on a semi-annual basis.

(ii) The Hybrid Securities are perpetual securities and have no fixed final redemption date. The Hybrid Securities may be redeemed in whole but not in part at the option of the issuer (but not the holders) in certain circumstances. In each case, not less than 30 or more than 60 days' notice (which notice shall be irrevocable) must be given.

On 27 January 2016, AmBank had repaid in full the subordinated term loan to AMBB Capital (L) Ltd. AMBB Capital (L) Ltd used the proceeds received to redeem in full the Hybrid Securities on its first call date on 27 January 2016. The guarantee is automatically terminated upon redemption.

(b) Innovative Tier 1 Capital Securities

On 18 August 2009, AmBank issued up to RM485 million Innovative Tier I Capital Securities under its RM500 million Innovative Tier I Capital Securities ("ITICS") Programme. The ITICS bears a fixed interest (non-cumulative) rate at issuance date (interest rate is 8.25% per annum) and step up 100 basis points after the First Call Date (10 years after issuance date) and interest is payable semi-annually in arrears. The maturity date is 30 years from the issue date. The ITICS facility is for a tenor of 60 years from the first issue date and has a principal stock settlement mechanism to redeem the ITICS via cash through the issuance of AmBank's ordinary shares. Upon BNM's approval, AmBank may redeem in whole but not in part the relevant tranche of the ITICS at any time on the 10th anniversary of the issue date of that tranche or on any interest payment date thereafter.

3.2 Additional Tier 1 Capital (Cont'd.)

Non-innovative Tier 1 Capital

In the financial year 2009, AmBank issued RM500 million Non-Innovative Tier 1 Capital ("NIT1") in nominal value comprising:

(i) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by AmBank and stapled to the Subordinated Notes described below; and
(ii) Subordinated Notes ("SubNotes"), which are issued by AmPremier Capital Berhad ("AmPremier"), a wholly-owned subsidiary of AmBank.

(collectively known as "Stapled Capital Securities").

The proceeds from the NIT1 programme were used as working capital. The Stapled Capital Securities cannot be traded separately until the occurrence of certain assignment events. Upon occurrence of an assignment event, the Stapled Capital Securities will "unstaple", leaving the investors to hold only the NCPCS while ownership of the SubNotes will be assigned to AmBank pursuant to the forward purchase contract entered into by AmBank unless there is an earlier occurrence of any other events stated under the terms of the Stapled Capital Securities. If none of the assignment events as stipulated under the terms of the Stapled Capital Securities occur, the Stapled Capital Securities will unstaple on the 20th interest payment date or 10 years from the issuance date of the SubNotes.

The SubNotes have a fixed interest rate of 9.0% per annum. However, the NCPCS distribution will not begin to accrue until the SubNotes are re-assigned to AmBank as referred to above.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of AmBank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a tenor of 30 years unless redeemed earlier under the terms of the SubNotes. The SubNotes are redeemable at the option of AmPremier on any interest payment date, which cannot be earlier than the occurrence of assignment events as stipulated under the terms of the Stapled Capital Securities.

The Stapled Capital Securities comply with BNM's Guidelines on Non-Innovative Tier 1 capital instruments. They constitute unsecured and subordinated obligations of AmBank. Claims in respect of the NCPCS rank pari passu and without preference among themselves and with the most junior class of preference shares of AmBank but in priority to the rights and claims of the ordinary shareholders of AmBank. The SubNotes rank pari passu and without preference among themselves and with the most junior class of notes or preference shares of AmPremier.

3.3 Tier 2 capital

The main components of Tier 2 Capital are collective impairment provisions and regulatory reserves (subject to a maximum of 1.25% of total credit risk weighted assets determined under the Standardised Approach) and subordinated debt instruments.

The amount of Tier 2 Capital issued prior to 2013 that can be recognised in the computation of the capital adequacy ratios of the banking subsidiaries, at both the entity and consolidated level for 2013, has been capped at 90% of the total qualifying Tier 2 Capital balance outstanding as at 1 January 2013. For 2016 the amount of such Tier 2 Capital that can be recognised in the computation of the capital adequacy ratios is capped at 60% of the total qualifying Tier 2 Capital balance outstanding as at 1 January 2013. This is in accordance with the transitional gradual phase-out treatment under the Basel III regime. Tables 3.2(a) and 3.2(b) outline the application of the grandfathering provisions in respect of the Tier 2 Capital Instruments for AmBank and AmBank Islamic respectively. AmInvestment Bank does not have any Tier 2 Capital Instruments in issuance as at 1 January 2013 and at present. Details of the Tier 2 Capital Instruments are outlined below.

Table 3.2(a) Tier 2 Capital Instruments of AmBank and the Basel III Gradual Phase Out Treatment

Base for Tier 2 Capital Instruments outstanding on 1 January 2013	
Instruments	**RM'000**
Medium Term Notes ("MTN") – Tranche 1	200,000
MTN – Tranche 2	165,000
MTN – Tranche 3	75,000
MTN – Tranche 4	45,000
MTN – Tranche 5	75,000
MTN – Tranche 6	600,000
MTN – Tranche 7	97,800
MTN – Tranche 8	710,000
Total qualifying base	**1,967,800**

3.3 Tier 2 capital (Cont'd.)

Table 3.2(a) Tier 2 Capital Instruments of AmBank and the Basel III Gradual Phase Out Treatment (Cont'd.)

Calendar year	Cap on Tier 2 Capital Instruments that can be recognised in capital adequacy computation each year	
	Cap %	Cap, RM'000
2013	90%	1,771,020
2014	80%	1,574,240
2015	70%	1,377,460
2016	60%	1,180,680
2017	50%	983,900
2018	40%	787,120
2019	30%	590,340
2020	20%	393,560
2021	10%	196,780
2022	0%	0

Table 3.2(b) Tier 2 Capital Instruments of AmBank Islamic and the Basel III Gradual Phase-Out Treatment

Base for Tier 2 Capital Instruments outstanding on 1 January 2013	
Instruments	**RM'000**
Subordinated Sukuk Musharakah – Tranche 1	600,000
Subordinated Sukuk Musharakah – Tranche 2	200,000
Subordinated Sukuk Musharakah – Tranche 3	200,000
Total qualifying base	1,000,000

Calendar year	Cap on Tier 2 Capital Instruments that can be recognised in capital adequacy computation each year	
	Cap %	Cap, RM'000
2013	90%	900,000
2014	80%	800,000
2015	70%	700,000
2016	60%	600,000
2017	50%	500,000
2018	40%	400,000
2019	30%	300,000
2020	20%	200,000
2021	10%	100,000
2022	0%	0

Medium Term Notes

In the financial year 2008, AmBank implemented a RM2.0 billion nominal value Medium Term Notes ("MTN") Programme. The proceeds raised from the MTN Programme had been utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN Programme has a tenor of up to 20 years from the date of the first issuance under the MTN Programme. The MTNs shall be issued for a maturity of up to 20 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

The MTNs issued under the MTN Programme was included as Tier 2 Capital under BNM's capital adequacy framework. Effective 1 January 2013, the MTNs are eligible for gradual phase-out treatment under the transitional arrangement of the Basel III accord, for recognition as Tier 2 Capital for capital adequacy calculation.

The salient features of the MTNs issued under this programme and outstanding as at 31 March 2016 are as follows:

Issue Date	First Call Date	Tenor	Interest Rate	Nominal value outstanding (RM million)
9 April 2008	9 April 2018	15 years Non-Callable 10 years	6.25% per annum (step up by 0.5% per annum after its first call date).	600
16 October 2012	16 October 2017	10 years Non-Callable 5 years	4.45% per annum	710
Total				**1,310**

3.3 Tier 2 capital (Cont'd.)

Basel II Subordinated Sukuk Musharakah

On 30 September 2011, AmBank Islamic implemented a Subordinated Sukuk Musharakah programme ("Sukuk Musharakah") of up to RM2.0 billion. The purpose of the programme is to increase AmBank Islamic's Tier 2 Capital.

The Sukuk Musharakah is for a period of 10 years. AmBank Islamic may exercise its call option and redeem in whole (but not in part) the Sukuk Musharakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

Sukuk Musharakah issued under the Sukuk Musharakah programme was included as Tier 2 Capital under BNM's capital adequacy framework. Effective 1 January 2013, the Sukuk Musharakah qualify as Tier 2 Capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

The salient features of the Sukuk Musharakah issued under the Subordinated Sukuk Musharakah programme and outstanding as at 31 March 2016 are as follows:

Issue Date	First Call Date	Tenor	Interest Rate	Nominal value outstanding (RM million)
30 September 2011	30 September 2016	10 years Non-Callable 5 years	4.40% per annum	480
31 January 2012	31 January 2017	10 years Non-Callable 5 years	4.35% per annum	190
24 December 2012	23 December 2017	10 years Non-Callable 5 years	4.45% per annum	130
Total				**800**

Basel III Subordinated Notes

On 30 December 2013, AmBank established a new Subordinated Notes programme of RM4.0 billion. The objective of the programme is to enable the issuance of Tier 2 Capital from time to time, for the purpose of enhancing AmBank's total capital position. The programme is set up in accordance to the requirements spelt out in the Capital Adequacy Framework (Capital Components) issued by BNM. Securities issued under this programme are fully Basel III compliant and qualified for recognition as Tier 2 Capital for the purpose of capital adequacy ratio computation.

The programme has a tenor of 30 years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenor of at least 5 years from the issue date, and is callable on any coupon payment date after a minimum period of 5 years from the date of issuance of each tranche.

The salient features of the Subordinated Notes issued under this programme and outstanding as at 31 March 2016 are as follows:

Issue Date	First Call Date	Tenor	Interest Rate	Nominal value outstanding (RM million)
30 December 2013	30 December 2018	10 years Non-Callable 5 years	5.20% per annum	400
Total				**400**

Basel III Subordinated Sukuk Murabahah

On 28 February 2014, AmBank Islamic had implemented a Subordinated Sukuk Murabahah programme of RM3.0 billion. The objective of the programme is to enable the issuance of Tier 2 Capital from time to time, for the purpose of enhancing the AmBank Islamic's total capital position. The programme is set up in accordance to the requirements spelt out in the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM, and the securities issued under this programme are fully Basel III compliant and qualified for recognition as Tier 2 Capital for the purpose of capital adequacy ratio computation.

The programme has a tenor of 30 years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenor of at least 5 years from the issue date, and is callable on any coupon payment date after a minimum period of 5 years from the date of issuance of each tranche.

The salient features of the Sukuk Murabahah issued under this programme and outstanding as at 31 March 2016 are as follows:

Issue Date	First Call Date	Tenor	Interest Rate	Nominal value outstanding (RM million)
28 February 2014	28 February 2019	10 years Non-Callable 5 years	5.07% per annum	200
25 March 2014	25 March 2019	10 years Non-Callable 5 years	5.05% per annum	150
21 December 2015	21 December 2020	10 years Non-Callable 5 years	5.35% per annum	250
Total				**600**

3.3 Tier 2 capital (Cont'd.)

Table 3.3: Capital Structure

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

	31.03.16			
	AmBank RM'000	**AmBank Islamic RM'000**	**AmInvestment Bank RM'000**	**Group * RM'000**
CET1 Capital				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	5,080,500	982,055	99,023	6,421,500
Available-for-sale reserve/(deficit)	11,951	(1,589)	-	10,162
Foreign exchange translation reserve	61,296	-	-	65,471
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	111,805
Cash flow hedging reserve	3,635	-	-	3,635
Qualifying minority interest	-	-	-	2
Less: Regulatory adjustments applied on CET1 capital				
Intangible assets	(344,944)	(14)	(2,542)	(353,350)
Deferred tax assets	(115,179)	-	(4,899)	(121,133)
Profit equalisation reserve	-	-	-	-
Cash flow hedging reserve	(3,635)	-	-	(3,635)
55% of cumulative gains of AFS reserve	(6,573)	-	-	(6,463)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(23,106)	-	(8,321)	-
Deduction in excess of Tier 2 capital**	-	-	(1,477)	-
CET1 Capital	**7,408,122**	**2,650,904**	**481,784**	**10,945,438**
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	985,000	-	-	985,000
Tier 1 Capital	**8,393,122**	**2,650,904**	**481,784**	**11,930,438**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	600,000	-	1,000,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,180,680	600,000	-	1,780,680
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	583,675	273,963	4,071	861,733
Less: Regulatory adjustments applied on Tier 2 Capital	(15,404)	-	(4,071)	-
Tier 2 Capital	**2,148,951**	**1,473,963**	**-**	**3,642,414**
Total Capital	**10,542,073**	**4,124,867**	**481,784**	**15,572,852**
Credit RWA	60,022,744	26,112,657	1,096,673	86,456,861
Less: Credit RWA absorbed by Restricted Investment Account	-	(1,003,979)	-	(1,003,979)
Total Credit RWA	60,022,744	25,108,678	1,096,673	85,452,882
Market RWA	2,231,172	296,231	35,738	2,573,750
Operational RWA	4,595,005	1,519,148	302,599	6,902,371
Total Risk Weighted Assets	**66,848,921**	**26,924,057**	**1,435,010**	**94,929,003**

* Group figures presented in this Report represents an aggregation of the consolidated capital position and RWA of our regulated banking subsidiaries.

** The portion of regulatory adjustments not deducted from Tier 2 (as the 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).

3.3 Tier 2 capital (Cont'd.)

Table 3.3: Capital Structure (Cont'd.)

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

	31.03.15			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group * RM'000
CET1 Capital				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	4,874,087	747,523	82,533	5,953,934
Available-for-sale reserve/(deficit)	1,323	(6,592)	1,024	(4,309)
Foreign exchange translation reserve	50,585	-	-	87,982
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Profit equalisation reserve	-	3,904	-	3,904
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	111,805
Cash flow hedging deficit	(481)	-	-	(481)
Less: Regulatory adjustments applied on CET1 capital				
Intangible assets	(327,689)	(20)	(1,710)	(337,689)
Deferred tax assets	(98,869)	-	(2,782)	(105,328)
Profit equalisation reserve	-	(3,904)	-	(3,904)
Cash flow hedging deficit	481	-	-	481
55% of cumulative gains of AFS reserve	(728)	-	(563)	(1,256)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(28,652)	-	(52,370)	(12,846)
Deduction in excess of Tier 2 capital**	-	-	(74,446)	(13,922)
CET1 Capital	**7,214,234**	**2,411,363**	**351,686**	**10,495,815**
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,214,570	-	-	1,214,570
Tier 1 Capital	**8,428,804**	**2,411,363**	**351,686**	**11,710,385**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	350,000	-	750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,310,000	700,000	-	2,010,000
Collective allowance and regulatory reserve	753,172	305,338	4,111	1,059,188
Less: Regulatory adjustments applied on Tier 2 Capital	(42,978)	-	(4,111)	(5,348)
Tier 2 Capital	**2,420,194**	**1,355,338**	**-**	**3,813,840**
Total Capital	**10,848,998**	**3,766,701**	**351,686**	**15,524,225**
Credit RWA	60,253,770	25,790,830	1,122,413	86,924,956
Less: Credit RWA absorbed by Restricted Investment Account	-	(1,363,811)	-	(1,363,811)
Total Credit RWA	60,253,770	24,427,019	1,122,413	85,561,145
Market RWA	2,774,466	230,629	16,101	3,122,643
Operational RWA	4,694,931	1,553,441	314,533	6,946,680
Large exposure risk RWA for equity holdings	-	-	438	1,474
Total Risk Weighted Assets	**67,723,167**	**26,211,089**	**1,453,485**	**95,631,942**

* Group figures presented in this Report represents an aggregation of the consolidated capital position and RWA of our regulated banking subsidiaries.

** The portion of regulatory adjustments not deducted from Tier 2 (as the 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).

4.0 General Risk Management

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework that forms the foundation of the Group to set its risk/reward profile.

The Risk Appetite Framework is approved annually by the Board taking into account the Group's desired external rating and targeted profitability/return on equity ("ROE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/amendments taking into account prevailing or expected changes to the environment that the Group operates in.

The Risk Appetite Framework provides portfolio limits/parameters/controls for Credit Risk, Traded Market Risk, Non-Traded Market Risk, Operational Risk and Regulatory Compliance incorporating, inter alia, limits/controls for countries, industries, single counterparty group, products, value at risk, stop loss, stable funding ratio, liquidity, operational risk and regulatory compliance.

Board Approved Risk Appetite Statement
The Group strategic goals are to sustain the top quartile ROE, and to maintain the credit rating of BBB+ or better (from international rating agencies) for the next one to two years. This is supported by sustainable asset quality and continued portfolio diversification within retail and non-retail businesses, with greater contribution from non-interest income, complemented by robust management of liquidity, disciplined execution of interest rate risk/rate of return risk in the balance sheet, and with support from strong level of capital.

The Group intends to maintain sufficient quantity and quality of capital in excess of Basel III requirement for Common Equity Tier 1, Tier 1 Capital, and Total Capital. Our capital requirements are robustly tested over a three year period.

We adopt a conservative approach to liquidity management, maintaining stable and diversified funding base consistent with Basel III liquidity matrix (Net Stable Funds Ratio, and Liquidity Coverage Ratios). Our targeted Unadjusted Loan Deposit Ratio is up to maximum 100% with continually improving current account and savings account ("CASA") deposit composition and market share.

The Group manages operational risk by setting the operational risk appetite statements and measurements that the Group is willing to tolerate to support its business strategies and objectives. The Group manages its reputational risk by not engaging in any activity that has potential to result in a material event or loss that would be outside the expectations of its stakeholders. The Group also manages its regulatory compliance risk by setting positive compliance culture and ensuring that the letter and spirit of regulatory requirements, applicable laws, rules, and standards in the respective jurisdictions are complied with.

The Group manages Shariah risk by ensuring that its operations, business, affairs and activities are in compliance with rulings of the BNM's Shariah Advisory Council ("SAC") and AmBank Islamic's Shariah Committee.

The Group manages trading and sales activities by instituting appropriate governance, culture, and controls to promote acceptable behaviour.

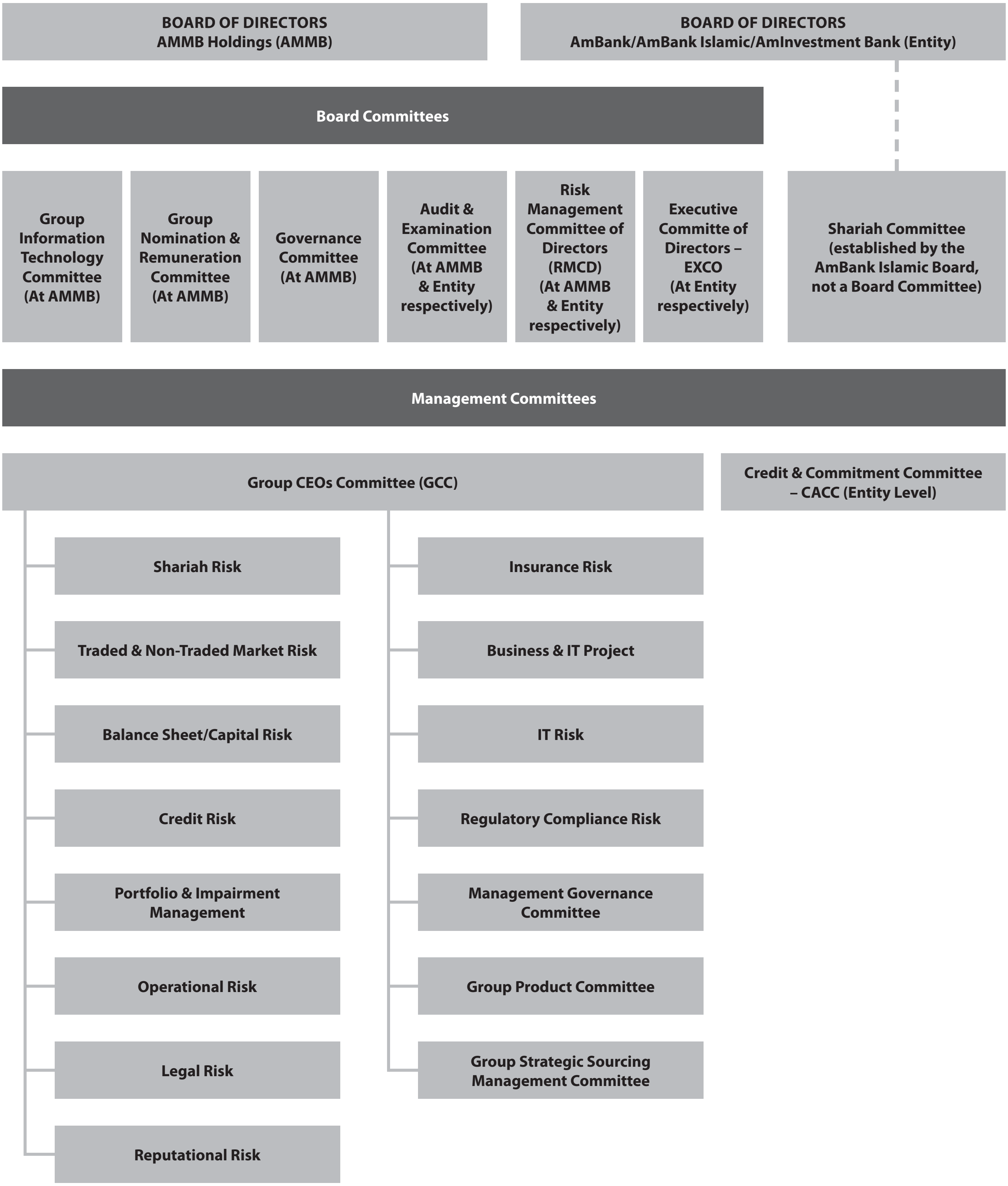
Risk Management Governance
The Board is ultimately responsible for the management of risks within the Group. The RMCD is formed to assist the Board in discharging its duties in overseeing the overall management of all risks covering market risk, liquidity risk, credit risk, operational risk and regulatory compliance risk.

The Board has also established the Group CEOs Committee to assist it in managing the risks and businesses of the Group. The committee addresses all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, Shariah risk, compliance risk, reputational risk, product risk and business and IT risk.

4.0 General Risk Management (Cont'd.)

Risk Management Governance (Cont'd.)

The following chart sets out the organisational structure of the Group CEOs Committee and an overview of the Group CEOs Committee's roles and responsibilities.



4.1 Internal Capital Adequacy Assessment Process

The core objectives of the Group's Internal Capital Adequacy Assessment Process ("ICAAP") Policy are to:
- Protect the interests of depositors, creditors and shareholders;
- Ensure the safety and soundness of the Group's capital position; and
- Ensure that the capital base supports the Group's Risk Appetite, and strategic business objectives, in an efficient and effective manner.

The requirements of the ICAAP Policy are consistent and calibrated with the Group's Risk Appetite as set and approved by the Board.

The following key principles underpin the ICAAP.

4.1.1 The Group must maintain an approved, documented, risk based and auditable ICAAP. The aim is to ensure the Group maintains, on a continuous basis, an adequate level of capitalisation which is sized following the identification, measurement, monitoring, and effective management and oversight of material risks across the Group, consistent with:
- Group Risk Appetite, including the Group's target credit rating category;
- Regulatory Capital requirements;
- The Board and Management's targeted financial performance, and
- The Group's planned asset growth and strategic business objectives.

4.1.2 Management Oversight
The ICAAP must be subject to Board and senior management oversight, form an integral part of the Group's capital management and decision making processes, and will:
- Undergo regular, effective and comprehensive review;
- Satisfy regulatory requirements;
- Be capable of independent assessment and validation;
- Be incorporated into the Group's overall risk management strategy and governance frameworks.

4.1.3 Capital Management Plan and Framework
The ICAAP must include an approved Capital Management Framework and Plan including:
- A strategy for maintaining capital resources over time;
- Measures that would be taken in the event capital falls below a targeted level; and
- Measures to ensure that the Group is in compliance with minimum regulatory standards.

4.1.4 The Group's quality and level of capital must be commensurate with the level of risks in the business. Sufficient capital should be maintained to:
- Meet minimum prudential requirements in all jurisdictions in which the Group operates, also any rating agency requirements, including maintaining appropriate buffers over minimum capital levels; and
- Be consistent with the Group's overall risk profile and financial positions, taking into account its strategic focus and business plan.

The Group will have appropriately established capital targets for each major capital type including:
- Minimums;
- Triggers; and
- Target operating ranges

4.1.5 Capital allocation:
- The Group's capital, excluding any amount held centrally for strategic contingencies (e.g. acquisitions) should be allocated to individual business units using regulatory capital allocation principles;
- Capital allocation should be consistent with the Group's regulatory capital measurement framework and risk adjusted performance requirements; and
- The Group should only retain capital that is required to meet its economic, operational, prudential and strategic requirements. Consideration should be given to returning capital in excess of that required to shareholders.

4.1.6 Material Risks
- The Group must have clearly articulated definitions of each material risk type to be included in the ICAAP; and
- Processes to identify and determine the materiality of current risk types, change to existing risk types and new risk types must be established.

4.1.7 The Board must be notified and the regulator advised as soon as practicable of any:
- Significant departure from its ICAAP
- Concerns that the Board has about its capital adequacy along with proposed measures to address those concerns; and
- Significant changes in its capital.

4.1 Internal Capital Adequacy Assessment Process (Cont'd.)

ICAAP Framework

Requirements of the Banks

Principal 1:
- Banks have an ICAAP in relation to their risk profile and a strategy for maintaining capital levels

Principal 3:
- Banks are expected to operate above the minimum regulatory capital ratios and should have the ability to hold capital in excess of the minimum

Requirements of the Regulator

Principal 2:
- Regulators to review and evaluate the Bank's ICAAP strategies
- Regulators to monitor and ensure Bank's compliance with regulatory capital ratios
- Regulators undertake appropriate supervisory action if unsatisfactory results

Principal 4:
- Early intervention by the Regulator to prevent capital from falling below the required minimum levels

Internal Capital Adequacy Assessment Process

Board and Management Oversight
- Material Risks identified
- Material thresholds
- Group Risk Appetite
- Sufficient Capital Adequacy
- Targeted Financial Performance
- Planned Asset Growth & Strategic business objectives
- Policy/Frameworks

Sound Capital Assessment
- Identification, Measurement and Reporting of Material Risks
- Stressed Plans
- Compliance with minimum regulatory standards
- Clear linkage between risks and capital
- Capital Plan

Comprehensive Risk Assessment and Management Processes
- Credit Risk
- Market Risk
- Operational Risk
- Credit Residual Risk
- Rate Risk in the Banking Book
- Credit Concentration Risk
- Goodwill Risk
- Liquidity & Funding Risk
- Contagion Risk
- Business/Strategic Risk
- Reputation Risk
- Shariah Risk

Monitoring and Reporting
- Level and Trend of Material Risks
- Sensitivity Analysis of key assumptions
- Regulatory Reporting to Board and Senior Management

Internal Control and Review
- Independent reviews of ICAAP (internal and external audit)
- Ongoing compliance monitoring
- Stress Testing
- Documented Processes/frameworks

Overview of ICAAP process and setting Internal Capital Targets

5.0 Credit Risk Management

The credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD") • Exposure at default ("EAD")
Control/Mitigation	• Portfolio Limits, Counterparty Limits • Benchmark Returns/Whosale pricing • Collateral and tailored facility structures
Monitoring/Review	• Monitor and report portfolio mix • Review customer under Classified Account • Review customers under Rescheduled and Restructured Account • Undertake post mortem review

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending/financing securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions as well as Shariah compliance risk (please refer to Section 14 for discussion on Shariah Governance Structure).

The primary objective of credit risk management is to maintain accurate risk recognition – identification and measurement, to ensure that credit risk exposure is in line with the Group's Risk Appetite Framework and related credit policies.

For non-retail credits, risk recognition begins with an assessment of the financial standing of the borrower or counterparty using credit rating model. The model consists of quantitative and qualitative scores that are then translated into rating grades. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Group's credit exposures.

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes.

To support credit risk management, our rating models for major portfolios have been upgraded to facilitate:
- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- loan/financing loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Lending/financing activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board. The Group's Risk Appetite Framework is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix. Credit risk portfolio management strategies include, amongst others:
- Concentration threshold/review trigger:
  - single counterparty credit;
  - industry sector; and
  - country
- Setting Loan/Financing to Value limits for asset backed loans/financing (i.e., property exposures and other collateral);
- Classified Account processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers;
- Rescheduled and Restructured ("R&R") Account Management sets out the controls in managing R&R loan/financing pursuant to the BNM's revised policy on Classification and Impairment Provisions for Loans/Financing issued in April 2015; and
- Setting Guidelines on Wholesale Pricing/Benchmark Returns which serve as a guide to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

Individual credit risk exposure exceeding certain thresholds are escalated to Credit and Commitments Committee ("CACC") for approval. In the event such exposure exceeds CACC authority it will be submitted to Executive Committee of Directors ("EXCO") for review and endorsement or approval, as the case may be. Portfolio credit risk is reported to the relevant management and board committees.

The Group CEOs Committee regularly meets to review the quality and diversification of the Group's loan/financing portfolio, approve new and amended credit risk policy, and review the portfolio risk profile against the Group Risk Appetite Framework ("GRAF").

Group Risk prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan/financing delinquency buckets and exposures by industry sectors are reported monthly by Group Risk to executive management and to all meetings of the Board.

The Group applies the Standardised Approach to determine the regulatory capital charge related to credit risk exposure.

5.1 Impairment

5.1.1 Definition of Past Due and Impaired Loans, Financing and Advances

All loans, financing and advances are categorised as either:

- Neither past due nor impaired;
- Past due but not impaired; or
- Impaired

An asset is considered past due when any payment (whether principal and/or interest/profit) due under the contractual terms are received late or missed.

A loan is classified as impaired under the following circumstances:

(a) When the principal or interest or both is past due[1] or the amount outstanding is in excess of approved limit (for revolving facilities), each for more than 90 days or 3 months on any material obligation[2]; or

(b) For loans/financing where repayments are scheduled on intervals of 3 months or longer, the loan/financing is to be classified as impaired 1+30 days or 1 day+1 month past due (the 30-days grace period is to allow for exclusion of administrative default[3].

(c) For trade bills/facilities, an account is deemed default and impaired when the past due is 90 days from due date of the bill.

(d) A loan/financing may also be classified as impaired:

i. If it is probable that the bank will be unable to collect all amounts due (including both interest/profit and principal) according to the contractual terms of the agreement; or

ii. Due to cross-default. Cross-default occurs when:

- a default of a loan/financing obligation of a borrower triggers a default of another loan/financing obligation of the same borrower or
- a default of a loan/financing obligation of a borrower triggers a default of a loan/financing obligation of other borrowers within the same borrower group.

The Credit and Commitments Committee (CACC) is allowed to waive the declaration of cross-default across all accounts of the same customer or accounts of all customers within the same customer group.

Or

iii. If deemed appropriate by the Watchlist Committee.

(e) Debt instruments (for example, fixed income securities, debt converted instrument etc.) shall be classified as impaired.

i. When the coupon /interest payment or face/nominal value redemption is one (1) day past due after the grace period, where there is a stipulated grace period within the contractually agreed terms; or

ii. When an event of default (EOD) has been declared by the Trustee/Facility Agent[4] for reasons other than payment in default (as outlined in the Trust Deeds Guidelines issued by the Securities Commission of Malaysia); or

iii. Where it is deemed appropriate to classify as impaired and approved by the Watchlist Committee.

(f) In the case of stock broking and futures broking:

i. For margin financing, it is impaired when there is shortfall to market value i.e. the collateral value is lower than the outstanding balance.

ii. For futures business, the account is impaired when the overlosses are not remedied within 30 days and are not secured against dealer's retention funds.

(g) The loan/financing is deemed impaired when it is classified as rescheduled or restructured ("R&R") in the Central Credit Reference Information System ("CCRIS").

5.1.2 Methodology for Determination of Individual and Collective Allowances

An assessment is performed to determine whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant or not individually impaired.

Individual Assessment

Individual assessment is divided into 2 main processes – detection of an event(s) and an assessment of impairment:

(a) Trigger management

In trigger management, financial assets which are above the pre-set individual assessment threshold are assessed using the relevant impairment triggers for objective evidence of impairment.

(b) Valuation of assets

Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value or fair value is less than the carrying value.

Collective Assessment

Loans/financing and advances, and commitments and contingencies below the significant threshold and those not assessed to be individually impaired, will be subject to collective assessment and a collective allowance will be computed accordingly. The collective impairment assessment and provisioning methodology uses historical loss data to derive the level of provisions. The collective provisions are computed after making the necessary adjustments to reflect current economic conditions.

With effect from 31 December 2015, the Group is required to maintain, in aggregate, collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing[5] net of individual impairment.

1 For credit card facilities, an account is "past due" when the card member fails to settle the minimum monthly repayment due before the next billing date.

2 Material obligation as determined by Management. Current "material" threshold is set at more than RM200.00.

3 Administrative defaults include cases where exposures become overdue because of oversight on the part of the obligor and/or the banking institution. Instances of administrative defaults may be excluded from the historical default count, subject to appropriate policies and procedures established by the banking institution to evaluate and approve such cases.

4 In cases where the bond/sukuk holdings are not governed by a Trust Deed, the Facility Agent may declare, if so requested in writing by the bond/ sukuk holders by way of Special Resolution that an EOD has occurred (subject to the Agency Agreement between issuers and facility agent), notwithstanding the stated maturity of the bond/sukuk.

5 Excluding loans/financing with an explicit guarantee from the Government of Malaysia.

5.1 Impairment (Cont'd.)

Table 5.1: Distribution of gross credit exposures by sector

The aggregated distribution of credit exposures by sector of AMMB Banking Group is as follows:

	31 March 2016														
	Agriculture RM'000	Mining and Quarrying RM'000	Manufac-turing RM'000	Electricity, Gas and Water RM'000	Construc-tion RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communi-cation RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures															
Sovereigns/Central banks	-	-	-	-	-	-	-	-	12,011,366	-	-	-	-	-	12,011,366
Banks, DFIs and MDBs	-	-	-	-	-	-	-	9,866,642	-	-	-	71,567	-	-	9,938,209
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	7,201	-	-	-	-	-	-	7,201
Corporates	3,925,707	3,334,279	8,709,684	695,584	6,862,206	4,484,435	2,131,657	6,192,045	-	8,826,325	834,987	3,560,504	1,550,688	143,549	51,251,650
Regulatory retail	51,352	18,749	242,344	3,922	179,507	256,160	79,002	187,723	-	113,471	100,755	104,828	32,327,545	22,703	33,688,061
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-	11,347,176	-	11,347,176
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	-	11,139	100,270	111,409
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	647,540	2,805,873	3,453,413
Securitisation exposures	-	-	-	-	-	-	-	31,181	-	22,251	-	-	-	-	53,432
Equity exposures	-	-	8	-	-	-	-	4,066	-	-	-	-	-	136	4,210
Defaulted exposures	2,767	3,172	52,637	6,261	35,637	41,127	12,546	7	-	432,888	3,505	7,008	537,081	12,730	1,147,366
Total for on balance sheet exposures	3,979,826	3,356,200	9,004,673	705,767	7,077,350	4,781,722	2,223,205	16,288,865	12,011,366	9,394,935	939,247	3,743,907	46,421,169	3,085,261	123,013,493
Off balance sheet exposures															
OTC derivatives	58,395	226,195	145,683	-	668	27,528	89,165	3,949,673	-	12,740	2,076	1,123	-	-	4,513,246
Credit derivatives	-	-	-	-	-	-	-	42	-	-	-	-	-	-	42
Off balance sheet exposures other than OTC derivatives or Credit derivatives	342,175	409,156	1,867,604	292,636	2,106,630	879,787	342,985	626,040	-	1,267,689	241,368	293,296	2,223,316	4,875	10,897,557
Defaulted exposures	-	189	1,832	-	688	43,126	500	5,000	-	270	3	1	32	117	51,758
Total for off balance sheet exposures	400,570	635,540	2,015,119	292,636	2,107,986	950,441	432,650	4,580,755	-	1,280,699	243,447	294,420	2,223,348	4,992	15,462,603
Total on and off balance sheet exposures	**4,380,396**	**3,991,740**	**11,019,792**	**998,403**	**9,185,336**	**5,732,163**	**2,655,855**	**20,869,620**	**12,011,366**	**10,675,634**	**1,182,694**	**4,038,327**	**48,644,517**	**3,090,253**	**138,476,096**

5.1 Impairment (Cont'd.)

Table 5.1: Distribution of gross credit exposures by sector (Cont'd.)
The aggregated distribution of credit exposures by sector of AMMB Banking Group is as follows:

	31 March 2015													
	Agriculture RM'000	Mining and Quarrying RM'000	Manufac-turing RM'000	Electricity, Gas and Water RM'000	Construc-tion RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communi-cation RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures														
Sovereigns/Central banks	-	-	-	-	151,112	-	-	10,278,397	-	-	1,796,258	-	-	12,225,767
Banks, DFIs and MDBs	-	-	-	-	-	-	-	12,282,183	-	-	71,389	-	55,283	12,408,855
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	-	35,068	-	-	-	-	-	35,068
Corporates	3,875,404	3,741,894	8,232,753	1,395,327	6,631,807	4,805,559	2,331,067	5,823,425	8,014,784	1,292,913	3,146,169	2,726,954	145,554	52,163,610
Regulatory retail	71,946	17,617	218,998	3,391	202,301	262,702	94,183	223,287	100,286	97,063	136,570	30,773,848	37,350	32,239,542
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	10,961,099	-	10,961,099
Higher risk assets	-	-	-	-	-	-	-	-	-	-	-	18,868	101,365	120,233
Other assets	-	-	-	-	-	-	-	31,346	-	-	-	515,170	3,521,674	4,068,190
Securitisation exposures	-	-	-	-	-	-	-	23,669	-	-	30,957	-	-	54,626
Equity exposures	-	-	7	-	-	-	-	5,227	-	-	-	-	161	5,395
Defaulted exposures	8,454	300	47,263	7,820	34,096	34,046	9,141	7,904	363,741	6,024	9,194	625,205	10,370	1,163,558
Total for on balance sheet exposures	3,955,804	3,759,811	8,499,021	1,406,538	7,019,316	5,102,307	2,434,391	28,710,506	8,478,811	1,396,000	5,190,537	45,621,144	3,871,757	125,445,943
Off balance sheet exposures														
OTC derivatives	3,161	185,794	125,721	-	6,474	4,125	68,813	3,373,040	8,953	41,469	629	-	2,590	3,820,769
Credit derivatives	-	-	-	-	-	-	-	16	-	-	-	-	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	284,680	585,610	1,738,026	189,920	2,293,086	765,437	295,338	629,377	1,039,212	267,568	321,872	2,296,856	13,161	10,720,143
Defaulted exposures	-	1,134	2,342	-	29,044	2,428	652	5,146	110	431	15	259	125	41,686
Total for off balance sheet exposures	287,841	772,538	1,866,089	189,920	2,328,604	771,990	364,803	4,007,579	1,048,275	309,468	322,516	2,297,115	15,876	14,582,614
Total on and off balance sheet exposures	**4,243,645**	**4,532,349**	**10,365,110**	**1,596,458**	**9,347,920**	**5,874,297**	**2,799,194**	**32,718,085**	**9,527,086**	**1,705,468**	**5,513,053**	**47,918,259**	**3,887,633**	**140,028,557**

5.1 Impairment (Cont'd.)

Table 5.2: Impaired and past due loans, advances and financing, Individual and collective allowances by sector

The aggregated amounts of impaired and past due loans, advances and financing, individual and collective allowances, charges for individual impairment allowances and write offs during the financial year by sector of AMMB Banking Group is as follows:

31 March 2016	Agriculture RM'000	Mining and Quarrying RM'000	Manufac-turing RM'000	Electricity, Gas and Water RM'000	Construc-tion RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communi-cation RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Not allocated RM'000	Total RM'000
Impaired loans, advances and financing	2,422	88,437	185,051	16,498	50,433	33,682	25,270	477	571,936	10,751	7,043	701,960	6,895	-	**1,700,855**
Past due loans/financing	17,424	32,019	232,534	17,395	93,938	89,103	74,404	4,524	656,705	54,284	29,413	9,407,257	51,287	-	**10,760,287**
Individual allowance	-	12,493	148,434	10,016	11,422	3,289	12,980	-	106,575	5,351	-	6,306	402	-	**317,269**
Collective allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	1,061,513	**1,061,513**
Charges/(writeback) for individual allowance	-	6,544	30,859	(3,015)	11,095	1,264	13,393	-	76,308	(406)	(329)	2,814	402	-	**138,929**
Write-offs against individual allowance	-	-	19,777	-	7,527	8,685	13,490	-	-	1,354	649	6,001	-	-	**57,483**

Impaired and past due loans, advances and financing, Individual and collective allowances by sector

The aggregated amounts of impaired and past due loans, advances and financing, individual and collective allowances, charges for individual impairment allowances and write offs during the year by sector of AMMB Banking Group are as follows:

31 March 2015	Agriculture RM'000	Mining and Quarrying RM'000	Manufac-turing RM'000	Electricity, Gas and Water RM'000	Construc-tion RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communi-cation RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Not allocated RM'000	Total RM'000
Impaired loans, advances and financing	9,142	7,041	206,878	21,361	21,685	43,289	24,277	451	398,608	15,921	12,603	797,553	13,922	-	**1,572,731**
Past due loans/financing	21,442	9,442	217,827	841	97,258	118,048	100,778	7,195	343,655	49,490	52,749	10,456,534	42,613	-	**11,517,872**
Individual allowance	-	5,949	137,352	13,032	7,854	10,710	13,078	-	30,267	7,111	978	9,493	-	-	**235,823**
Collective allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	1,413,424	**1,413,424**
Charges/(writeback) for individual allowance	(11)	2,959	34,284	(8,209)	4,600	10,513	7,040	-	30,144	4,358	978	4,371	-	-	**91,027**
Write-offs against individual allowance	-	137	5,862	-	112	8	2,708	-	-	1,676	-	2,800	-	-	**13,303**

5.1 Impairment (Cont'd.)

Table 5.3: Geographical distribution of credit exposures
The aggregated geographic distribution of credit exposures of AMMB Banking Group is as follows:

	31 March 2016		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/Central banks	11,231,213	780,153	12,011,366
Banks, DFIs and MDBs	8,179,591	1,758,618	9,938,209
Insurance companies, Securities firms and Fund managers	7,201	-	7,201
Corporates	48,538,728	2,712,922	51,251,650
Regulatory retail	33,684,894	3,167	33,688,061
Residential mortgages	11,347,176	-	11,347,176
Higher risk assets	111,363	46	111,409
Other assets	3,353,782	99,631	3,453,413
Securitisation exposures	53,432	-	53,432
Equity exposures	4,210	-	4,210
Defaulted exposures	1,147,260	106	1,147,366
Total for on balance sheet exposures	117,658,850	5,354,643	123,013,493
Off balance sheet exposures			
OTC derivatives	4,513,246	-	4,513,246
Credit derivatives	42	-	42
Off balance sheet exposures other than OTC derivatives or Credit derivatives	10,192,402	705,155	10,897,557
Defaulted exposures	51,758	-	51,758
Total for off balance sheet exposures	14,757,448	705,155	15,462,603
Total on and off balance sheet exposures	**132,416,298**	**6,059,798**	**138,476,096**

	31 March 2015		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/Central banks	11,707,281	518,486	12,225,767
Banks, DFIs and MDBs	11,377,395	1,031,460	12,408,855
Insurance companies, Securities firms and Fund managers	35,068	-	35,068
Corporates	49,419,827	2,743,783	52,163,610
Regulatory retail	32,232,582	6,960	32,239,542
Residential mortgages	10,961,099	-	10,961,099
Higher risk assets	119,150	1,083	120,233
Other assets	3,862,688	205,502	4,068,190
Securitisation exposures	54,626	-	54,626
Equity exposures	5,395	-	5,395
Defaulted exposures	1,163,401	157	1,163,558
Total for on balance sheet exposures	120,938,512	4,507,431	125,445,943
Off balance sheet exposures			
OTC derivatives	3,820,764	5	3,820,769
Credit derivatives	16	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	10,017,519	702,624	10,720,143
Defaulted exposures	41,686	-	41,686
Total for off balance sheet exposures	13,879,985	702,629	14,582,614
Total on and off balance sheet exposures	**134,818,497**	**5,210,060**	**140,028,557**

5.1 Impairment (Cont'd.)

Table 5.4: Geographical distribution of impaired and past due loans, advances and financing, individual and collective allowances
The aggregated amounts of impaired and past due loans, advances and financing, individual and collective allowances by geographic distribution of AMMB Banking Group is as follows:

	31 March 2016		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	1,599,569	101,286	1,700,855
Past due loans/financing	10,760,287	-	10,760,287
Individual allowance	307,805	9,464	317,269
Collective allowance	1,044,605	16,908	1,061,513

	31 March 2015		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances and financing	1,572,731	-	1,572,731
Past due loans/financing	11,517,872	-	11,517,872
Individual allowance	235,823	-	235,823
Collective allowance	1,399,449	13,975	1,413,424

Table 5.5: Residual contractual maturity by major types of credit exposure
The aggregated residual contractual maturity by major types of gross credit exposures of AMMB Banking Group is as follows:

	31 March 2016								
	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 3 years RM'000	>3 years to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On balance sheet exposures									
Sovereigns/central banks	7,072,496	900,005	-	163,261	-	237,710	3,637,894	-	12,011,366
Banks, DFIs and MDBs	7,004,015	2,353,077	102,716	155,178	116,158	30,516	176,549	-	9,938,209
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	7,201	-	7,201
Corporates	14,223,655	4,005,282	2,209,229	1,374,699	7,265,129	6,733,409	15,440,247	-	51,251,650
Regulatory retail	1,509,320	72,232	114,553	269,840	2,827,969	6,050,145	22,844,002	-	33,688,061
Residential mortgages	324	329	1,027	4,720	57,320	130,948	11,152,508	-	11,347,176
Higher risk assets	26	-	4	71	488	394	10,156	100,270	111,409
Other assets	1,421,420	6,807	7,803	14,324	296,610	105,347	-	1,601,102	3,453,413
Securitisation exposures	40	-	-	-	-	-	53,392	-	53,432
Equity exposures	4,066	-	-	-	-	-	7	137	4,210
Defaulted exposures	409,480	29,323	17,760	40,487	116,332	78,639	455,345	-	1,147,366
Total for on balance sheet exposures	31,644,842	7,367,055	2,453,092	2,022,580	10,680,006	13,367,108	53,777,301	1,701,509	123,013,493
Off balance sheet exposures									
OTC derivatives	229,219	431,417	735,925	427,425	335,403	776,364	1,577,493	-	4,513,246
Credit derivatives	-	23	7	-	-	12	-	-	42
Off balance sheet exposures other than OTC derivatives or Credit derivatives	1,365,935	1,061,827	1,087,985	2,151,379	1,943,473	511,950	2,775,008	-	10,897,557
Defaulted exposures	14,495	1,370	23,543	10,637	280	-	1,433	-	51,758
Total for off balance sheet exposures	1,609,649	1,494,637	1,847,460	2,589,441	2,279,156	1,288,326	4,353,934	-	15,462,603
Total on and off balance sheet exposures	**33,254,491**	**8,861,692**	**4,300,552**	**4,612,021**	**12,959,162**	**14,655,434**	**58,131,235**	**1,701,509**	**138,476,096**

5.1 Impairment (Cont'd.)

Table 5.5: Residual contractual maturity by major types of credit exposure (Cont'd.)
The aggregated residual contractual maturity by major types of gross credit exposures of AMMB Banking Group is as follows:

	31 March 2015								
	Up to 1 month RM'000	**>1 month to 3 months RM'000**	**>3 months to 6 months RM'000**	**>6 months to 12 months RM'000**	**>1 year to 3 years RM'000**	**>3 years to 5 years RM'000**	**> 5 years RM'000**	**No maturity specified RM'000**	**Total RM'000**
On balance sheet exposures									
Sovereigns/central banks	7,363,872	518,486	39,691	-	-	111,715	4,192,003	-	12,225,767
Banks, DFIs and MDBs	5,786,428	6,015,151	202,669	41,929	25,205	95,456	236,803	5,214	12,408,855
Insurance companies, Securities firms and Fund managers	-	-	-	-	-	-	35,068	-	35,068
Corporates	12,611,990	3,879,843	3,253,383	2,286,742	6,341,510	6,317,590	17,472,552	-	52,163,610
Regulatory retail	1,604,464	66,964	125,313	274,956	2,689,845	5,709,215	21,768,785	-	32,239,542
Residential mortgages	761	299	1,134	3,828	58,387	129,986	10,766,704	-	10,961,099
Higher risk assets	1	25	14	59	479	1,444	16,846	101,365	120,233
Other assets	1,244,268	8,900	11,214	23,028	453,106	203,050	-	2,124,624	4,068,190
Securitisation exposures	6	-	-	-	-	-	54,620	-	54,626
Equity exposures	5,226	-	-	-	-	-	8	161	5,395
Defaulted exposures	395,222	8,560	11,180	14,865	95,191	127,028	511,512	-	1,163,558
Total for on balance sheet exposures	29,012,238	10,498,228	3,644,598	2,645,407	9,663,723	12,695,484	55,054,901	2,231,364	125,445,943
Off balance sheet exposures									
OTC derivatives	332,521	251,288	278,084	410,913	644,305	558,032	1,345,626	-	3,820,769
Credit derivatives	-	-	-	-	10	-	6	-	16
Off balance sheet exposures other than OTC derivatives or Credit derivatives	1,424,378	1,034,971	1,165,335	1,911,504	1,949,721	906,960	2,327,274	-	10,720,143
Defaulted exposures	3,734	13,330	1,482	18,708	399	977	3,056	-	41,686
Total for off balance sheet exposures	1,760,633	1,299,589	1,444,901	2,341,125	2,594,435	1,465,969	3,675,962	-	14,582,614
Total on and off balance sheet exposures	**30,772,871**	**11,797,817**	**5,089,499**	**4,986,532**	**12,258,158**	**14,161,453**	**58,730,863**	**2,231,364**	**140,028,557**

5.1 Impairment (Cont'd.)

Table 5.6: Reconciliation of changes to loans/financing impairment allowances
The reconciliation of changes to aggregated loan/financing impairment allowances of AMMB Banking Group is as follows:

	31 March 2016 Individual impairment allowance RM'000	31 March 2016 Collective impairment allowance RM'000	
Balance at beginning of the financial year	235,823	1,413,424	
Charge for the year – net	138,929	263,782	
Amount written-off	(57,483)	(616,968)	
Amount transferred to AmBank Islamic	-	(17)	**
Amount transferred from AmBank	-	17	**
Exchange differences	-	1,275	
Balance at end of the financial year ***	317,269	1,061,513	

	(Charge off)/recoveries RM'000
Bad debts written off during the year	(122,038)
Bad debt recoveries during the year	687,592

	31 March 2015 Individual impairment allowance RM'000	31 March 2015 Collective impairment allowance RM'000	
Balance at beginning of the financial year	167,552	1,950,556	
Charge for the year – net	91,027	504,522	
Reclassification to assets held for sale	(9,906)	-	
Amount written-off	(13,303)	(1,043,652)	
Amount transferred to AmBank Islamic	-	(2,463)	*
Amount transferred from AmBank	-	2,463	*
Exchange differences	453	1,998	
Balance at end of the financial year ***	235,823	1,413,424	

	(Charge off)/recoveries RM'000
Bad debts written off during the year	(88,757)
Bad debt recoveries during the year	711,032

* In the financial year ended 31 March 2015, on 2 May 2014 upon expiry of the RIA contract entered into with AmBank Islamic in the financial year ended 31 March 2013, AmBank had derecognised the collective allowance previously recognised in its financial statements. Accordingly, AmBank Islamic now accounts for the collective allowance in its financial statements.

** on 31 December 2015, another new contract for the sum of RM300,000,000 was entered into by AmBank with AmBank Islamic. Arising from this new contract, AmBank Islamic transferred collective allowance of RM2,461,000 for the financing funded by AmBank. On 15 March 2016, AmBank early redeemed the RIA and derecognised the collective allowance previously recognised in its financial statements of RM2,478,000.

*** As at 31 March 2016, the gross exposure and collective allowance relating to the RIA financing amounted to RM1,003,979,000 and RM1,473,000 (31 March 2015: RM1,363,811,000 and RM1,553,000) respectively.

There was no individual allowance provided for the RIA financing for 2016 and 2015.

6.0 Credit Risk Exposure under Standardised Approach

Depending on the exposure class, the following ratings by the following ECAIs are used by the Group:

- Standard & Poor's Rating Services ("S&P")
- Moody's Investors Service ("Moody's")
- Fitch Rating ("Fitch")
- RAM Rating Services Berhad ("RAM")
- Malaysian Rating Corporation Berhad ("MARC")

The table below provides the External Credit Assessment Institutions (ECAIs) rating that broadly corresponds to the broad internal credit quality categories. Internal credit rating grades assigned to corporate and retail lending business were realigned in 2015 from existing 5 rating categories to 8 rating categories (seven for non-defaulted and one for those that have defaulted) in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets). The ECAIs mapping is based on 1 year average cumulative default rates as per corporate default studies undertaken by Fitch (1990-2013), Standard & Poor's (1981-2013), Moody's (1983-2013), RAM (1992-2013) and MARC (1997-2013); and is incorporated in the Credit Risk Rating Policy.

Credit Quality Classification	Moody's	S & P	Fitch	RAM	MARC
Exceptionally Strong	Aaa to A2	AAA to A	AAA to A		
Very Strong	A3 to Baa3	A- to BBB-	A- to BBB-	AAA to AA3	AAA to AA
Strong	Ba1 to Ba2	BB+ to BB	BB+ to BB	A1 to A2	
Satisfactory	Ba3	BB-	BB-	A3 to BBB2	AA- to A+
Moderate	B1 to B2	B+ to B	B+ to B	BBB3 to BB1	A to A-
Marginal	B3	B-	B-	BB2 to B1	BBB+ to BBB-
Substandard	Caa1 to C	CCC+ to C	CCC to C	B2 to C3	BB+ to C
Impaired	D	D	D	D	D

Table 6.1: Credit exposures by risk weights under the Standardised Approach

The breakdown of credit risk exposures by risk weights of AMMB Banking Group is as follows:

31 March 2016

Exposures after netting and credit risk mitigation

Risk weights	Sovereigns and Central banks RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities firms and Fund managers RM'000	Corporates RM'000	Regulatory retail RM'000	Residental mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Securitisation exposures RM'000	Equity exposures RM'000	Total Exposures after Netting and CRM RM'000	Total Risk Weighted Assets RM'000
0%	12,012,016	24,916	-	6,022,526	-	-	-	441,667	-	-	18,501,125	-
20%	40,971	11,822,690	-	5,418,075	3,870	-	-	-	53,195	-	17,338,801	3,467,760
35%	-	-	-	-	-	11,032,827	-	-	-	-	11,032,827	3,861,490
50%	-	1,812,528	-	100,015	26,220	341,032	-	-	-	-	2,279,795	1,139,898
75%	-	-	-	-	33,172,210	-	-	-	-	-	33,172,210	24,879,157
100%	-	161	82,875	46,101,979	2,473,012	189,683	-	3,011,746	-	4,210	51,863,666	51,863,666
150%	-	-	4,702	537,196	162,828	-	123,223	-	-	-	827,949	1,241,923
1250%	-	-	-	-	-	-	-	-	237	-	237	2,967
Total	12,052,987	13,660,295	87,577	58,179,791	35,838,140	11,563,542	123,223	3,453,413	53,432	4,210	135,016,610	86,456,861

31 March 2015

Exposures after netting and credit risk mitigation

Risk weights	Sovereigns and Central banks RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities firms and Fund managers RM'000	Corporates RM'000	Regulatory retail RM'000	Residental mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Securitisation exposures RM'000	Equity exposures RM'000	Total Exposures after Netting and CRM RM'000	Total Risk Weighted Assets RM'000
0%	12,225,767	24,797	-	5,245,411	-	-	-	399,263	-	-	17,895,238	-
20%	-	13,485,048	-	4,752,350	3,467	-	-	-	53,312	-	18,294,177	3,658,836
35%	-	-	-	-	-	10,536,010	-	-	-	-	10,536,010	3,687,604
50%	-	1,995,411	-	330,482	24,648	457,069	-	-	-	-	2,807,610	1,403,804
75%	-	-	-	-	32,791,674	-	-	-	-	-	32,791,674	24,593,755
100%	-	553	92,007	47,227,192	1,132,645	225,492	-	3,668,927	-	5,395	52,352,211	52,352,211
150%	-	-	-	500,266	171,086	-	136,862	-	-	-	808,214	1,212,320
1250%	-	-	-	-	-	-	-	-	1,314	-	1,314	16,426
Total	12,225,767	15,505,809	92,007	58,055,701	34,123,520	11,218,571	136,862	4,068,190	54,626	5,395	135,486,448	86,924,956

6.0 Credit Risk Exposure under Standardised Approach (Cont'd.)

Table 6.2: Rated Exposures according to Ratings by ECAIs

	31 March 2016					
	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance companies, Securities firms and Fund managers	87,877	-	-	-	-	87,877
Corporates	61,345,854	3,873,064	1,433,703	382	-	56,038,705
Total	61,433,731	3,873,064	1,433,703	382	-	56,126,582

	31 March 2015					
	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RII	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance companies, Securities firms and Fund managers	92,007	-	-	-	-	92,007
Corporates	62,338,535	2,995,459	217,821	134	56	59,125,065
Total	62,430,542	2,995,459	217,821	134	56	59,217,072

6.0 Credit Risk Exposure under Standardised Approach (Cont'd.)

Table 6.2: Rated Exposures according to Ratings by ECAIs (Cont'd.)

	31 March 2016					
	Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and Off-Balance Sheet Exposures						
Sovereigns and Central banks	12,052,987	780,153	11,272,834	-	-	-
Total	12,052,987	780,153	11,272,834	-	-	-

	31 March 2015					
	Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RII	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and Off-Balance Sheet Exposures						
Sovereigns and Central banks	12,225,767	518,486	11,707,281	-	-	-
Total	12,225,767	518,486	11,707,281	-	-	-

	31 March 2016					
	Ratings of Banking Institutions by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures						
Banks, DFIs and MDBs	13,660,295	5,119,799	1,883,304	1,105,003	-	5,552,189
Total	13,660,295	5,119,799	1,883,304	1,105,003	-	5,552,189

	31 March 2015					
	Ratings of Banking Institutions by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RII	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures						
Banks, DFIs and MDBs	15,505,808	4,934,672	2,697,113	1,428,843	49	6,445,131
Total	15,505,808	4,934,672	2,697,113	1,428,843	49	6,445,131

6.0 Credit Risk Exposure under Standardised Approach (Cont'd.)

Table 6.3: Securitisation according to Ratings by ECAIs

	31 March 2016			
	Ratings of Securitisation by Approved ECAIs			
	Moodys	Aaa to Aa3	A1 to A3	Unrated
	S&P	AAA to AA-	A+ to A-	Unrated
	Fitch	AAA to AA-	A+ to A-	Unrated
	RAM	AAA to AA3	A1 to A3	Unrated
	MARC	AAA to AA-	A+ to A-	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures				
Securitisation exposures	53,432	53,195	-	237
Total	53,432	53,195	-	237

	31 March 2015			
	Ratings of Securitisation by Approved ECAIs			
	Moodys	Aaa to Aa3	A1 to A3	Unrated
	S&P	AAA to AA-	A+ to A-	Unrated
	Fitch	AAA to AA-	A+ to A-	Unrated
	RAM	AAA to AA3	A1 to A3	Unrated
	MARC	AAA to AA-	A+ to A-	Unrated
	RII	AAA to AA-	A+ to A-	Unrated
Exposure class	**RM'000**	**RM'000**	**RM'000**	**RM'000**
On and off balance sheet exposures				
Securitisation exposures	54,626	53,312	-	1,314
Total	54,626	53,312	-	1,314

7.0 Credit Risk Mitigation

Main types of collateral taken by the Group

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. Types of collateral typically taken by the Group include:

- Cash and term deposits
- Exchange traded shares, bonds, sukuk, convertible bonds and marketable securities
- Non-exchange traded debt securities/sukuk
- Unit trusts (including Amanah Saham Nasional, Amanah Saham Bumiputera and mutual funds)
- Non-exchange traded shares
- Residential and non-residential property
- Plantation land, mining land, quarry land and vacant land
- Passenger vehicle, commercial vehicle, construction vehicle and vessel
- Plant and machineries

In the case of the Group's Islamic Banking operations, only Shariah approved assets can be accepted as permissible collateral.

Where the customer risk profile is considered very sound (or by nature of the product, for instance small limit products such as credit cards), a transaction may be provided on an "unsecured" basis, this is not supported by collateral.

In addition to rating customer's probability of default via an internal risk rating system, the Group uses Security Indicators ("SIs") in its non-retail portfolio to assess the strength of collateral supporting its exposures.

The Group Collateral Policy, issued in August 2015, is the internally recognised collateral framework for lending/financing purposes as well as for regulatory capital.

Processes for collateral management

To support the development of processes around collateral valuation and management, the concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

7.0 Credit Risk Mitigation (Cont'd.)

Guarantee Support
Guarantee support for lending/financing proposals are an integral component in transaction structuring for the Group. The guarantee of a financially strong party can help improve the risk grade of a transaction through its explicit support of the borrower/customer, where borrower's/customer's risk grade will be enhanced with guarantor's risk grade.

Guarantees that are recognised for risk grading purposes may be provided by parties that include associated entities, banks or sovereigns. Credit policy provides threshold parameters to determine acceptable counterparties in achieving risk grade enhancement of the transaction. Guarantee by a counterparty with lower rating than the borrower/customer is not recognised as part of the risk grade enhancement.

Use of credit derivatives and netting for risk mitigation
Currently, the Group does not use credit derivatives and netting for risk mitigation.

Transaction structuring to mitigate credit risk
Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the number of years the loan/financing is extended, amortisation schedules and loan/financing covenants. These assist in managing credit risk and in providing early warning signals, whereby should loan/financing covenants be breached, the Group and the customer can work together to address the underlying causes and as appropriate, restructure facilities.

Concentrations of credit risk mitigation
The Group carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its Risk Appetite Framework and related policies governing Loan/Financing to Value metrics.

The main types of collateral undertaken by the Group are properties, motor vehicles and exchange traded shares.

Table 7.1: Credit Risk Mitigation
The aggregated exposures and eligible guarantees, credit derivatives and collateral of the AMMB Banking Group are as follows:

		31 March 2016	
Exposures	**Exposures before CRM**	**Exposures covered by Guarantees**	**Exposures covered by Eligible Financial Collateral**
	RM'000	**RM'000**	**RM'000**
Credit risk			
On balance sheet exposures			
Sovereigns/Central banks	12,011,366	-	-
Banks, DFIs And MDBs	9,938,209	-	-
Insurance companies, Securities firms and Fund managers	7,201	-	-
Corporates	51,251,650	1,857,633	6,032,117
Regulatory retail	33,688,061	3,777	356,319
Residential mortgages	11,347,176	-	126,511
Higher risk assets	111,409	-	-
Other assets	3,453,413	-	-
Securitisation exposures	53,432	-	-
Equity exposures	4,210	-	-
Defaulted exposures	1,147,366	756	174,692
Total for on balance sheet exposures	123,013,493	1,862,166	6,689,639
Off balance sheet exposures			
OTC derivatives	4,513,246	-	-
Credit derivatives	42	-	-
Off balance sheet exposures other than OTC derivatives or Credit derivatives	10,897,557	44,046	1,537,823
Defaulted exposures	51,758	-	24,471
Total for off balance sheet exposures	15,462,603	44,046	1,562,294
Total on and off balance sheet exposures	**138,476,096**	**1,906,212**	**8,251,933**

7.0 Credit Risk Mitigation (Cont'd.)

	31 March 2015		
Exposures	Exposures before CRM RM'000	Exposures covered by Guarantees RM'000	Exposures covered by Eligible Financial Collateral RM'000
Credit risk			
On balance sheet exposures			
Sovereigns/Central banks	12,225,767	-	-
Banks, DFIs And MDBs	12,408,855	-	-
Insurance companies, securities firms and fund managers	35,068	-	-
Corporates	52,163,610	1,263,686	7,786,794
Regulatory retail	32,239,542	2,642	331,409
Residential mortgages	10,961,099	-	126,181
Higher risk assets	120,233	-	-
Other assets	4,068,190	-	-
Securitisation exposures	54,626	-	-
Equity exposures	5,395	-	-
Defaulted exposures	1,163,558	2,186	67,595
Total for on balance sheet exposures	125,445,943	1,268,514	8,311,979
Off balance sheet exposures			
OTC derivatives	3,820,769	-	-
Credit derivatives	16	-	-
Off balance sheet exposures other than OTC derivatives or Credit derivatives	10,720,143	15,067	1,610,807
Defaulted exposures	41,686	35	12,604
Total for off balance sheet exposures	14,582,614	15,102	1,623,411
Total on and off balance sheet exposures	140,028,557	1,283,616	9,935,390

8.0 Off Balance Sheet Exposures and Counterparty Credit Risk

8.1 Off Balance Sheet exposures

The Group off balance sheet exposures consist of 3 main categories as follows:

(1) Credit related exposures, e.g. guarantees given on behalf of customers, certain transaction-related contingent items, obligation under underwriting agreement, short term self liquidating trade-related contingencies, irrevocable commitment to extend credit and unutilised credit card line.

(2) Derivatives Financial Instruments, e.g. forward exchange contracts (forward exchange contracts and cross currency swaps) interest/profit rate related contracts (interest/profit rates futures and interest/profit rates swap), equity related contracts (option and futures) and commodity related contract (option).

(3) Other treasury-related exposures, e.g. forward purchase commitment.

Off balance sheet exposure is mitigated by setting of credit limit for the respective counterparty and exposure limit for industry sectors which are governed under the GRAF.

8.2 Counterparty Credit Risk

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

For each individual contract, the pre-settlement risk exposure is normally calculated based on the sum of the marked-to-market ("MTM") value of the exposure, plus the notional principal multiplied by the potential credit risk exposure ("PCRE") factor; if the sum of each individual contract is negative, the pre-settlement risk exposure for this contract is deemed to be zero.

8.2 Counterparty Credit Risk (Cont'd.)

Pre-settlement risk exposure = MTM + PCRE factor (or known as add-on factor) x Notional Principal

- The MTM is essentially the current replacement cost of the contract, and can be positive or negative. Where it is positive, i.e. in the money, the Group has credit exposure against the counterparty; if it is negative, i.e. out of the money, the negative value will be used.
- The PCRE factors recognise that prices change over the remaining period to maturity, and that risk increases with time. The PCRE factors are mandated for regulatory capital purposes.
- Variation to the above generic methodology is allowed for specific product.

Maximum pay out method is used for back to back and structured products where the underlying instrument structures are dynamic i.e. not confined to a standardised underlying instrument. Where the maximum payout is known, it is taken as the pre-settlement risk amount. However, in situations where the maximum payout is not observable, a Monte Carlo simulation method is used.

Exposure to the counterparty is governed by the counterparty credit limit under the GRAF.

Other than credit limit setting and related duration setting of such limits, the Group's primary tool to mitigate counterparty credit risk is by taking collateral.

For derivative exposures, collateral is generally managed via standard market documentation which governs the amount of collateral required and the re-margining frequency between counterparties, including the impact on collateral requirements should either the banking subsidiary's or the counterparty's credit risk rating be upgraded or downgraded.

Table 8.1: Off Balance Sheet Exposures

The aggregated off balance sheet exposures and counterparty credit risk of the AMMB Banking Group is as follows:

	31 March 2016			
Description	**Principal Amount RM'000**	**Positive Fair Value of Derivative Contracts RM'000**	**Credit Equivalent Amount RM'000**	**Risk Weighted Assets RM'000**
Direct Credit Substitutes	2,267,415		2,267,415	1,909,462
Transaction related contingent Items	5,052,478		2,526,239	1,637,276
Short Term Self Liquidating trade related contingencies	649,520		129,904	104,687
Assets sold with recourse	300		300	300
Forward Asset Purchases	866,986		84,175	67,504
Obligations under on-going underwriting agreements	60,000		-	-
Foreign exchange related contracts				
One year or less	44,413,333	1,279,777	1,798,301	846,473
Over one year to five years	1,125,883	38,416	144,281	75,319
Over five years	1,980,369	281,465	656,786	359,512
Interest/Profit rate related contracts				
One year or less	8,175,391	3,740	15,068	5,163
Over one year to five years	31,903,999	176,675	961,939	309,898
Over five years	9,773,151	149,030	920,707	230,844
Equity and commodity related contracts				
One year or less	159,106	1,878	10,617	10,617
Over one year to five years	73,572	1,133	5,547	2,774
Credit Derivative Contracts				
One year or less	337,027	485	30	15
Over one year to five years	336,367	19,493	12	6
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,703,052		2,354,026	1,929,594
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	14,890,325		3,017,965	2,808,385
Unutilised credit card lines	2,846,456		569,291	423,337
Total	**129,614,730**	**1,952,092**	**15,462,603**	**10,721,166**

8.2 Counterparty Credit Risk (Cont'd.)

Table 8.1: Off Balance Sheet Exposures (Cont'd.)
The aggregated off balance sheet exposures and counterparty credit risk of the AMMB Banking Group is as follows:

Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
	31 March 2015			
Direct Credit Substitutes	996,116		996,116	864,804
Transaction related contingent Items	6,355,902		3,177,951	2,267,393
Short Term Self Liquidating trade related contingencies	715,135		143,027	115,047
Assets sold with recourse	300		300	300
Forward Asset Purchases	824,066		55,226	25,761
Obligations under an on-going underwriting agreements	250,000		-	-
Foreign exchange related contracts				
One year or less	35,092,270	810,371	1,214,420	664,982
Over one year to five years	2,500,277	203,211	350,443	104,415
Over five years	1,950,414	228,324	616,206	340,259
Interest/Profit rate related contracts				
One year or less	4,922,516	1,989	10,347	3,796
Over one year to five years	31,036,561	115,815	838,890	278,245
Over five years	8,783,307	68,173	682,670	216,296
Equity and commodity related contracts				
One year or less	969,710	1,867	48,017	29,330
Over one year to five years	69,830	1,757	4,549	2,275
Credit Derivative Contracts				
Over one year to five years	327,515	7,572	10	5
Over five years	326,889	33,133	6	3
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,970,929		2,511,000	2,264,785
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	15,645,655		3,142,257	2,787,962
Unutilised credit card lines	3,955,894		791,179	589,693
Total	**119,693,286**	**1,472,212**	**14,582,614**	**10,555,351**

Table 8.2: Credit Derivatives Counterparty Credit Risk ("CCR")
Credit derivatives that create exposures to counterparty credit risk are as follows:

		31 March 2016		31 March 2015	
		Sell Leg	Buy Leg *	Sell Leg	Buy Leg *
Usage	**Product**	**Notional Exposure for Protection Sold RM'000**	**Notional Exposure for Protection Bought RM'000**	**Notional Exposure for Protection Sold RM'000**	**Notional Exposure for Protection Bought RM'000**
Intermediation	Credit default swap	373,394	300,000	354,399	300,000

* Out of the total notional exposure for protection bought as at 31 March 2016, RM283,500,000 (31 March 2015: RM283,500,000) has no counterparty credit risk exposure because it is on a fully funded basis.

9.0 Securitisation

9.1 Objectives, roles and involvement

AMMB Banking Group has undertaken securitisations of its own originated assets, as well as advised on securitisations of third party assets as part of its structured finance/debt capital markets services for its clients. The Group's objectives in relation to securitisation activity include the following:

- increase the availability of different sources of funding;
- facilitate prudential balance sheet management;
- transfer of credit and market risk;
- obtain regulatory capital relief, if applicable;
- earn management fees on assets under management;
- earn other fees for products and services provided, e.g., liquidity, funding and credit support, structuring, arranging and underwriting services.

The Group is involved in the following types of securitisation activities:
- Securitisation of assets originated by the Group. Such transactions provide diversity in the funding base for the Group entities. Such securitisations may or may not involve the transfer of credit risk and as such, may or may not provide regulatory capital relief.
- Securitisation of third party-originated assets.
- Facilities and services provided to securitisations – the Group provides various facilities to securitisations which include liquidity, funding and credit support as well as services such as structuring and arranging.
- Investment in securities – the Group underwrites bonds issued from securitisation programmes and also purchases such bonds in the secondary markets.

9.2 Regulatory capital approaches used in the Group's securitisation activities

Securitisation exposures held in the trading books of the Group are subjected to market risk capital charge using the Standardised Approach.

For securitisation exposures held in the banking books, the Group applies the Standardised Approach related to banking book exposures to determine the credit risk capital charge.

9.3 Governance

The Group's Capital Markets team is tasked with the structuring of securitisation transactions whilst the governance of these securitisation activities is overseen by the Board and Executive Committees, and managed in accordance with the credit risk and market risk frameworks.

Securitisation exposures held in banking books and trading books are governed under the limits set for the banking book and trading book respectively.

9.4 Risk measurement and reporting of securitisation exposures

The Group relies on the external ratings assigned by recognised external credit assessment institutions in determining the capital charge requirement for rated securitisation exposures. The Group also assesses the performance information of the underlying pool on an ongoing basis e.g. 30/60/90 days past due, default rates, prepayment rates, etc, to gauge the stability of the model parameters to determine sufficiency of the buffers. The reporting for such exposures is dependent on the Group's ultimate position, whether acting as a third party investor to both on or off-balance sheet exposures.

9.5 SPV used in securitisation exercises

Third party exposures that have been securitised via SPVs include civil servant, personal loans/financing and government-linked companies' staff housing loans.

9.6 Accounting Policies for Securitisation

The Group has sponsored SPVs involving assets of the Group. Such SPVs are consolidated where the Group has control as determined in accordance with MFRS 10, Consolidated Financial Statements.

Assets that have been transferred wholly or proportionately to an unconsolidated entity remain on the Group's statement of financial position, with a liability recognised for the proceeds received, unless:

(a) substantially all risks and rewards associated with the assets have been transferred, in which case, they are derecognised in full; or
(b) if a significant portion, but not all, of the risks and rewards have been transferred, the asset is derecognised entirely if the transferee has the ability to sell the financial asset, otherwise the asset continues to be recognised to the extent of the Group's continuing involvement.

9.7 Use of external rating agencies

The Group uses the services of both RAM and MARC and where applicable, international rating agency for securitisation transactions purposes.

Table 9.1: Securitisation (Trading and Banking Book)
The aggregated securitised exposures of AMMB Banking Group is as follows:

	31 March 2016			
Underlying Asset	**Total Exposures Securitised RM'000**	**Past Due RM'000**	**Impaired RM'000**	**Gains/losses recognised during the year RM'000**
Traditional Securitisation Originated by the Group				
Banking Book				
Corporate loans	125,714	-	57,563	-
Mortgage loans	847,829	-	842,332	-
Total Traditional Securitisation	973,543	-	899,895	-
Total Synthetic Securitisation	-	-	-	-
Total Traditional and Synthetic Securitisation	973,543	-	899,895	-

	31 March 2015			
Underlying Asset	**Total Exposures Securitised RM'000**	**Past Due RM'000**	**Impaired RM'000**	**Gains/losses recognised during the year RM'000**
Traditional Securitisation Originated by the Group				
Banking Book				
Corporate loans	165,580	-	100,918	-
Mortgage loans	801,925	-	792,193	-
Total Traditional Securitisation	967,505	-	893,111	-
Total Synthetic Securitisation	-	-	-	-
Total Traditional and Synthetic Securitisation	967,505	-	893,111	-

9.7 Use of external rating agencies (Cont'd.)

Table 9.2: Securitisation under the Standardised Approach for Banking Book Exposures

	31 March 2016						
Securitisation Exposures by Exposure Type	Exposure Value of Positions Purchased or Retained	Exposure after CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Appplicable Risk Weights — Rated Securitisation Exposures or Risk weights of Guarantees/Credit Derivatives: 20%	50%	1250%	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Traditional Securitisation							
Originated by Third Party							
On Balance Sheet Exposures	53,195	53,195	-	53,195	-	-	10,639
Originated by the Group							
On Balance Sheet Exposures	237	237	-	-	-	237	2,968
Total Traditional Securitisation	53,432	53,432	-	53,195	-	237	13,607

	31 March 2015						
Securitisation Exposures by Exposure Type	Exposure Value of Positions Purchased or Retained	Exposure after CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Appplicable Risk Weights — Rated Securitisation Exposures or Risk weights of Guarantees/Credit Derivatives: 20%	50%	1250%	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Traditional Securitisation							
Originated by Third Party							
On Balance Sheet Exposures	53,312	53,312	-	53,312	-	-	10,662
Originated by the Group							
On Balance Sheet Exposures	1,314	1,314	-	-	-	1,314	16,426
Total Traditional Securitisation	54,626	54,626	-	53,312	-	1,314	27,088

10.0 Operational Risk

The operational risk management process is depicted in the table below:

Identification	• Identify and analyse risks in key processes/activities within Line of Business (including new products)
Assessment/Measurement	• Incident Management and Data Collection • Risk and Control Self Assessment • Key Risk Indicators • Key Control Testing • Risk Treatment Plan
Control/Mitigation	• Policies addressing control and governance requirements to mitigate specific operational risk • Advisory on the establishment of internal controls • Contingency planning
Monitoring/Review	• Monitoring and reporting of loss incidents by Event Type, Portfolio and Line of Business and entity, reporting of operational risk board and management triggers, risk profile status, key risk indicator breaches and key control testing exceptions • Periodical review of risk profile within Line of Business

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk and Shariah compliance risk (Please refer to Section 14 for discussion on Shariah Governance Structure). It excludes strategic, systemic and reputational risk.

Operational Risk Appetite ("ORA") is set as part of overall GRAF, which sets the acceptable tolerance levels of operational risk that the Group is willing to accept, taking into consideration of the relevant financial and non-financial risk or return attributes in order to support the achievement of the Group's strategic plan and business objectives. The ORA statements and measurements are classified based on operational loss event types, which are grouped into five (5) categories as below and monitored via Incident Management and Data Collection, Key Risk Indicator and Key Control Testing.

- Fraud (internal and external);
- Employment Practices and Workplace Safety;
- Client, Products and Business Practices;
- Business Disruption, System Failures and Damage to Physical Assets; and
- Execution, Delivery and Process Management

The strategy for managing operational risk in the Group is anchored on the three lines of defence concept which are as follows:

- The first line of defence is responsible for the management of operational risk in order that accountability and ownership is as close as possible to the activity that creates the risk and ensuring that effective action is taken to manage them. Enhanced First Line of Defence provides a business specific focus on the implementation of operational risk management activities and supports more effective day-to-day monitoring of operational risks.
- In the second line, Group Operational Risk is responsible for exercising governance over operational risk through the management of the operational risk framework, policy development, quality assurance of internal controls, operational risk measurement and capital allocation, fraud strategy and reporting of operational risk issues to Group CEOs Committee, RMCD and Board.
- Group Internal Audit acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

Group Operational Risk maintains close working relationships with all Line of Business, continually assisting in the identification of operational risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational risk issues within the Group. The Operational Risk Management System ("ORMS") contains the following modules:

- The Incident Management and Data Collection ("IMDC") module provides a common platform for reporting operational risk incidents that fall within one of the seven Event Types as stated in Basel II. IMDC also serves as a centralised database of operational risk incidents to model the potential exposure to operational risks in future and estimate the amount of economic capital charge.
- The Risk and Control Self Assessment ("RCSA") is a process of continual assessment of risks and controls effectiveness. By using structured questionnaires to assess and measure key risk and its corresponding controls effectiveness, RCSA provides risk profiling across the Group.
- The Key Risk Indicators ("KRI") module provides early warning of increasing risk and/or control failures by monitoring the changes of the underlying risk measurements.
- The Key Control Testing ("KCT") is the test steps or assessment performed periodically to assure that the key controls are in place and they are operating as intended or effective in managing the operational risks.
- The Risk Treatment Plan is required to be developed to ensure all risks identified are resolved or mitigated sufficiently.

As part of the on-going process to improve the management of operational risks, a dedicated IT Risk Unit which focuses on the management of IT-related risks, was set-up in July 2015.

The Group CEOs Committee, RMCD and Board are the main reporting and escalation committees for operational risk matters including outsourcing risk, information technology risk, shariah risk, legal risk and business continuity management.

10.1 Business Continuity Management

The Business Continuity Management ("BCM") process is depicted in the table below:

Identification	• Identify events that potentially threaten the business operations and areas of criticality
Assessment/Measurement	• Business Impact Analysis • Threat Assessment
Control/Mitigation	• Policies governing the BCM implementation • BCM methodologies controlling the process flow • Implementing the Business Continuity plan
Monitoring/Review	• BCM plan testing and exercise • Review of BCM Plan • BCM Plan maintenance

The BCM function forms an integral part of Operational Risk Management. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and establishment of critical functions recovery against downtimes. BCM builds the resilience and recovery capability to safeguard the interest of the Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team and specialist units to ensure the Group has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency and conduct periodical testing to enhance the BCM capability throughout all critical departments and branches across the region. Training is an on-going agenda to heighten the BCM awareness and inculcate a business resilience culture.

10.2 Legal Risk

In all the jurisdictions that the Group conducts its business, it is subject to legal risks arising from potential breaches of applicable laws, unenforceability of contracts, lawsuits, or adverse judgement, which may lead to incurrence of losses, disruption or otherwise impact on the Group's financials or reputation.

Legal risk is overseen by Group CEOs Committee, upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risks are appropriately managed.

10.3 Regulatory Compliance Risk

The Group has established a compliance policy which sets out the roles and responsibilities of the Board, Senior Management, Business Units, Group Shared Services, Group Compliance and Group Internal Audit to oversee the management of compliance risk with the aim to promote the safety of the Group by minimising financial, reputational and operational risks arising from legal and regulatory non-compliance.

The Group has put in place the processes to manage the compliance functions in identifying, assessing and monitoring the following activities:
- Management of AML/CFT ongoing due diligence via tracking, monitoring and reporting of suspicious transactions
- Management of new regulations including timely dissemination, engagement and monitoring
- Undertake periodic compliance assessment including onsite, offsite, thematic and initial one-off onsite validation
- Review of new or variation to existing products and services

Training is provided to employees of the Group on relevant legal and regulatory requirements governing its activities and guidance on implementation of internal controls to manage compliance risk.

11.0 Market Risk Management

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest/profit rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two categories of market risk: Traded Market Risk ("TMR") and Non-Traded Market Risk ("NTMR"). Assessment, control and monitoring of these risks are the responsibilities of Investment Banking and Markets Risk ("IBMR").

11.1 Traded Market Risk ("TMR")

The TMR management process is depicted in the table below. Please refer to Section 8 for off balance sheet exposures and counterparty credit risk arising from market risk.

Identification	• Identify market risks within existing and new products • Review market-related information review such as market trends and economic data
Assessment/Measurement	• Value-at-Risk ("VaR") • Annual Loss Limit ("ALL") • Historical Stress Loss ("HSL") • Other Detailed Management Controls
Control/Mitigation	• VaR Limits • HSL Limit • Loss Limits (Annual/Monthly/Daily) • Concentration Limits • Greek Limits (Delta/Gamma/Delta-Gamma/Vega/Theta) • Present Value of One Basis Point Limits ("PV01") • Stealth Limits • Position Size Limits • Maximum Tenor Limits • Maximum Holding Period • Minimum Holding Period • Approved Instruments/Currencies/Countries • Other Detailed Management Limits
Monitoring/Review	• Monitor limits • Periodical review and reporting

TMR arises from transactions in which the Group acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the Board and Group CEOs Committee approved limit structures and risk appetite. This is done via robust traded market risk measurement, limit setting, limit monitoring, and collaboration and agreement with Business Units.

VaR, ALL, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which applies recent historic market conditions to estimate potential losses in market value, at a certain confidence level and over a specified holding period. Loss limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Group is able to absorb extreme, unanticipated market movements.

Apart from VaR, ALL and HSL, additional sensitivity controls (e.g. Greek Limits/PV01) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

IBMR monitors and reports risk exposures against limits on a daily basis. Portfolio market risk positions are also reported to Group CEOs Committee, RMCD and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits. Business Units are required to provide an action plan to address any non-adherence to limits. The action plan must be approved by Senior Management.

The Group adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

Group Market Risk is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

11.2 Non-Traded Market Risk

Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB")

The IRR/RORBB risk management process is depicted in the table below:

Identification	• Identify IRR/RORBB within existing and new products. • Review market-related information review such as market trend and economic data.
Assessment/Measurement	• VaR • Earnings-at-Risk ("EaR") • PV01 • Other Detailed Management Controls
Control/Mitigation	• VaR Limits • EaR Limits • PV01 Limits • Other Detailed Management Limits
Monitoring/Review	• Monitor limits • Periodical review and reporting

IRR/RORBB arises from changes in market interest/profit rates that impact core net interest/profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest/profit margins and implied volatilities on interest/profit rate options. The provision of retail and wholesale banking products and services (primarily lending/financing and deposit taking activities) creates interest/profit rate-sensitive positions in the Group's statement of financial position.

The principal objectives of balance sheet risk management are to manage interest/profit income sensitivity while maintaining acceptable levels of IRR/RORBB and funding risk, and to manage the economic value of the Group's capital.

The Board's oversight of IRR/RORBB is supported by the Group CEOs Committee. Group CEOs Committee is responsible for the alignment of Group-wide risk appetite and funding needs, taking into consideration Group-wide business strategies. Group CEOs Committee consistently oversees the Group's gapping positions, asset growth and liability mix against the interest/profit rate outlook. It also reviews strategies to ensure a comfortable level of IRR/RORBB is maintained. The Group has successfully engaged long-term borrowings and written interest/profit rate swaps to manage IRR/RORBB, and maintained an acceptable gapping profile as a result. In accordance with the Group's policy, positions are monitored on a daily basis and hedging strategies are employed to ensure risk exposures are maintained within Board-established limits.

The Group measures the risk of losses arising from potential adverse movements in market interest/profit rates and volatilities using VaR. VaR is a quantitative measure of IRR/RORBB which applies recent historic market conditions to estimate the potential loss in economic value, at a certain confidence level and over a specified holding period.

The Group complements VaR by stress testing IRR/RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest/profit rates and spreads, changes in loan/financing and deposit product balances due to behavioural characteristics under different interest/profit rate environments. Material assumptions include the repricing characteristics and the stickiness of indeterminate or non-maturity deposits and loans/financing.

The rate scenarios may include rapid ramping of interest/profit rates, gradual ramping of interest/profit rates, and narrowing or widening of spreads. Usually each analysis incorporate what management deems the most appropriate assumptions about customer behaviour in an interest/profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Group's exposure to a specified event.

The Group's strategy seeks to optimise exposure to IRR/RORBB within Board-approved limits. This is achieved through the ability to reposition the interest/profit rate exposure of the statement of financial position using dynamic product and funding strategies, supported by MFRS 139-compliant interest/profit rate hedging activities using interest/profit rate swaps and other derivatives. These approaches are governed by the Group's policies in the areas of product and liquidity management as well as the banking book policy statements and hedging policies.

IIRR/RORBB exposures are monitored by IBMR and positions reported to the Group CEOs Committee, RMCD and Board.

11.2 Non-Traded Market Risk (Cont'd.)

Table 11.1: Interest Rate Risk/Rate of Return Risk Sensitivity in the Banking Book
The aggregated IRR/RORBB sensitivity for AMMB Banking Group is as follows:

	31 March 2016	
	Interest Rate/Rate of Return + 100 bps	Interest Rate/Rate of Return - 100 bps
	RM'000	RM'000
Impact On Profit Before Taxation	94,651	(94,651)

	Interest Rate/Rate of Return + 100 bps	Interest Rate/Rate of Return - 100 bps
	RM'000	RM'000
Impact on Equity	(541,973)	608,738

	31 March 2015	
	Interest Rate/Rate of Return + 100 bps	Interest Rate/Rate of Return - 100 bps
	RM'000	RM'000
Impact On Profit Before Taxation	155,510	(155,510)

	Interest Rate/Rate of Return + 100 bps	Interest Rate/Rate of Return - 100 bps
	RM'000	RM'000
Impact on Equity	(550,073)	618,507

12.0 Equities (Banking Book Positions)

Equity risk is the potential loss that may be incurred on equity investments in the banking book. The Group's equity exposures in the banking book are primarily categorised as follows:

- Equity investments that are taken for strategic and other objectives – Where an equity investment is undertaken for a strategic purpose, such investment will be made only after extensive analysis and due diligence. Equity investments undertaken for other business objectives are principally in conjunction with initiatives or measures promoted by the relevant regulatory authorities or trade bodies in which the Group will jointly with other financial institutions invest in such entities to attain various objectives, such as socio-economic development, promoting the further development of the financial market, the provision of facilities to improve customer service, and support for human capital development for the betterment of the Malaysian banking industry. The Board's approvals are required prior to committing to all forms of equity investment under this category and, where relevant, the necessary regulatory approval or notification will be obtained or met.
- Equity investments on which capital gains are expected – These transactions are for proprietary trading.
- Equity investments made as the result of a work out of a problem exposure – From time to time, the Group will take an equity stake in a customer as part of a work out arrangement for problem exposures. These investments are made only where there is no other viable option available and form an immaterial part of the Group's equity exposures.

12.1 Valuation for and accounting of equity investments in the banking book

Measurement of equity securities – Equity securities that have a quoted market price are carried at their fair value. Investments in unlisted securities are measured at cost less impairment loss (if any).

Where the investment is held for long term strategic purposes, these investments are accounted for as available-for-sale, with changes in fair value being recognised in equity.

12.1 Valuation for and accounting of equity investments in the banking book (Cont'd.)

Table 12.1: Equity investments and capital requirement

An analysis of equity investments by appropriate equity groupings and risk weighted assets of AMMB Banking Group is as follows:

Non traded equity investments	31 March 2016 RM'000	31 March 2015 RM'000
Value of quoted (publicly traded) equities	141,868	176,996
Value of unquoted (privately held) equities	99,270	100,367
Total	**241,138**	**277,363**
Net realised and unrealised gains/(losses)		
Cumulative realised gains from sales and liquidations	21,666	12,081
Total unrealised losses	(1,925)	(9,866)
Total	**19,741**	**2,215**
Risk Weighted Assets		
Equity investments subject to a 100% risk weight	141,827	176,957
Equity investments subject to a 150% risk weight	148,965	150,608
Total	**290,792**	**327,565**
Total minimum capital requirement (8%)	**23,263**	**26,205**

13.0 Liquidity Risk and Funding Management

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding risk is the risk of ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Funding and liquidity risk are interrelated as improper funding risk management may lead to liquidity problem while insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management process is depicted in the table below:

Identification	• Identify liquidity risk within existing and new business activities • Review market-related information such as market trend and economic data • Keep abreast with regulatory requirements
Assessment/Measurement	• Liquidity Coverage Ratio ("LCR") • Depositor Concentration Ratios • Loans to Deposit Ratio ("LDR") • Other Detailed Management Limits
Control/Mitigation	• LCR Limits • Depositor Concentration Ratios • LDR Limits • Other Detailed Management Limits
Monitoring/Review	• Monitor limits • Periodical review and reporting

The liquidity risk management of the Group is aligned to BNM's Liquidity Coverage Ratio ("LCR") issued by BNM on 31 March 2015. The primary objective of the Group's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

The Board provides the liquidity risk management oversight while the Group CEOs Committee is the responsible governing body that approves the Group's liquidity management and strategies policies, and is responsible for setting liquidity limits, proposing liquidity risk policies and contingency funding plan, and practices to be in compliance with local regulatory requirements, and monitor liquidity on an ongoing basis. The Capital and Balance Sheet Management Department and Group Risk Management propose and oversee the implementation of policies and other controls relating to the above risks.

13.0 Liquidity Risk and Funding Management (Cont'd.)

The Group has put in place a Contingency Funding Plan to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

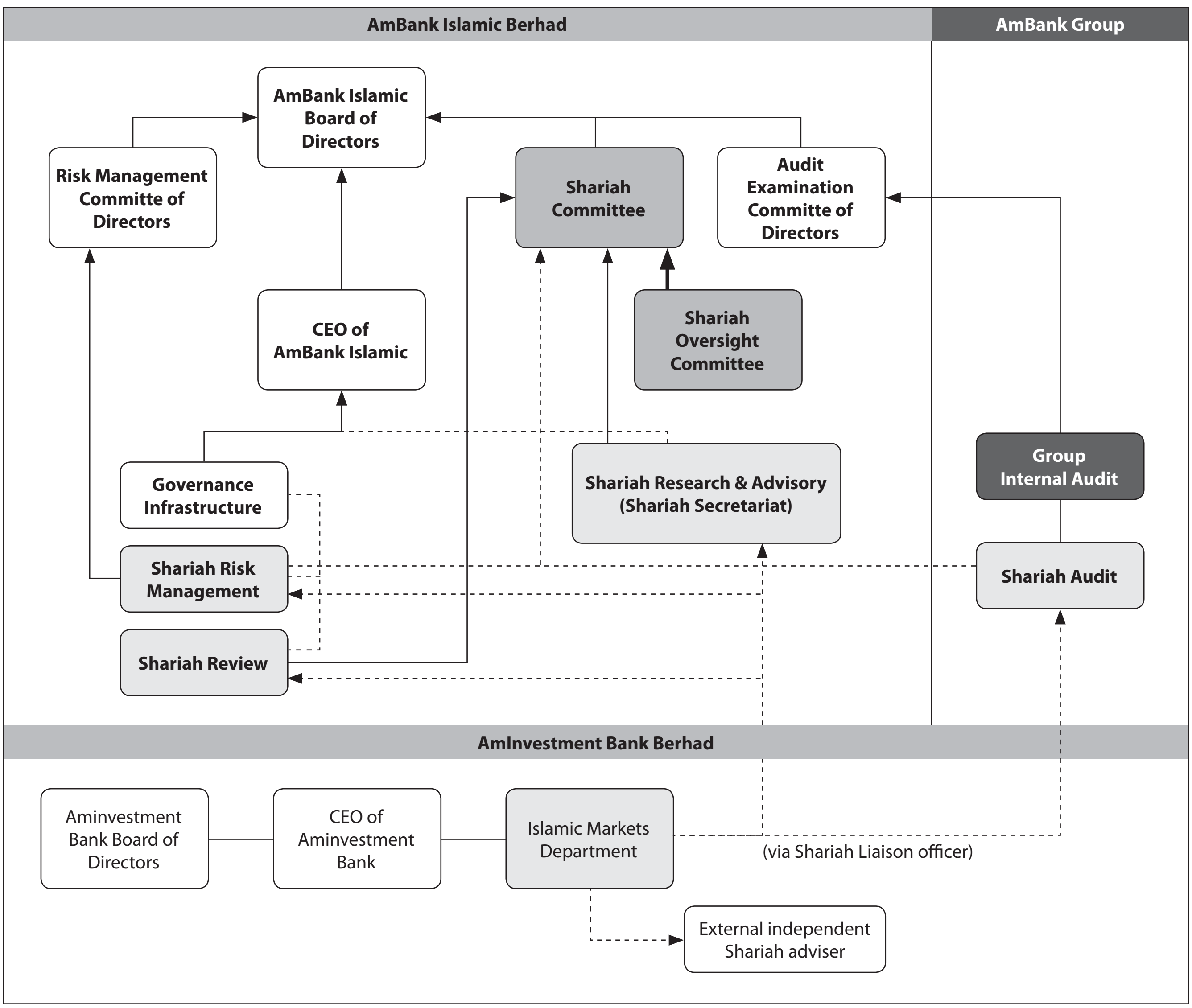
The Group has in place various liquidity measurements that provide the Group with visibility from volatility of customer's deposits to the concentration ratio of chunky deposits. Group Risk Management is responsible for monitoring the controls and limits while the Capital and Balance Sheet Management Department is responsible to ensure the controls and limits are within the thresholds.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Group's liquidity at risk. The Group further stresses the importance of customer deposit accounts as a source of funds to finance lending/financing to customers. They are monitored using the unadjusted loans/financing to deposit ratio, which compares loans/financing and advances to customers as a percentage of customer deposit accounts.

As conservative liquidity management practice, part of the Group's medium term assets is funded by medium term liabilities. Medium term is defined by the Group as remaining term to maturity in excess of one year.

In preparation to the impending implementation of BNM's Basel III Net Stable Funding Ratio ("NSFR"), the Group is already monitoring the NSFR and continue to pursue strategies to ensure the availability of cost effective liquidity.

14.0 Shariah Governance Structure



The Group has established a sound and robust Shariah governance structure for its Islamic banking operations in accordance with the requirements of BNM's "Shariah Governance Framework for Islamic Financial Institutions". This is to ensure the operations and business activities of AmBank Islamic Berhad ("AmBank Islamic") comply with Shariah principles and its requirements as prescribed by the Islamic Financial Services Act, 2013.

14.0 Shariah Governance Structure (Cont'd.)

Apart from Shariah Research & Advisory, Shariah Risk Management and Shariah Review functions which reside in AmBank Islamic, AmBank Islamic's Shariah governance structure leverages on the Group platform of Group Internal Audit Division for Shariah Audit function.

Islamic Markets Department ("IMD") of AmInvestment Bank Berhad ("AIB") leverages on AmBank Islamic's Shariah Governance Structure, including the Shariah Committee of AmBank Islamic. IMD also engages the services of independent external Shariah adviser(s) as approved by the Securities Commission of Malaysia ("SC") when necessary.

Board of Directors
The Board is accountable and responsible for the overall oversight on the Shariah governance and Shariah compliance, including the appointment and remuneration of the Shariah Committee members. The Board performs its oversight through various committees such as the AEC, RMCD and the Shariah Committee.

Audit and Examination Committee of Directors
AEC is a Board committee responsible for assisting the Board in ensuring Islamic Banking operations of the Group are Shariah compliant through oversight of the Shariah Audit function performed by Group Internal Audit.

Risk Management Committee of Directors
RMCD is a Board committee responsible for assisting the Board in ensuring risk management and control process are in place and functioning, including Shariah risk management.

Shariah Committee
The Shariah Committee is responsible and accountable on matters related to Shariah. This includes advising the Board and Management on Shariah matters and endorsing and validating products and services, Shariah policies and the relevant documentation in relation to Islamic Banking operations. The Shariah Committee also provides advice and guidance on management of zakat fund, charity and other social programs or activities.

Shariah Oversight Committee
The Shariah Oversight Committee, which is a sub-committee to the Shariah Committee, performs an oversight function on banking operations from Shariah perspective. The Committee provides guidance and advice on matters pertaining to Shariah non-compliant incidences as well as treatment of Shariah non-compliant income (if any).

Management
Management is responsible to make reference to the Shariah Committee and/or the Shariah Oversight Committee on Shariah matters and to take necessary measures for implementation. The Management is also responsible in setting the infrastructure and providing the environment and adequate resources to support the Shariah governance structure. This includes putting in place adequate systems and controls in order to ensure compliance with Shariah and to mitigate Shariah non-compliance risk.

Shariah Research & Advisory
The Shariah Research & Advisory Department is accountable to the Shariah Committee and is responsible for providing day-to-day Shariah advisory, conducting Shariah research, formulating Shariah policies and acting as Secretariat to the Shariah Committee and the Shariah Oversight Committee.

Shariah Risk Management
The Shariah Risk Management ("SRM") function is accountable to the RMCD. The SRM is a function to systematically identify, measure, monitor and control of Shariah non-compliance risks to mitigate any possible non-compliance events.

The Shariah Risk Management is executed through the three lines of defence in managing Shariah risk. The three lines of defence are: 1st – The Business and Support Units; 2nd – Shariah Risk Management, Shariah Review, Shariah Research & Advisory, Compliance; 3rd – Shariah Audit.

Shariah Review
The Shariah Review function is accountable to the Shariah Committee. The objective of the Shariah review function is to provide reasonable self-assurance for AmBank Islamic in its daily activities and operations thus to add value and improve the degree of Shariah awareness and compliance.

Shariah Audit
The Shariah Audit function is accountable to the AEC. A designated team within the Group Internal Audit Department is responsible to conduct independent assessment on the level of Shariah compliance of Islamic banking operations through Shariah Audit function. Audit coverage includes review of product structure documentation, adequacy of systems, internal controls and computation, staff competency and adequacy of the Shariah governance process.

Shariah Non-Compliant Income
As at 31st March 2016, there were a total of eight (8) Shariah non-compliant incidents which resulted in total Shariah non-compliant income of RM9,741,000. This amount has been purified in accordance with the method as approved by the Shariah Committee/Shariah Oversight Committee. All these eight (8) Shariah non-compliant incidents have been rectified accordingly and AmBank Islamic has put in place and continues to enhance controls to prevent similar incidents from recurring, such as enhancement to systems, documentation, and process flows as well as manuals, guides and raising stakeholders' awareness.

List Of Landed Properties

As At 31 March 2016

The properties owned by the subsidiaries are as follows:

LOCATION	DESCRIPTION	AGE OF PROPERTY	TENURE	NET BOOK VALUE (RM)	BUILT-UP AREA (SQ. FT)	DATE OF ACQUISITION
Perak Darul Ridzuan						
5, Main Road 32300 Pulau Pangkor	One unit of two-storey shophouse for branch premises	43 years	Freehold	47,303	2,720	31 Dec 1990
27, Jalan Trump Kuala Sepetang 34650 Taiping	One unit of double-storey shoplot for branch premises	33 years	Freehold	38,527	2,702	4 Nov 1991
107, Jalan Tokong Datoh 33300 Grik	One unit of two-storey shoplot for branch premises	31 years	Leasehold Term 99 years Expiry: 30 Oct 2084	122,291	5,695	29 Dec 1990
2 & 4, Jalan Temenggong Pusat Bandar 34200 Parit Buntar	Two units of two-storey shoplots for branch premises	27 years	Leasehold Term: 99 years Expiry: Oct 2088	219,601	6,722	23 Dec 1993
16 to 18, Persiaran Greentown 6, 30450 Ipoh	Two units of four-storey shopoffices for operations	17 years	Leasehold 99 years Expiry: 21 Nov 2094	1,939,842	7,200	9 Oct 1997
Pulau Pinang						
1 & 3, Lorong Murni 6 Taman Desa Murni Sungai Dua 13800 Butterworth	Two units of double-storey shoplots for branch premises	24 years	Freehold	457,926	7,200	28 Nov 1996
35 & 36 – Phase 1 Prai Business Point 322 Prai Perdana 12000 Seberang Prai	Two units of vacant three-storey shopoffices	16 years	Freehold	1,230,360	10,307	28 Nov 1998
1311, Jalan Besar 14200 Sungai Bakap Province Wellesley	One unit of two-storey shoplot for branch premises	26 years	Freehold	171,697	3,894	7 Dec 1992
4194, Jalan Bagan Luar 12000 Butterworth	Two units of two-storey shoplots for branch premises	31 years	Freehold	145,143	7,200	16 Sep 1992
2E, Lorong Selamat, 10400 Pulau Pinang	One unit of two-storey shophouse for operations	77 years	Freehold	316,483	1,048	30 Sep 1997
2F Lorong Selamat, 10400 Pulau Pinang	One unit of nine-storey office building for operations	18 years	Freehold	5,268,372	25,600	30 Sep 1997
Wilayah Persekutuan – Kuala Lumpur						
Wisma AmBank 113, Jalan Pudu 55100 Kuala Lumpur	One unit of twelve-storey office building for operations and branch premises	30 years	Freehold	14,397,982	55,700	4 Nov 1991
2 & 4, Jalan 12/5 Taman Melati, Setapak 53100 Kuala Lumpur	Two units of two-storey shoplots for storage purposes	25 years	Freehold	373,151	5,600	17 Jul 1992
2 & 4, Jalan 23/70A Desa Sri Hartamas 55048 Kuala Lumpur	Two units of four-storey shoplots for rental purposes	17 years	Freehold	1,638,893	13,504	23 Apr 1998
85, 87, 89, 107, 109 & 111 Jalan 3/93, Taman Miharja 55200 Kuala Lumpur	Six units of three-storey shoplots for rental purposes	26 years	Leasehold Term: 99 years Expiry: 11 Aug 2086	1,929,407	30,528	9 Mar 1992

LOCATION	DESCRIPTION	AGE OF PROPERTY	TENURE	NET BOOK VALUE (RM)	BUILT-UP AREA (SQ. FT)	DATE OF ACQUISITION
8th & 9th Floor, Bangunan AmAssurance 1, Jalan Lumut 50400 Kuala Lumpur	Office space for operations	23 years	Freehold	5,583,627	26,414	18 May 1994
149-151 Jalan Maharajalela, Wisma Kurnia, 50150 Kuala Lumpur	Two units of five-storey shopoffices with a basement for operations	16 years	Freehold	3,638,174	17,530	20 Mar 1985
4-G,4-1,4-2 & 4-3, Jalan Prima 5, Pusat Niaga Metro Prima, Kepong, 52100 Kuala Lumpur	One unit of four-storey shopoffice for operations	16 years	Leasehold 96 years Expiry: 28 Apr 2096	1,468,021	7,500	5 Oct 2004
22, Jalan Yap Ah Shak, 50300 Kuala Lumpur	One unit of two-storey shophouse for operations	67 years	Freehold	1,461,625	1,820	27 May 1996
Wilayah Persekutuan – Labuan						
A (03-6) & E (03-1) Kerupang ll 87000 Labuan	Two units of three-room walk-up apartments for residential purposes	21 years	Leasehold Term: 99 years Expiry: 25 Apr 2058	302,224	1,016	30 Jun 1996
Alpha Park Tower Condo Labuan, 10th Floor Financial Park Complex 87000 Labuan	Condominium for residential purposes	20 years	Leasehold Term: 99 years Expiry: 31 Dec 2090	339,275	1,679	1 Jul 1996
Selangor Darul Ehsan						
11, Jalan Taman Off Jalan Melayu 41300 Klang	One unit of four-storey shoplot under joint venture for rental	31 years	Leasehold Term: 99 years Expiry: Jun 2077	202,895	6,200	4 Nov 1991
7 & 9, Jalan Perusahaan 2 Off Jalan Kolej 43300 Seri Kembangan	Two units of two-storey commercial complexes for branch premises	30 years	Leasehold Term: 40 years Expiry: May 2017	299,885	8,000	25 Nov 1995
Damansara Fairway 3 6C, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya	One unit of thirteen-storey office building for operations	25 years	Leasehold Term: 99 years Expiry: 25 Oct 2090	14,191,870	76,120	13 Oct 2000
25, Jalan Tiara 3, Bandar Baru Klang, 41150 Klang	One unit of four-storey shopoffice for operations	18 years	Leasehold 99 years Expiry: 8 May 2093	982,375	6,588	17 Aug 2004
27, Jalan Tiara 3, Bandar Baru Klang, 41150 Klang	One unit of four-storey shopoffice for operations	18 years	Leasehold 99 years Expiry: 8 May 2093	967,605	6,588	30 Jul 1998
B3-01-08, Jalan PJS 8/9, 46150 Petaling Jaya	One unit of shoplot for rental	17 years	Leasehold 99 years Expiry: 17 Jul 2091	428,698	1,369	28 Feb 2006

LOCATION	DESCRIPTION	AGE OF PROPERTY	TENURE	NET BOOK VALUE (RM)	BUILT-UP AREA (SQ. FT)	DATE OF ACQUISITION
Pahang Darul Makmur						
Lot 4, Sec 1, Pekan Mengkuang Mukim of Triang District of Temerloh	One piece of vacant land	N/A	Freehold	61,000	410,009	4 Nov 1991
533, Tanah Rata 39000 Cameron Highlands	One unit of apartment for vacation purposes	32 years	Leasehold Term: 85 years Expiry: Aug 2067	104,596	980	30 Nov 1985
27, Jalan Sudirman 3, Bandar Seri Semantan, 28000 Temerloh	One unit of three-storey shopoffice for operations	15 years	Leasehold 99 years Expiry: 2 Mar 2096	527,945	3,900	9 Dec 2000
Negeri Sembilan Darul Khusus						
22 & 23, Jalan Dato' Lee Fong Yee 70000 Seremban	Two units of four-storey shoplots for branch premises	31 years	Freehold	942,639	22,000	15 Mar 1990
Lot 4261 GM395 Mukim Jimah, Port Dickson	One unit of vacant two-storey shophouse	19 years	Freehold	24,969	1,765	25 Apr 1997
32, Beta Ria Business Centre, Jalan Durian Emas 4, Off Jalan Dato' Siamang Gagap, 70100 Seremban	One unit of four-storey shopoffice for operations	17 years	Leasehold 99 years Expiry: 21 Nov 2096	699,928	7,841	18 Feb 2000
Riverine Villas, Parcel No. KG109-3, Penthouse, Block K, Persiaran Palm Springs, Palm Springs Resort, Batu 13, Jalan Pantai, 71250 Port Dickson	One unit of penthouse for rental purposes	17 years	Freehold	87,150	2,379	11 Sep 1995
Johor Darul Takzim						
S142, Bt 22, Jalan Mersing Kahang New Village 86700 Kahang	One unit of double-storey shoplot for branch premises	33 years	Freehold	56,229	2,300	4 Nov 1991
31-7, Jalan Raya Kulai Besar, 81000 Kulai	One unit of shoplot for branch premises	28 years	Freehold	336,162	6,930	19 May 1992
14 & 15, Jalan Abdullah 85000 Segamat	Two units of four-storey shoplots for branch premises	76 years	Freehold	324,146	5,832	12 Jun 1985
100, Jalan Besar 83700 Yong Peng	One unit of shoplot for branch premises	78 years	Freehold	190,734	3,120	12 Jun 1985
12, 12a & 12b, Jalan Padi Satu, Bandar Baru Uda, 81200 Johor Bharu	One unit of three-storey shopoffice for operations	23 years	Freehold	1,580,610	9,363	21 Feb 2000

LOCATION	DESCRIPTION	AGE OF PROPERTY	TENURE	NET BOOK VALUE (RM)	BUILT-UP AREA (SQ. FT)	DATE OF ACQUISITION
19-01 to 19-04 & 20-01 to 20-04, Susur 4, Jalan Tun Abdul Razak, 80100 Johor Bharu	Two units of four-storey shopoffices with mezzanine for operations	12 years	Leasehold 99 years Expiry: 29 Sep 2096	1,701,732	10,587	13 Oct 1998
8 Jalan Persiaran Yayasan, 86000 Kluang Kelantan Darul Naim	One unit of four-storey shopoffice for operations	24 years	Leasehold 99 years Expiry: 2 Apr 2089	707,968	6,584	29 Oct 2001
707, Jalan Masjid Lama 17000 Pasir Mas	One unit of two-storey shoplot for branch premises	38 years	Leasehold Term: 66 years Expiry: Jan 2061	248,496	3,024	25 Jun 1993
PT 495, PT 496 & PT 497, Seksyen 27, Jalan Dusun Raja, 15300 Kota Bharu	Three units of three-storey shophouses for operations	11 years	Leasehold 33 years Expiry: 21 Aug 2038	1,599,577	12,884	6 Sep 2004
Terengganu Darul Iman 50, Jalan Lim Teck Wan 23000 Dungun	One unit of double-storey shoplot for branch premises	33 years	Freehold	128,788	3,600	4 Nov 1991
26, Jalan Sultan Mahmud, 20400 Kuala Terengganu	One unit of four-storey shopoffice for operations	36 years	Freehold	1,069,807	6,398	23 Feb 1999
Sabah and Sarawak						
257, Jalan Haji Taha 93400 Kuching	Seven-storey office building for branch premises and rental	17 years	Leasehold Term: 855 years Expiry: Jul 2792	9,812,934	51,906	31 Dec 1994
665, Jalan Permaisuri, 98000 Miri	One unit of three-storey shophouse for operations	12 years	Leasehold from 18 Sep 1992 Expiry: 17 Sep 2052	953,286	4,567	20 Apr 1999
246 & 247, Jalan Datuk Wee Kheng Chiang, 93450 Kuching	Two units of three-storey shophouses for operations	20 years	Leasehold from 14 Nov 1950 Expiry: 31 Dec 2797	1,889,186	8,664	1 Nov 1997
47, Bandaran Berjaya, 88000 Kota Kinabalu	One unit of four-storey shopoffice for operations	9 years	Leasehold 999 years Expiry: 21 Jan 2901	1,970,283	8,500	24 May 2005
Melaka						
163 Taman Melaka Raya, 75000 Melaka	One unit of three-storey shopoffice for operations	11 years	Leasehold 99 years Expiry: 19 Aug 2075	619,700	4,640	12 Aug 2003
162 Taman Melaka Raya 75000 Melaka	One unit of three-storey shopoffice for operations	12 years	Leasehold 99 years Expiry: 19 Aug 2075	871,469	5,200	28 Feb 1998
Kedah						
18, 18A, 18B, 18C, 18D, 18E & 18F, Leboh Raya Darul Aman, 05100 Alor Setar	One unit of six-storey office block, six units of three-storey shopoffices	14 years	Freehold	8,058,638	61,522	10 Dec 2001
Lot 5221, Bandar Sungai Petani, Kuala Muda, Sungai Petani, 08000 Kuala Muda	One piece of commercial land	N/A	Freehold	1,350,000	N/A	6 Jul 2007

Analysis Of Shareholdings

As At 30 June 2016

Authorised Share Capital	RM5,200,000,000 divided into 5,000,000,000 Ordinary Shares of RM1.00 each and 200,000,000 Converting Preference Shares of RM1.00 each
Issued and Paid-up Ordinary Share Capital	RM3,014,184,844
Class of Share	Ordinary Share of RM1.00 each
Voting Rights	1 vote per ordinary shareholder on a show of hands
	1 vote per ordinary share on a poll

Distribution Of Shareholders Based On Record Of Depositors

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED SHARES
Less than 100	1,738	8.41	50,608	0.00
100 – 1,000	5,442	26.34	3,886,201	0.13
1,001 – 10,000	10,233	49.54	39,872,791	1.32
10,001 – 100,000	2,606	12.61	71,956,012	2.39
100,001 to less than 5% of the issued shares	636	3.08	1,476,757,463	48.99
5% and above of issued shares	3	0.01	1,421,661,769	47.17
Total	**20,658**	**100.00**	**3,014,184,844**	**100.00**

Substantial Shareholders Based On Register Of Substantial Shareholders

	DIRECT INTEREST		INDIRECT INTEREST	
NAME	NO. OF SHARES HELD	% OF ISSUED SHARES	NO. OF SHARES HELD	% OF ISSUED SHARES
Tan Sri Azman Hashim	-	-	391,069,003[1]	12.97
ANZ Funds Pty Limited	716,841,483	23.78	-	-
Australia and New Zealand Banking Group Limited	-	-	716,841,483[2]	23.78
Amcorp Group Berhad	391,069,003	12.97	-	-
Clear Goal Sdn Bhd	-	-	391,069,003[1]	12.97
Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Funds Board	457,100,337	15.16	-	-

Notes:

1 Deemed interested by virtue of Section 6A (4) of the Companies Act, 1965 held through Amcorp Group Berhad.

2 Deemed interested by virtue of Section 6A (4) of the Companies Act, 1965 held through ANZ Funds Pty Limited.

Directors' Interest In The Company And Its Subsidiaries

	DIRECT INTEREST		INDIRECT INTEREST	
NAME	NO. OF SHARES HELD	% OF ISSUED SHARES	NO. OF SHARES HELD	% OF ISSUED SHARES
Tan Sri Azman Hashim	-	-	391,069,003[1]	12.97
Graham Kennedy Hodges	-	-	-	-
Suzette Margaret Corr	-	-	-	-
Soo Kim Wai	-	-	-	-
Tun Mohammed Hanif bin Omar	-	-	-	-
Dato' Seri Ahmad Johan bin Mohammad Raslan	-	-	-	-
Dato' Rohana binti Mahmood	-	-	-	-
Voon Seng Chuan	-	-	-	-
Wasim Akhtar Saifi	-	-	-	-
Datuk Shireen Ann Zaharah binti Muhiudeen	-	-	-	-
Seow Yoo Lin	-	-	-	-

Notes:
[1] Deemed interested by virtue of Section 6A (4) of the Companies Act, 1965 held through Amcorp Group Berhad.

Tan Sri Azman Hashim, by virtue of his interest in the shares of AMMB Holdings Berhad ("AMMB"), is also deemed to have an interest in the shares of the subsidiaries of AMMB to the extent that AMMB has an interest.

Top 30 Largest Shareholders
(Without Aggregating The Securities From Different Securities Accounts Belonging To The Same Depositor)

	NAME	NO. OF SHARES HELD	% OF ISSUED SHARES
1.	ANZ Funds Pty Limited	716,841,483	23.78
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	446,719,837	14.82
3.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amcorp Group Berhad (CB4-AMCORPCAPLL)	258,100,449	8.56
4.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (LBNOFFSHORE-EDG)	116,174,552	3.85
5.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	69,456,700	2.30
6.	AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	65,174,200	2.16
7.	HSBC Nominees (Asing) Sdn Bhd Exempt an for the Bank of New York Mellon (MELLON ACCT)	62,503,263	2.07
8.	Kumpulan Wang Persaraan (Diperbadankan)	53,098,800	1.76
9.	HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amcorp Group Berhad	48,850,000	1.62

Top 30 Largest Shareholders
(Without Aggregating The Securities From Different Securities Accounts Belonging To The Same Depositor)

	NAME	NO. OF SHARES HELD	% OF ISSUED SHARES
10.	Cartaban Nominees (Asing) Sdn Bhd Exempt An for State Street Bank & Trust Company (WEST CLTOD67)	44,571,119	1.48
11.	Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amcorp Group Berhad	40,170,000	1.33
12.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	39,842,000	1.32
13.	Amcorp Group Berhad	36,198,554	1.20
14.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	31,394,658	1.04
15.	AmanahRaya Trustees Berhad AS 1Malaysia	30,937,300	1.03
16.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	29,423,541	0.98
17.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMORGAN Chase Bank, National Association (U.S.A)	26,853,403	0.89
18.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	25,124,862	0.83
19.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	24,484,400	0.81
20.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd	24,310,618	0.81
21.	HSBC Nominees (Asing) Sdn Bhd TNTC for Mondrian Emerging Markets Equity Fund L.P.	23,613,400	0.78
22.	HSBC Nominees (Asing) Sdn Bhd TNTC for Mondrian Large CAP concentrated Emerging Markets Equity Fund L.P.	22,161,400	0.74
23.	Cartaban Nominees (Tempatan) Sdn Bhd (Exempt An for Eastspring Investments Berhad)	19,090,900	0.63
24.	CIMB Group Nominees (Tempatan) Sdn Bhd Yayasan Hasanah (AUR-VCAM)	14,458,400	0.48
25.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Markets Core Equity Portfolio DFA Investment Dimensions Group Inc	12,776,450	0.42
26.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund TC3H for California State Teachers Retirement System	12,078,400	0.40
27.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (NORGES Bank 1)	11,455,400	0.38
28.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	10,287,800	0.34
29.	Citigroup Nominees (Asing) Sdn Bhd Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	9,781,340	0.32
30.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Abu Dhabi Investment Authority (AGUS)	9,440,837	0.31

Group Directory

AMMB HOLDINGS BERHAD
22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur

Correspondence Address:
P. O. Box 10233, 50708 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2078 2842 (General), 03-2032 1914 (Group Company Secretary)
Website: www.ambankgroup.com

RETAIL BANKING

AmBank (M) Berhad
Head Office
Level 48, Menara AmBank
No. 8, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 03-2167 3000/3200
Fax: 03-2166 5593
Telex: MA 032355
Cable Address: AMBANK MAL
Website: www.ambankgroup.com
Contact Centre:
1300 80 8888 (Domestic)
or 603-2178 8888 (Overseas)

Branch Offices and Regional Offices are shared with AmBank Islamic Berhad except the three AmBank Islamic Berhad full fledged branches at Bandar Baru Bangi, Alamanda Shopping Complex and UIA – Gombak

Regional Offices

NORTHERN REGION

Pulau Pinang
Leboh Pantai
Tel : 04-261 5573
Fax : 04-250 1025

INNER CENTRAL REGION

Wilayah Persekutuan
Taman Tun Dr. Ismail (TTDI)
Tel: 03-7940 0900
Fax: 03-7910 0902

OUTER CENTRAL REGION

Wilayah Persekutuan
Kepong
Tel: 03-6259 0375
Fax: 03-6259 0379

SOUTHERN REGION

Johor Bahru – Metropolis Tower
Tel: 07-334 9000
Fax: 07-335 3319

EAST COAST REGION

Kuantan – Jalan Berserah
Tel: 09-560 1261
Fax: 09-566 5776

SABAH

Kota Kinabalu
Wisma Fook Looi
Tel : 088-280 111
Fax : 088-242 739

SARAWAK

Kuching – Jalan Haji Taha
Tel: 082-238 238 293
Fax: 082-230 342

Branch Offices

Wilayah Persekutuan Kuala Lumpur

Bandar Manjalara
Tel: 03-6274 1315
Fax: 03-6274 1232

Bangsar Baru
Tel: 03-2282 8739/8740
Fax: 03-2282 8741

Berjaya Times Square
Tel: 03-2141 8003
Fax: 03-2141 2413

Cheras
Taman Connaught
Tel: 03-9101 4855/7562
Fax: 03-9101 4977

Taman Maluri
Tel: 03-9282 2917, 9285 5266
Fax: 03-9282 6261

Jalan Ipoh – Batu 3
Tel: 03-4042 7192/3577
Fax: 03-4042 0237

Jalan Raja Chulan
Tel: 03-2078 2100
Fax: 03-2032 3935

Jalan Yap Kwan Seng
Tel: 03-2167 3000
Fax: 03-2162 1606

Solaris Mont Kiara
Tel: 03-6203 7920/7930
Fax: 03-6203 7930

Kepong Baru
Tel: 03-6251 3322/3355
Fax: 03-6259 2870

KL Sentral
Tel: 03-2272 1964/1967
Fax: 03-2272 1970

Overseas Union Garden
Tel: 03-7784 7035/7036
Fax: 03-7784 7041

Pudu – Jalan Pasar
Tel: 03-2141 3617/3635
Fax: 03-2144 0313

Jalan Klang Lama
Tel: 03-7980 8069/8079
Fax: 03-7980 7908

Bandar Sri Permaisuri
Tel: 03-9172 4934
Fax: 03-9172 4803

Selayang
Tel: 03-6136 8560/8561
Fax: 03-6136 8559

Setapak
Tel: 03-4023 6381
Fax: 03-4023 6551

Sri Petaling
Tel: 03-9059 4152/4168
Fax: 03-9056 2512

Wangsa Maju
Tel: 03-4149 5207/5213
Fax: 03-4149 5242

Medan Pasar
Tel: 03-2026 4870/4886
Fax: 03-2072 9148

Menara Dion
Tel: 03-2026 3939, 2381 1550
Fax: 03-2026 6048

Taman Tun Dr. Ismail (TTDI)
Tel: 03-7940 0996, 7940 0997
Fax: 03-7940 0993

Desa Sri Hartamas
Tel: 03-6201 0550
Fax: 03-6201 0524

Selangor Darul Ehsan

AMCORP Mall
Tel: 03-7954 1327/4401
Fax: 03-7955 2575

Ampang Point
Tel: 03-4252 2630/2636
Fax: 03-4252 4160

Bandar Mahkota Cheras
Tel: 03-9010 5901
Fax: 03-9010 5896

Klang
Bandar Bukit Tinggi
Tel: 03-3324 6275/4059
Fax: 03-3324 4043

Bandar Puteri
Tel: 03-5161 2653/2969
Fax: 03-5161 3364

Persiaran Sultan Ibrahim
Tel: 03-3342 6010/0690
Fax: 03-3344 3744

Kota Damansara
Tel: 03-6141 7470/7469
Fax: 03-6141 7466

Balakong
Tel: 03-9074 4013/4078
Fax: 03-9074 4148

Bandar Baru Sungai Buloh
Tel: 03-6157 7500/2242
Fax: 03-6156 6000

Banting
Tel: 03-3187 7462/1330
Fax: 03-3187 0190

Gateway@KLIA2
Tel: 03-8787 8153
Fax: 03-8787 8150

Dataran Mentari
Tel: 03-5622 2451/52
Fax: 03-5622 2450

Bestari Jaya
Tel: 03-3271 0378/0379
Fax: 03-3271 0376

Damansara Utama
Tel: 03-7726 3660/3662
Fax: 03-7726 3658

Kajang
Tel: 03-8736 0468, 8737 6272
Fax: 03-8736 7333

Kelana Jaya
Tel: 03-7803 4574, 7804 3508/3509
Fax: 03-7803 4781

Kota Kemuning
Tel: 03-5120 1186
Fax: 03-5120 1185

PJ New Town
Tel : 03-7956 9077/9103
Fax : 03-7956 3146

PJ SS2
Tel: 03-7874 0042/0477
Fax: 03-7874 2517

Wisma Palmbase
Tel: 03-3371 7672/7698
Fax: 03-3371 8749

Puchong
Bandar Puteri
Tel: 03-8060 5944/6964
Fax: 03-8060 6532

Taman Kinrara
Tel: 03-8075 4461/4680/2478
Fax: 03-8070 3336

Setia Alam
Tel: 03-3343 7740/7758
Fax: 03-3343 7862

Rawang Country Homes
Tel: 03-6092 5732/5731
Fax: 03-6092 5735

Bandar Baru Rawang
Tel: 03-6091 6835/6837
Fax: 03-6091 8612

Semenyih
Tel: 03-8723 9609/9897
Fax: 03-8723 9571

Sepang
Tel: 03-3142 2171/2250
Fax: 03-3142 2170

Shah Alam
Section 13
Tel: 03-5519 5645/5691
Fax: 03-5510 2416

Section 15
Tel: 03-5512 2778/2860
Fax: 03-5510 6968

Seri Kembangan
Tel: 03-8942 5364/2093
Fax: 03-8942 5373

Subang Jaya
Tel: 03-5635 0093, 5636 4434
Fax: 03-5634 5088

Subang New Village
Tel: 03-7846 7052/7053
Fax: 03-7846 7364

Sungai Besar
Tel: 03-3224 1203/2128
Fax: 03-3224 2177

Tanjung Karang
Tel: 03-3269 5429/5727
Fax: 03-3269 8997

USJ Sentral
Tel: 03-8025 9390
Fax: 03-8025 9378

USJ Taipan
Tel: 03-5631 0878, 5636 8699
Fax: 03-5637 2899

Perak Darul Ridzuan

Ayer Tawar
Tel: 05-672 2201/3126
Fax: 05-672 2205

Bagan Serai
Tel: 05-721 1808/5805
Fax: 05-721 1392

Batu Gajah
Tel: 05-366 1372/1442
Fax: 05-366 5009

Bercham
Tel: 05-545 9695/9697
Fax: 05-545 9702

Ipoh
Tel: 05-208 5619/5617/5616
Fax: 05-208 5607

Kampar
Tel: 05-465 1964, 466 1067
Fax: 05-465 1534

Kuala Kangsar
Tel: 05-776 1186/1955
Fax: 05-776 4008

Kuala Sepetang
Tel: 05-858 1773
Fax: 05-858 1996

Langkap
Tel: 05-659 1227/2735
Fax: 05-659 2888

Menglembu
Tel: 05-281 0402/0403
Fax: 05-281 0408

Pangkor
Tel: 05-685 1051/2776
Fax: 05-685 2161

Parit Buntar
Tel: 05-716 2366/1732
Fax: 05-716 4287

Silibin
Tel: 05-527 7715/7716
Fax: 05-527 7719

Sitiawan
Tel: 05-691 2476/2496
Fax: 05-691 6935

Sungai Siput
Tel: 05-597 2357/2388
Fax: 05-597 2359

Taiping
Tel: 05-808 3108, 806 0613
Fax: 05-807 2108

Tanjung Malim
Tel: 05-459 0825/6649
Fax: 05-459 6371

Teluk Intan
Tel: 05-621 1008/7175
Fax: 05-621 2120

Pulau Pinang

Ayer Itam
Tel: 04-826 3015, 828 8566
Fax: 04-829 1414

Balik Pulau
Tel: 04-866 0863/8633
Fax: 04-866 8430

Bagan Ajam
Tel: 04-331 9020
Fax: 04-331 9024

Bayan Baru
Tel: 04-644 8142/8149
Fax: 04-644 8163

Bukit Mertajam
Tel: 04-530 2392/2393
Fax: 04-530 2395

Gelugor
Tel: 04-657 1284/2148
Fax: 04-657 2004

Jelutong
Tel: 04-657 2339, 659 2410
Fax: 04-657 1644

Leboh Pantai
Tel: 04-263 2520/2523
Fax: 04-263 1468

Pulau Tikus
Tel: 04-229 8942/8943
Fax: 04-229 8945

Sungai Bakap
Tel: 04-582 2368/4579
Fax: 04-582 5827

Sungai Dua
Tel: 04-356 7691/1328
Fax: 04-356 1159

Tanjung Bungah
Tel: 04-890 4502/4628
Fax: 04-890 4690

Menara Liang Court
Tel: 04-226 3939
Fax: 04-226 1313

Seberang Jaya
Tel: 04-397 9569/9570
Fax: 04-397 9572

Kedah Darul Aman

Alor Setar
Tel: 04-730 1905, 731 1984
Fax: 04-731 3901

Jitra
Tel: 04-917 2910/5555
Fax: 04-917 2911

Kulim
Tel: 04-491 3666/3667
Fax: 04-490 0162

Langkawi
Tel: 04-966 3130/3133
Fax: 04-966 3129

Sungai Petani
Tel: 04-422 7980/7987
Fax: 04-422 8191

Lagenda Heights
Tel: 04-425 1382
Fax: 04-425 3587

Perlis Indera Kayangan

Kangar
Tel: 04-976 3388
Fax: 04-976 4217

Kelantan Darul Naim

Kota Bharu
Tel: 09-741 9508/9506
Fax: 09-747 9340

Pasir Mas
Tel: 09-790 0701/0702
Fax: 09-790 0703

Terengganu Darul Iman

Dungun
Tel: 09-848 5220/5221
Fax: 09-845 6220

Jerteh
Tel: 09-697 2511/2512
Fax: 09-697 2513

Kemaman
Tel: 09-859 2534
Fax: 09-859 4433

Kuala Terengganu
Tel: 09-624 9957/9958/9959/9960
Fax: 09-624 9916

Pahang Darul Makmur

Bentong
Tel: 09-222 6850/3888
Fax: 09-222 4622

Jerantut
Tel: 09-266 3005/5005
Fax: 09-266 5046

Kuantan
Jalan Beserah
Tel: 09-560 1818/1830
Fax: 09-567 0695

Jalan Haji Abdul Aziz
Tel: 09-516 4389/2607
Fax: 09-555 3782

Mentakab
Tel: 09-277 1196/3028
Fax: 09-277 5427

Raub
Tel: 09-356 1850, 355 3166
Fax: 09-356 1852

Tanah Rata
Tel: 05-491 1088/1089
Fax: 05-491 1087

Temerloh
Tel: 09-290 1113/1128
Fax: 09-296 5889

Triang
Tel: 09-255 3124/3304
Fax: 09-255 3198

Negeri Sembilan Darul Khusus

Bahau
Tel: 06-455 3001/3002
Fax: 06-454 3998

Mantin
Tel: 06-758 3630/3631
Fax: 06-758 2251

Nilai
Tel: 06-794 0412, 06-794 0413, 06-794 0414
Fax: 06-794 0415

Port Dickson
Tel: 06-646 1013/1016
Fax: 06-647 4033

Rasah Jaya
Tel: 06-632 8462/8420
Fax: 06-632 8382

Seremban
Jalan Dato' Lee Fong Yee
Tel: 06-762 4463, 763 6988
Fax: 06-763 5905

Jalan Pasar
Tel: 06-764 7735/7734
Fax: 06-764 1537

Melaka

Ayer Keroh
Tel: 06-232 3146/3866
Fax: 06-232 3466

Jasin
Tel: 06-529 4361/4362
Fax: 06-529 4363

Jalan Munshi Abdullah
Tel: 06-282 8114, 286 6530/2870/2871
Fax: 06-283 6926

Tampin
Tel: 06-441 1330/3301
Fax: 06-441 4735

Taman Melaka Raya
Tel: 06-282 5785/5897
Fax: 06-282 5979

Bandar Utama Cheng
Tel: 06-335 6066
Fax: 06-335 1086

Johor Darul Takzim

Batu Pahat
Jalan Rugayah
Tel: 07-433 8431, 434 8550
Fax: 07-431 6214

Jalan Rahmat
Tel: 07-432 4208, 431 8218
Fax: 07-431 8961

Setia Tropika
Tel: 07-236 1124
Fax: 07-235 1127

Melodies Garden
Tel: 07-334 1061/1054
Fax: 07-334 1063

Metropolis Tower
Tel: 07-335 8905/0600
Fax: 07-335 0469

Bukit Indah
Tel: 07-235 4708/4722
Fax: 07-235 4834

Johor Jaya
Tel: 07-354 7033, 355 7759
Fax: 07-356 2624

Kluang
Tel: 07-776 2801
Fax: 07-771 9408

Kota Tinggi
Tel: 07-883 4978
Fax: 07-883 4507

Kulai
Tel: 07-663 4830/1567
Fax: 07-663 1155

Pasir Gudang
Tel: 07-251 0861/2916
Fax: 07-251 8908

Permas Jaya
Tel: 07-387 8977, 386 9842
Fax: 07-387 7748

Pontian
Tel: 07-687 3171/6388
Fax: 07-687 3067

Segamat
Tel: 07-931 9515/9941
Fax: 07-931 6159

Skudai
Tel: 07-556 8031/7259
Fax: 07-558 1927

Sungai Rengit
Tel: 07-826 3011/3013
Fax: 07-826 3359

Tampoi
Tel: 07-234 1216/1217
Fax: 07-234 1131

Tangkak
Tel: 07-978 1331/9519
Fax: 07-978 2144

Ulu Tiram
Tel: 07-867 1004, 867 1002
Fax: 07-867 1006

Yong Peng
Tel: 07-467 2499/3546
Fax: 07-467 2668

Muar
Tel: 06-954 0070/0071
Fax: 06-954 0076

Sabah

Bandar Pasaraya
Tel: 089-218 240, 213 419
Fax: 089-218 226

Kota Kinabalu Metro Town
Tel: 088-393 202
Fax: 088-393 701

Keningau
Tel: 087-333 745, 331 088
Fax: 087-331 818

Kota Kinabalu
Jalan Sagunting
Tel: 088-243 725, 246 112
Fax: 088-248 967

Luyang Commercial Centre
Tel: 088-280 164/160
Fax: 088-241 242

Kudat
Tel: 088-612 301, 613 255
Fax: 088-612 253

Lahad Datu
Tel: 089-881 561, 884 992
Fax: 089-881 778

Sandakan
Tel: 089-212 627, 215 322
Fax: 089-273 666

Tawau
Tel: 089-764 932/905, 770 430
Fax: 089-764 971

Sarawak

Bau
Tel: 082-762 319/325
Fax: 082-762 320

Bintulu
Tel: 086-337 164/290
Fax: 086-332 400

Jalan Abell
Tel: 082-244 608/604
Fax: 082-232 023

Jalan Haji Taha
Tel: 082-207 298, 236 610
Fax: 082-256 600

Jalan Penrissen
Tel: 082-455 560
Fax: 082-455 596

Tabuan Jaya
Tel: 082-360 644/740
Fax: 082-360 942

Miri
Beautiful Jade Centre
Tel: 085-414 676
Fax: 085-419 676

Boulevard Centre
Tel: 085-437 908/909
Fax: 085-437 915

Sarikei
Tel: 084-655 776/777
Fax: 084-655 775

Serian
Tel: 082-875 157/158
Fax: 082-875 155

Sibu
Tanahmas
Tel: 084-322 766, 313 639
Fax: 084-318 786

Jalan Pedada
Tel: 084-337 791, 339 105
Fax: 084-337 736

Jalan Tuanku Osman
Tel: 084-348 746
Fax: 084-348 745

Sibu Jaya
Tel: 084-237 849, 236 978, 237 030
Fax: 084-237 927

Kuching Premier 101
Tel: 082-466 116
Fax: 082-466 106

Wilayah Persekutuan

Labuan
Tel: 087-417 891/898
Fax: 087-418 090

ISLAMIC BANKING

AmBank Islamic Berhad
Head Office
Level 45, Menara AmBank
No. 8, Jalan Yap Kwan Seng
50400 Kuala Lumpur
Tel: 03-2167 3000
Fax: 03-2166 5664
Telex: MA 032355
Cable Address: AMBANK MAL
www.ambankgroup.com

Contact Centre:
1300 80 8888 (Domestic)
or 603-2178 8888 (Overseas)

Branch Offices and Regional Offices are shared with AmBank (M) Berhad except the three AmBank Islamic Berhad full fledged branches at Bandar Baru Bangi, Alamanda Shopping Complex and UIA – Gombak

Branch Offices

Selangor Darul Ehsan

Bandar Baru Bangi
Tel: 03-8925 1124/3313
Fax: 03-8925 2005

UIA - Gombak
Tel: 03-6185 6577
Fax: 03-6185 6584

Wilayah Persekutuan

Putrajaya
Alamanda Shopping Complex
Tel: 03-8888 3898
Fax: 03-8888 9352

AMCARD SERVICES BERHAD

(formerly known as Arab-Malaysian
Credit Berhad)
Head Office
Level 11, Menara MBf
Jalan Sultan Ismail
50250 Kuala Lumpur
PO Box 10060, 50704 Kuala Lumpur
Tel: 03-2167 7000
Fax: 03-2162 1563

Merchant Business Centres

Pulau Pinang

Menara Liang Court
Tel: 04-228 7555
Fax: 04-229 9762

Butterworth
Tel: 04-397 7166
Fax: 04-397 7191

Kedah Darul Aman

Alor Setar
Tel: 04-772 4333
Fax: 04-772 1301

Langkawi
Tel: 04-966 0331
Fax: 04-966 0334

Sg Petani
Tel: 04-425 2276
Fax: 04-423 6852

Johor Darul Takzim

Johor Bahru
Tel: 07-334 3322
Fax: 07-332 2516

Batu Pahat
Tel: 07-431 1667/431 2268
Fax: 07-431 4170

Kluang
Tel: 07-777 1134/771 7134
Fax: 07-771 7135

Muar
Tel: 06-954 4077/954 4085
Fax: 06-954 4048

Pahang Darul Makmur

Kuantan
Tel: 09-515 8800
Fax: 09-516 2182

Selangor Darul Ehsan

Setia Alam
Tel: 03-3358 0819
Fax: 03-3358 8921

Perak Darul Ridzuan

Ipoh
Tel: 05-241 3777
Fax: 05-2419515

Sitiawan
Tel: 05-692 3076/692 4792
Fax: 05-692 8537

Melaka

Melaka
Tel: 06-283 3888
Fax: 06-281 4622

Negeri Sembilan Darul Khusus

Seremban
Tel: 06-764 8422
Fax: 06-764 8417/762 3038

Terengganu Darul Iman

Kuala Terengganu
Tel: 09-623 3692
Fax: 09-623 9342

Kelantan Darul Naim

Kota Bahru
Tel: 09-744 9803
Fax: 09-744 9875

Sarawak

Kuching
Tel: 082-422 262
Fax: 082-231 262

Miri
Tel: 085-425 022
Fax: 085-425 020

Sibu
Tel: 084-340 515
Fax: 084-340 516

Bintulu
Tel: 086-337 190
Fax: 086-338 190

Sabah

Kota Kinabalu
Tel: 088-269 555
Fax: 088-253 803

Tawau
Tel: 089-751 400
Fax: 089-752 868

Sandakan
Tel: 089-217 785
Fax: 089-215 499

Wilayah Persekutuan

Labuan FT
Tel: 087-421 889
Fax: 087-421 887

WHOLESALE BANKING COVERAGE

Head Office
24th Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
P.O.Box 10233
50708 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2078 2842

Branch Offices

CENTRAL REGION

Kuala Lumpur
Menara Dion
Tel: 03-2026 3939
Fax: 03-2026 6855

Petaling Jaya
Taman Tun Dr. Ismail (TTDI)
Tel: 03-7940 0999/0959
Fax: 03-7940 0960

Kajang
Tel: 03-8733 2176
Fax: 03-8733 3280

Shah Alam
Section 13
Tel: 03-5510 9915
Fax: 03-5510 9920

NORTHERN REGION

Pulau Pinang
Menara Liang Court
Tel: 04-226 1818
Fax: 04-229 7488

Bukit Mertajam
Tel: 04-540 3187/3188/3189
Fax: 04-530 6151

Ipoh
Tel: 05-208 5619/5617/5616
Fax: 05-208 5607

SOUTHERN & EAST COAST REGION

Johor Bahru
Metropolis Tower
Tel: 07-334 8766, 333 2309/4245
Fax: 07-334 8799

Batu Pahat
Jalan Rahmat
Tel: 07-432 8851/2288
Fax: 07-432 7000

Muar
Jalan Abdullah
Tel: 06-953 7276/9984, 955 6178
Fax: 06-955 5057

Kluang
Jalan Dato' Teoh Siew Khor
Tel: 07-771 3271
Fax: 07-772 1843

Segamat
Jalan Abdullah
Tel: 07-931 9052
Fax: 07-931 9057

Taman Melaka Raya
Tel: 06-282 9706/9701
Fax: 06-288 1732

Seremban
Seremban City Centre
Tel: 06-767 9594/2809
Fax: 06-767 8197

Kuantan
Tel: 09-513 7655
Fax: 09-513 4516

SARAWAK REGION

Kuching
Tel: 082-244 791
Fax: 082-259 771

Sibu
Tel: 084-312 528
Fax: 084-327 669

Miri
Tel: 085-411 588
Fax: 085-439 788

Bintulu
Tel: 086-313 478
Fax: 086-311 400

SABAH REGION

Kota Kinabalu
Tel: 088-213 488/498
Fax: 088-262 096

WILAYAH PERSEKUTUAN

Labuan
Tel: 087-413 133, 439 399
Fax: 087-425 211, 439 395

WHOLESALE BANKING PRODUCTS

AmInvestment Bank Berhad
Head Office
22nd Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
P. O. Box 10233
50708 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2078 2842

Branch Offices

Selangor Darul Ehsan

Damansara Utama
Tel: 03-7710 6613
Fax: 03-7710 7708

Pulau Pinang

Menara Liang Court
Tel: 04-226 1818
Fax: 04-229 7634

Lebuh Pantai
Tel: 04-261 8688
Fax: 04-261 9288

Johor Darul Takzim

Johor Bahru
Tel: 07-334 8766
Fax: 07-332 3843

Batu Pahat
Tel: 07-434 2282
Fax: 07-432 7982

Sabah

Kota Kinabalu
Tel: 088-213 488/498, 221 728
Fax: 088-221 050

Sarawak

Kuching
Tel: 082-244 791
Fax: 082-414 944

MARKETS

Head Office
Level 23
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2059 8700/8600/8610
Fax: 03-2031 4821

TRANSACTION BANKING

Head Office
Level 16 & 21, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Website: www.ambankgroup.com/transactionbanking
Client Services Group
Tel: 603-2381 8800
Fax: 603-2026 1716

Transaction Banking Centres available at (please contact Head Office for more information)
- Kuala Lumpur, Wilayah Persekutuan
- Penang, Pulau Pinang
- Ipoh, Perak Darul Ridzuan
- Bukit Mertajam, Pulau Pinang
- Shah Alam, Selangor Darul Ehsan
- Seremban, Negeri Sembilan Darul Khusus
- Melaka, Melaka
- Johor Bahru, Johor Darul Takzim
- Batu Pahat, Johor Darul Takzim
- Muar, Johor Darul Takzim
- Kota Kinabalu, Sabah
- Kuching, Sarawak
- Sibu, Sarawak
- Miri, Sarawak

FUNDS MANAGEMENT

AmFunds Management Sdn Bhd
9th & 10th Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2032 2888
Fax: 03-2031 5210

Private Banking
Head Office
Level 18
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2036 1300

AmFutures Sdn Bhd
16th Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-9235 3235/3223
Fax: 03-2032 3221

Am ARA REIT Managers Sdn Bhd
Penthouse
Menara AmFIRST
No.1, Jalan 19/3
46300 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7955 8780/82
Fax: 03-7955 8380
Website: www.amfirstreit.com.my

AmTrustee Berhad
15th Floor
Menara AmFIRST
No. 1, Jalan 19/3
46300 Petaling Jaya, Selangor
Tel: 03-7954 6862
Fax: 03-7954 6595
Email: amtrustee@ambankgroup.com

AmResearch Sdn Bhd
15th Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2078 3162

AmInternational (L) Ltd/ AmBank (M) Berhad, Labuan Offshore Branch
Head Office
Level 12(B)
Block 4 Office Tower
Financial Park Labuan Complex
Jalan Merdeka
87000 Federal Territory of Labuan
Tel: 087-413 133, 439 399
Fax: 087-425 211, 439 395

GENERAL INSURANCE

AmGeneral Insurance Berhad
Menara Shell
No.211 Jalan Tun Sambathan
50470 Kuala Lumpur
Tel: 03-2268 3333

Kurnia Insurans
Tel: 03-7875 3333
Fax: 03-7875 9933

AmAssurance
Contact Centre: 1300 80 3030

Branch Offices

Wilayah Persekutuan

Jalan Lumut
Tel: 03-4048 3888
Fax: 03-4048 3888
Contact Centre: 1300 80 3030

Jalan Maharajalela
Tel: 03-2148 1528
Fax: 03-2145 9949

Jalan Yap Ah Shak
Tel: 03-2693 2937
Fax: 03-2693 8431

Selangor Darul Ehsan

Klang
Tel: 03-3341 0559
Fax: 03-3342 6890

Menara Kurnia
Tel: 03-7875 3333
Fax: 03-7875 9933

Kepong
Tel: 03-6257 7623
Fax: 03-6257 8249

Kajang
Tel: 03-8737 9236
Fax: 03-8734 1467

Perak Darul Ridzuan

Ipoh
AmAssurance
Tel: 05-253 3493
Fax: 05-253 1650

Kurnia Insurans
Tel: 05-255 4097
Fax: 05-255 6020

Sitiawan
Tel: 05-691 0515
Fax: 05-691 2341

Taiping
Tel: 05-807 2254
Fax: 05-808 8922

Pulau Pinang

Butterworth
Tel: 04-397 5085
Fax: 04-397 8226

Penang
Tel: 04-229 7181
Fax: 04-228 9191

Kedah Darul Aman

Alor Setar
AmAssurance
Tel: 04-733 7898
Fax: 04-732 4606

Kurnia Insurans
Tel: 04-731 1320
Fax: 04-731 0888

Sungai Petani
Tel: 04-442 8218
Fax: 04-442 8217

Perlis Indera Kayangan

Kangar
Tel: 04-976 8905
Fax : 04-977 3636

Kelantan Darul Naim

Kota Bharu
Tel: 09-744 3312
Fax: 09-744 9633

Terengganu Darul Iman

Kuala Terengganu
Tel: 09-624 6561
Fax: 09-624 6531

Pahang Darul Makmur

Kuantan
Tel: 09-566 4527
Fax: 09-566 1164

Temerloh
Tel: 09-296 0933
Fax: 09-296 6933

Negeri Sembilan Darul Khusus

Seremban
Tel: 06-767 2158
Fax: 06-763 8462

Melaka

Melaka
Tel: 06-281 3707
Fax: 06-288 3090

Johor Darul Takzim

Bandar Baru Uda
Tel: 07-238 9872
Fax: 07-238 7625

Batu Pahat
Tel: 07-432 6199
Fax: 07-432 5396

Johor Bahru
Tel: 07-334 4618
Fax: 07-334 7620

Johor Jaya
Tel: 07-355 2970
Fax: 07-358 4754

Kluang
Tel: 07-772 2182
Fax: 07-773 3993

Segamat
Tel: 07-932 9303
Fax: 07-932 1701

Sabah

Kota Kinabalu
Tel: 088-393 129
Fax: 088-393 137

Tawau
Tel: 089-762 633
Fax: 089-762 533

Sarawak

Kuching
Tel: 082-339 171
Fax: 082-339 176

Miri
Tel: 085-420 102
Fax: 085-420 924

Sibu
Tel: 084-231 730
Fax: 084-231 702

LIFE ASSURANCE/ FAMILY TAKAFUL

AmMetLife Insurance Berhad
Level 24, Menara 1 Sentrum
No. 201, Jalan Tun Sambanthan
50470 Kuala Lumpur
Tel: 03-2271 8000
Fax: 03-2272 3230
Contact Centre: 1 300 88 8800

AmMetLife Takaful Berhad
Level 23, Menara 1 Sentrum
No. 201, Jalan Tun Sambanthan
50470 Kuala Lumpur
General Line: 03-2271 8000

Branch Offices

Wilayah Persekutuan

Kuala Lumpur
KL Main Branch
Tel: 03 - 2271 8364
Fax: 03 - 2272 3226

Selangor Darul Ehsan

Klang
Tel: 03-3344 8100
Fax: 03-3344 7524

Perak Darul Ridzuan

Ipoh
Tel: 05-254 0589, 255 8193
Fax: 05-241 3570

Pulau Pinang

Georgetown
Tel: 04-229 3611, 228 7270/7268
Fax: 04-228 4412

Kedah Darul Aman

Alor Setar
Tel: 04-734 6731, 735 4809
Fax: 04-735 4335

Kelantan Darul Naim

Kota Bharu
Tel: 09-747 0571/0569
Fax: 09-744 2342

Terengganu Darul Iman

Kuala Terengganu
Tel: 09-626 1605/4945
Fax: 09-631 7285

Pahang Darul Makmur

Kuantan
Tel: 09-566 2011
Fax: 09-567 9792

Negeri Sembilan Darul Khusus

Seremban
Tel: 06-767 2280
Fax: 06-767 2282

Melaka

Taman Melaka Raya
Tel: 06-281 3590
Fax: 06-281 3580

Johor Darul Takzim

Johor Bahru
Tel: 07-333 2688
Fax: 07-334 4776

Sabah

Kota Kinabalu
Tel: 088-393 676/678/938
Fax: 088-393 679

Tawau
Tel: 089-760 151
Fax: 089-760 153

Sarawak

Kuching
Tel: 082-415 067
Fax: 082-236 418

Sibu
Tel: 084-313 901
Fax: 084-344 875

Group Branch Network

KEDAH DARUL AMAN

AmBank (M) Berhad/AmBank Islamic Berhad [6]
AmMetLife/AmMetLife Takaful [2]
AmGeneral Insurance Berhad [2]*
AmCard Services Berhad - Merchant Business Centre [3]

PERLIS INDERA KAYANGAN

AmBank (M) Berhad/AmBank Islamic Berhad [1]
AmGeneral Insurance Berhad [1]*

KELANTAN DARUL NAIM

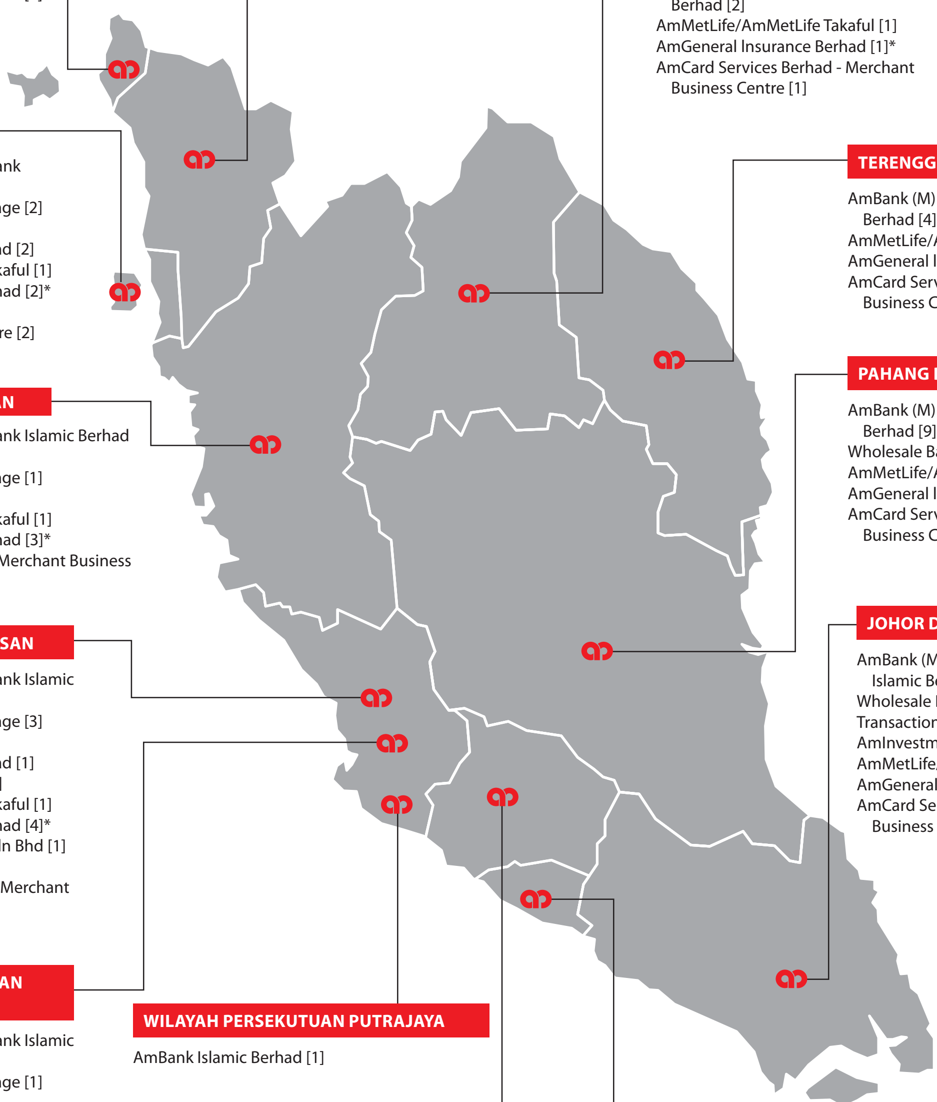
AmBank (M) Berhad/AmBank Islamic Berhad [2]
AmMetLife/AmMetLife Takaful [1]
AmGeneral Insurance Berhad [1]*
AmCard Services Berhad - Merchant Business Centre [1]

PULAU PINANG

AmBank (M) Berhad/AmBank Islamic Berhad [14]
Wholesale Banking Coverage [2]
Transaction Banking [2]
AmInvestment Bank Berhad [2]
AmMetLife/AmMetLife Takaful [1]
AmGeneral Insurance Berhad [2]*
AmCard Services Berhad - Merchant Business Centre [2]

TERENGGANU DARUL IMAN

AmBank (M) Berhad/AmBank Islamic Berhad [4]
AmMetLife/AmMetLife Takaful [1]
AmGeneral Insurance Berhad [1]*
AmCard Services Berhad - Merchant Business Centre [1]



PERAK DARUL RIDZUAN

AmBank (M) Berhad/AmBank Islamic Berhad [19]
Wholesale Banking Coverage [1]
Transaction Banking [1]
AmMetLife/AmMetLife Takaful [1]
AmGeneral Insurance Berhad [3]*
AmCard Services Berhad -Merchant Business Centre [2]

PAHANG DARUL MAKMUR

AmBank (M) Berhad/AmBank Islamic Berhad [9]
Wholesale Banking Coverage [1]
AmMetLife/AmMetLife Takaful [1]
AmGeneral Insurance Berhad [2]*
AmCard Services Berhad - Merchant Business Centre [1]

SELANGOR DARUL EHSAN

AmBank (M) Berhad/AmBank Islamic Berhad [38]
Wholesale Banking Coverage [3]
Transaction Banking [1]
AmInvestment Bank Berhad [1]
AmBank Islamic Berhad [2]
AmMetLife/AmMetLife Takaful [1]
AmGeneral Insurance Berhad [4]*
Am ARA REIT Managers Sdn Bhd [1]
AmTrustee Berhad [1]
AmCard Services Berhad - Merchant Business Centre [1]

JOHOR DARUL TAKZIM

AmBank (M) Berhad/AmBank Islamic Berhad [21]
Wholesale Banking Coverage [5]
Transaction Banking [3]
AmInvestment Bank Berhad [2]
AmMetLife/AmMetLife Takaful [2]
AmGeneral Insurance Berhad [3]*
AmCard Services Berhad - Merchant Business Centre [4]

WILAYAH PERSEKUTUAN KUALA LUMPUR

AmBank (M) Berhad/AmBank Islamic Berhad [24]
Wholesale Banking Coverage [1]
Transaction Banking [2]
AmInvestment Bank Berhad [1]
Markets [1]
AmFutures Sdn Bhd [1]
AmMetLife/AmMetLife Takaful [1]
AmGeneral Insurance Berhad [3]*
AmInvestment Management Sdn Bhd [1]
AmIslamic Funds Management Sdn Bhd [1]
AmResearch Sdn Bhd [1]
AmCard Services Berhad - Merchant Business Centre [1]

WILAYAH PERSEKUTUAN PUTRAJAYA

AmBank Islamic Berhad [1]

NEGERI SEMBILAN DARUL KHUSUS

AmBank (M) Berhad/AmBank Islamic Berhad [7]
Wholesale Banking Coverage [1]
Transaction Banking [1]
AmMetLife/AmMetLife Takaful [1]
AmGeneral Insurance Berhad [1]*
AmCard Services Berhad - Merchant Business Centre [1]

MELAKA

AmBank (M) Berhad/AmBank Islamic Berhad [6]
Wholesale Banking Coverage [1]
Transaction Banking [1]
AmMetLife/AmMetLife Takaful [1]
AmGeneral Insurance Berhad [1]*
AmCard Services Berhad - Merchant Business Centre [1]

SABAH

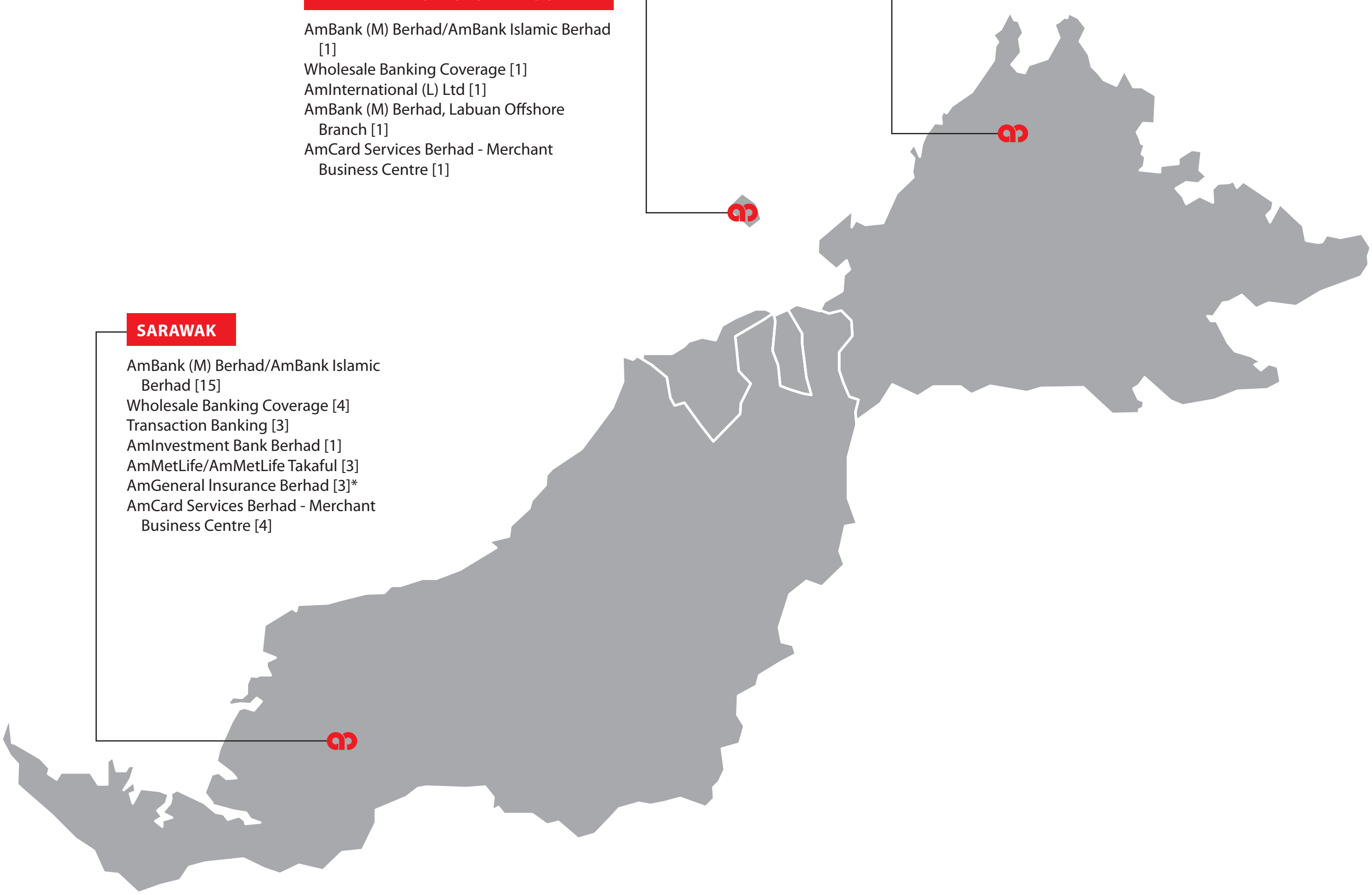
AmBank (M) Berhad/AmBank Islamic Berhad [9]
Wholesale Banking Coverage [1]
Transaction Banking [1]
AmInvestment Bank Berhad [1]
AmMetLife/AmMetLife Takaful [2]
AmGeneral Insurance Berhad [2]*
AmCard Services Berhad - Merchant Business Centre [3]

WILAYAH PERSEKUTUAN LABUAN

AmBank (M) Berhad/AmBank Islamic Berhad [1]
Wholesale Banking Coverage [1]
AmInternational (L) Ltd [1]
AmBank (M) Berhad, Labuan Offshore Branch [1]
AmCard Services Berhad - Merchant Business Centre [1]

SARAWAK

AmBank (M) Berhad/AmBank Islamic Berhad [15]
Wholesale Banking Coverage [4]
Transaction Banking [3]
AmInvestment Bank Berhad [1]
AmMetLife/AmMetLife Takaful [3]
AmGeneral Insurance Berhad [3]*
AmCard Services Berhad - Merchant Business Centre [4]



* AmGeneral Insurance Berhad branches operate under the brand names of AmAssurance/Kurnia Insurans

The page is intentionally left blank.

Form Of Proxy

AmBank Group

AMMB Holdings Berhad
(223035-V) (Incorporated in Malaysia)

No. of shares held		
CDS Account No.		
Telephone No.		
Proportion of holdings to be represented by each proxy	Proxy 1 ________%	Proxy 2 ________%

I/We ______________________________ (full name in capital letters)

NRIC No./Company No. ____________________ of ______________________________

______________________________ (full address)

being a member of AMMB Holdings Berhad, hereby appoint ______________________________

NRIC/Passport No. ____________________ of ______________________________

______________________________ (full address)

or failing him/her ______________________________

NRIC/Passport No. ____________________ of ______________________________

______________________________ (full address)

or failing him/her, THE CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 18 August 2016 at 10.00 a.m. or at any adjournment thereof, as indicated below:

No.	Resolution	For	Against
1.	Approve the payment of a final single tier dividend of 10.5% for the financial year ended 31 March 2016.		
2.	Approve the payment of Directors' fees for the financial year ended 31 March 2016.		
3.	Re-elect Soo Kim Wai as Director under Article 89.		
4.	Re-elect Dato' Seri Ahmad Johan bin Mohammad Raslan as Director under Article 89.		
5.	Re-elect Graham Kennedy Hodges as Director under Article 97.		
6.	Re-elect Wasim Akhtar Saifi as Director under Article 97.		
7.	Re-elect Datuk Shireen Ann Zaharah binti Muhiudeen as Director under Article 97.		
8.	Re-elect Seow Yoo Lin as Director under Article 97.		
9.	Re-appoint Tan Sri Azman Hashim pursuant to Section 129(6) of the Companies Act, 1965.		
10.	Re-appoint Tun Mohammed Hanif bin Omar pursuant to Section 129(6) of the Companies Act, 1965.		
11.	Re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to determine their remuneration.		
12.	Approve the Proposed Renewal of Authority to Allot and Issue New Ordinary Shares in the Company Pursuant to the Company's Executives' Share Scheme.		
13.	Approve the Proposed Allocation of Shares and Options to Dato' Sulaiman Mohd Tahir, the Group Chief Executive Officer of the Company Pursuant to the Company's Executives' Share Scheme.		
14.	Approve the Proposed Renewal of Authority to Allot and Issue New Ordinary Shares in the Company for the Purpose of the Company's Dividend Reinvestment Plan.		
15.	Approve the Proposed Authority to Allot and Issue New Ordinary Shares Pursuant to Section 132D of the Companies Act, 1965.		
16.	Approve the Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Australia and New Zealand Banking Group Limited Group.		
17.	Approve the Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Amcorp Group Berhad Group.		
18.	Approve the Proposed Renewal of Existing Shareholder Mandate and Proposed New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Modular Techcorp Holdings Berhad Group.		

Please indicate with an 'X' or '√' in the spaces above how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this ______ day of ____________________ 2016.

____
Signature of Shareholder/Attorney or Common Seal

Notes:

(1) A member of the Company entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(2) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the member to speak at the AGM.

(3) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (SICDA), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. The appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy are specified in the instrument appointing the proxies.

(4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account'), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA, which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. The appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy are specified in the instrument appointing the proxies.

(5) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or of his attorney duly authorised in writing or, in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.

(6) The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

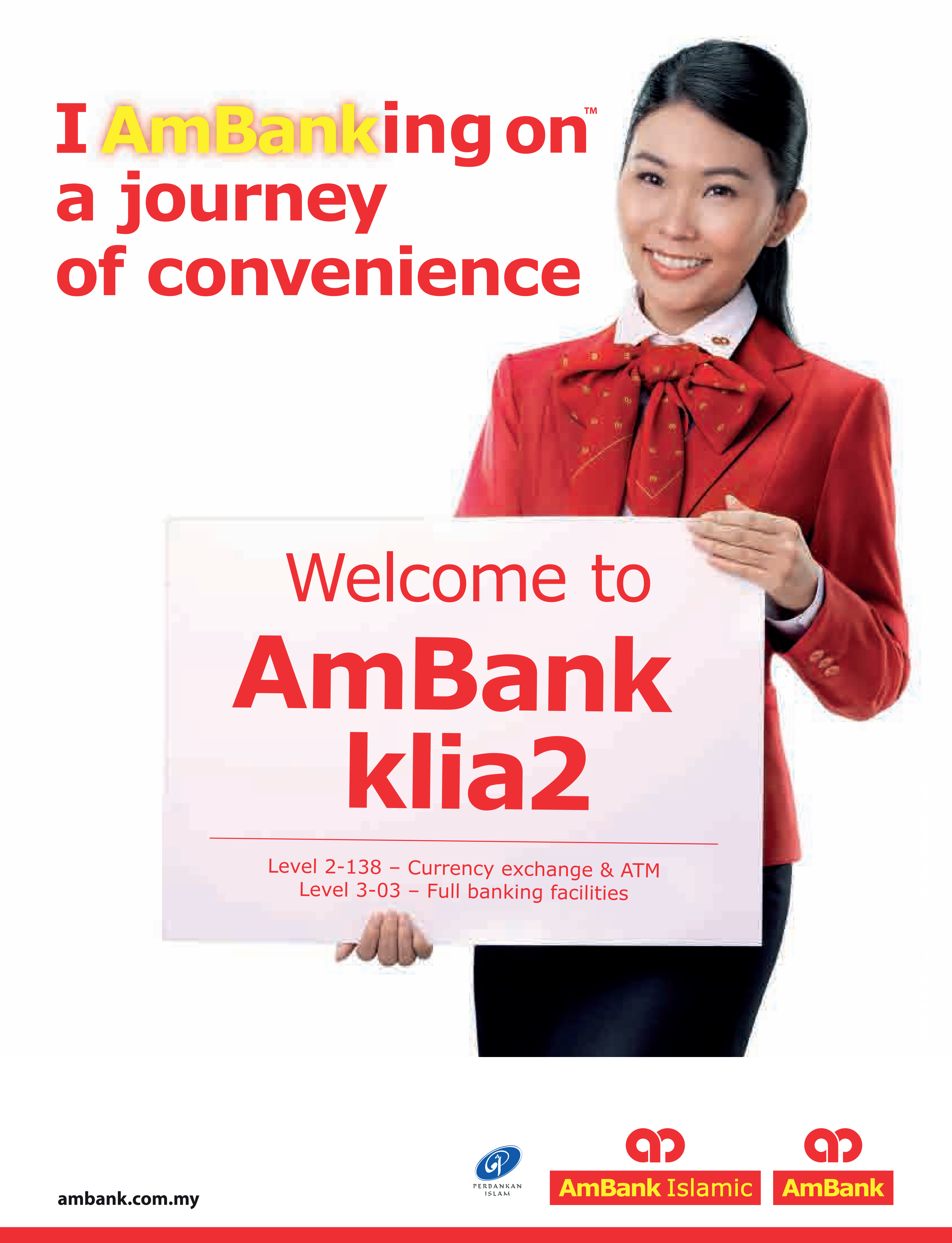
Please fold here to seal

Please fold here

AFFIX
STAMP

The Share Registrar for AMMB Holdings Berhad
SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here


I AmBanking on™
a journey
of convenience
Welcome to
AmBank
klia2
Level 2-138 – Currency exchange & ATM
Level 3-03 – Full banking facilities
ambank.com.my
PERBANKAN ISLAM
AmBank Islamic
AmBank

AMMB Holdings Berhad
(223035-V) (Incorporated in Malaysia)

22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Tel : 603-2036 2633
Fax : 603-2032 1914

ambankgroup.com