

**AmlInvestment Bank Berhad**  
(23742-V)(Incorporated in Malaysia)  
**And Its Subsidiaries**

**Condensed Interim Financial Statements**  
**For the Financial Period**  
**1 April 2016 to**  
**31 December 2016**  
(In Ringgit Malaysia)

**AmlInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

		Group		Bank	
	Note	31 December 2016	31 March 2016 (Restated)	31 December 2016	31 March 2016 (Restated)
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		578,652	560,305	477,174	458,535
Derivative financial assets		-	2	-	2
Financial assets held-for-trading	8	372	532	372	532
Financial investments available-for-sale	9	11,720	11,720	11,720	11,720
Financial investments held-to-maturity	10	104,396	75,100	104,396	75,100
Loans and advances	11	295,892	301,897	295,892	301,897
Statutory deposit with Bank Negara Malaysia		5,242	2,591	5,242	2,591
Deferred tax assets		7,095	7,105	4,951	4,542
Investment in subsidiaries		-	-	68,938	19,131
Other assets	12	476,757	753,331	450,879	724,475
Property and equipment		21,429	22,454	20,291	21,357
Intangible assets		40,697	41,746	2,318	2,582
Asset held for sale		-	1,719	-	100
<b>TOTAL ASSETS</b>		<b>1,542,252</b>	<b>1,778,502</b>	<b>1,442,173</b>	<b>1,622,564</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits and placements of banks and other financial institutions	13	550,000	400,000	550,000	400,000
Derivative financial liabilities		1	4	1	4
Other liabilities	14	413,599	717,382	397,281	698,116
<b>TOTAL LIABILITIES</b>		<b>963,600</b>	<b>1,117,386</b>	<b>947,282</b>	<b>1,098,120</b>
Share capital		200,000	200,000	200,000	200,000
Reserves		378,652	461,116	294,891	324,444
Equity attributable to equity holder of the Bank		578,652	661,116	494,891	524,444
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,542,252</b>	<b>1,778,502</b>	<b>1,442,173</b>	<b>1,622,564</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	22	<b>204,967</b>	<b>235,153</b>	<b>204,967</b>	<b>235,153</b>
<b>NET ASSETS PER ORDINARY SHARE (RM)</b>		<b>2.89</b>	<b>3.30</b>	<b>2.47</b>	<b>2.62</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**AmlInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

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

Group	Note	Individual Quarter		Cumulative Quarter	
		31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
		RM'000	RM'000	RM'000	RM'000
Operating revenue		74,748	86,057	221,436	261,866
Interest income	15	8,325	9,326	25,017	34,691
Interest expense	16	(5,129)	(5,714)	(14,182)	(24,955)
Net interest income		3,196	3,612	10,835	9,736
Net income from Islamic banking business		6,841	15,960	16,820	24,474
Other operating income	17	65,476	71,874	199,216	232,608
Direct costs	18	(5,953)	(11,229)	(19,870)	(30,338)
Share in results of an associate		-	112	-	415
Net income		69,560	80,329	207,001	236,895
Other operating expenses	19	(52,846)	(48,215)	(147,391)	(140,817)
Operating Profit		16,714	32,114	59,610	96,078
(Allowances for)/Writeback of impairment on:					
Loans and advances	20	(934)	47	(501)	(68)
Doubtful receivables, net		(70)	134	(1,158)	(757)
(Allowance for)/Writeback of provision for commitments and contingencies		(3)	(71)	(6,257)	129
<b>Profit before taxation</b>		15,707	32,224	51,694	95,382
Taxation		(4,502)	(8,838)	(17,869)	(24,513)
<b>Profit for the period</b>		11,205	23,386	33,825	70,869
<b>Basic earnings per share (sen)</b>		5.60	11.69	16.91	35.43

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

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

Group	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	11,205	23,386	33,825	70,869
<b>Other comprehensive income/(loss):</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation on foreign operations	353	(2,055)	683	13,427
Net loss on financial investments available-for-sale	-	(3,284)	-	(4,236)
Income tax relating to the components of other comprehensive income/(loss)	-	789	-	1,017
Other comprehensive income/(loss) for the period, net of tax	353	(4,550)	683	10,208
<b>Total comprehensive income for the period attributable to equity holder of the Bank</b>	<b>11,558</b>	<b>18,836</b>	<b>34,508</b>	<b>81,077</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**AmlInvestment Bank Berhad**  
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**UNAUDITED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

Bank	Note	Individual Quarter		Cumulative Quarter	
		31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
		RM'000	RM'000	RM'000	RM'000
Operating revenue		64,025	51,872	151,075	147,025
Interest income	15	7,689	8,562	23,219	32,628
Interest expense	16	(5,041)	(5,712)	(14,057)	(24,955)
Net interest income		2,648	2,850	9,162	7,673
Net income from Islamic banking business		6,841	15,960	16,820	24,474
Other operating income	17	55,394	38,566	130,658	120,246
Direct costs	18	(5,958)	(11,230)	(19,875)	(30,339)
Net income		58,925	46,146	136,765	122,054
Other operating expenses	19	(32,823)	(30,967)	(91,785)	(85,980)
Operating Profit		26,102	15,179	44,980	36,074
(Allowances for)/Writeback of impairment on:					
Loans and advances	20	(934)	47	(501)	(68)
Doubtful receivables, net		(70)	134	37	(96)
(Allowance for)/Writeback of provision for commitments and contingencies		(3)	(71)	(6,257)	128
<b>Profit before taxation</b>		25,095	15,289	38,259	36,038
Taxation		(1,398)	(6,301)	(8,523)	(11,048)
<b>Profit for the period</b>		23,697	8,988	29,736	24,990
<b>Basic earnings per share (sen)</b>		11.85	4.49	14.87	12.50

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

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

Bank	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	23,697	8,988	29,736	24,990
<b>Other comprehensive income/(loss):</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Net loss on financial investments available-for-sale	-	(3,284)	-	(4,236)
Income tax relating to the components of other comprehensive loss	-	789	-	1,017
Other comprehensive loss for the period, net of tax	-	(2,495)	-	(3,219)
<b>Total comprehensive income for the period attributable to equity holder of the Bank</b>	<b>23,697</b>	<b>6,493</b>	<b>29,736</b>	<b>21,771</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**AmlInvestment Bank Berhad**  
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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

		←-----Attributable to equity holder of the Bank-----→								
		Non-distributable					Available-for- sale reserve/ Exchange		Distributable	
Group	Note	Share capital RM'000	Capital reserve RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	sale reserve/ (deficit) RM'000	fluctuation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 April 2015</b>		200,000	2,815	200,000	2,800	7,656	1,076	37,445	58,511	510,303
Effect arising from the pooling of interests	31(iii)	-	-	-	-	137,420	-	-	-	137,420
As restated		200,000	2,815	200,000	2,800	145,076	1,076	37,445	58,511	647,723
Profit for the period		-	-	-	-	-	-	-	70,869	70,869
Other comprehensive income/(loss)		-	-	-	-	-	(3,219)	13,427	-	10,208
Total comprehensive income/(loss) for the period		-	-	-	-	-	(3,219)	13,427	70,869	81,077
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	-	(213)	(213)
Effect arising from the pooling of interests		-	-	-	-	(6,723)	-	-	(37,358)	(44,081)
Dividends paid		-	-	-	-	-	-	-	(30,000)	(30,000)
Transactions with owner and other equity movements		-	-	-	-	(6,723)	-	-	(67,571)	(74,294)
<b>At 31 December 2015</b>		<b>200,000</b>	<b>2,815</b>	<b>200,000</b>	<b>2,800</b>	<b>138,353</b>	<b>(2,143)</b>	<b>50,872</b>	<b>61,809</b>	<b>654,506</b>
<b>At 1 April 2016</b>		200,000	2,815	200,000	2,800	7,656	-	2,165	103,699	519,135
Effect arising from the pooling of interests	31(iii)	-	-	-	-	141,981	-	-	-	141,981
As restated		200,000	2,815	200,000	2,800	149,637	-	2,165	103,699	661,116
Profit for the period		-	-	-	-	-	-	-	33,825	33,825
Other comprehensive income		-	-	-	-	-	-	683	-	683
Total comprehensive income for the period		-	-	-	-	-	-	683	33,825	34,508
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	-	(122)	(122)
Effect arising from the pooling of interests		-	-	-	-	(67,522)	-	-	(13,328)	(80,850)
Dividends paid		-	-	-	-	-	-	-	(36,000)	(36,000)
Transactions with owner and other equity movements		-	-	-	-	(67,522)	-	-	(49,450)	(116,972)
<b>At 31 December 2016</b>		<b>200,000</b>	<b>2,815</b>	<b>200,000</b>	<b>2,800</b>	<b>82,115</b>	<b>-</b>	<b>2,848</b>	<b>88,074</b>	<b>578,652</b>

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

		←-----Attributable to equity holder of the Bank----->						
		Non-distributable				Distributable		
<b>Bank</b>	<b>Note</b>	<b>Share capital RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Regulatory reserve RM'000</b>	<b>Merger reserve RM'000</b>	<b>Available-for-sale reserve RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total equity RM'000</b>
<b>At 1 April 2015</b>		200,000	200,000	2,800	-	1,024	82,533	486,357
Effect arising from the pooling of interests	31(iii)	-	-	-	22,428	-	-	22,428
As restated		200,000	200,000	2,800	22,428	1,024	82,533	508,785
Profit for the period		-	-	-	-	-	24,990	24,990
Other comprehensive loss		-	-	-	-	(3,219)	-	(3,219)
Total comprehensive income/(loss) for the period		-	-	-	-	(3,219)	24,990	21,771
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	(199)	(199)
Effect arising from the pooling of interests		-	-	-	397	-	(397)	-
Dividends paid		-	-	-	-	-	(30,000)	(30,000)
Transactions with owner and other equity movements		-	-	-	397	-	(30,596)	(30,199)
<b>At 31 December 2015</b>		<b>200,000</b>	<b>200,000</b>	<b>2,800</b>	<b>22,825</b>	<b>(2,195)</b>	<b>76,927</b>	<b>500,357</b>
<b>At 1 April 2016</b>		200,000	200,000	2,800	-	-	99,023	501,823
Effect arising from the pooling of interests	31(iii)	-	-	-	22,621	-	-	22,621
As restated		200,000	200,000	2,800	22,621	-	99,023	524,444
Profit for the period		-	-	-	-	-	29,736	29,736
Total comprehensive income for the period		-	-	-	-	-	29,736	29,736
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	(122)	(122)
Effect arising from the pooling of interests		-	-	-	(22,621)	-	(546)	(23,167)
Dividends paid		-	-	-	-	-	(36,000)	(36,000)
Transactions with owner and other equity movements		-	-	-	(22,621)	-	(36,668)	(59,289)
<b>At 31 December 2016</b>		<b>200,000</b>	<b>200,000</b>	<b>2,800</b>	<b>-</b>	<b>-</b>	<b>92,091</b>	<b>494,891</b>

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.



**AmlInvestment Bank Berhad**  
**(23742-V)(Incorporated in Malaysia)**  
**and its subsidiaries**

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 (Restated) RM'000	31 December 2016 RM'000	31 December 2015 (Restated) RM'000
Profit before taxation	51,694	95,382	38,259	36,038
Adjustments for non-operating and non cash items	13,242	(9,277)	(17,076)	(873)
Operating profit before working capital changes	64,936	86,105	21,183	35,165
Decrease in operating assets	270,424	173,938	246,293	183,392
Decrease in operating liabilities	(159,912)	(628,777)	(157,214)	(608,540)
Cash generated from/(used in) operations	175,448	(368,734)	110,262	(389,983)
Tax (paid)/refunded, net	(12,980)	1,140	(3,496)	1,577
Net cash generated from/(used in) operating activities	162,468	(367,594)	106,766	(388,406)
Net cash generated from/(used in) investing activities	Note 1 (77,508)	7,286	(52,127)	(3,657)
Dividend paid by the Bank	(36,000)	(30,000)	(36,000)	(30,000)
Dividend paid by the fund management entities	Note 2 (31,000)	(44,000)	-	-
Net cash used in financing activities	(67,000)	(74,000)	(36,000)	(30,000)
	(144,508)	(66,714)	(88,127)	(33,657)
Net increase/(decrease) in cash and cash equivalents	17,960	(434,308)	18,639	(422,063)
Cash and cash equivalents at beginning of the financial year	560,305	1,057,655	458,535	850,688
Effect of exchange rate changes	387	12,785	-	-
Cash and cash equivalents at end of the financial period	578,652	636,132	477,174	428,625

Note 1 Included in net cash generated/(used in) investing activities in the current period are the following:

	Note	Group and Bank RM'000
Proceeds net of incidental costs from disposal of an associate	30(a)	2,279
Acquisition of fund management entities	30(b)	(49,807)

Note 2 This represents payment of dividend by the fund management entities (AmFund Management and Amlslamic Funds Management), to its previous shareholder, AmlInvestment Group Berhad. The fund management entities were acquired on 21 July 2016 by the Bank. For more details on the acquisition, refer to Note 30(b).

The unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2016.

**EXPLANATORY NOTES :**

**1. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). These financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2016.

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

**1.1 Significant Accounting Policies**

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

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

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

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

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

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

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

### **1.1 Significant Accounting Policies (Cont'd.)**

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

The amendments introduce five narrow-focus improvements to the disclosure requirements and ensure that entities are able to apply professional judgement in determining the extent of information to be disclosed in the financial statements.

The amendments also clarify the requirements for presenting an entity's share of items of other comprehensive income of associates and joint ventures, whereby they are required to be grouped based on whether the items will or will not subsequently be reclassified to profit or loss. As the Group and the Bank does not have any associate or joint venture, this amendment does not have any financial impact on the Group and the Bank.

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

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

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

The amendment clarifies that a reclassification of an asset directly from being held for sale to being held for distribution to owners (or vice versa) is not a change to the disposal plan and shall be treated as a continuation of the original plan, and the change in disposal method does not change the date of classification as held for sale or held for distribution to owners. This amendment does not result in any impact as there is no reclassification of asset between held for sale and held for distribution during the nine months ended 31 December 2016.

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

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

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

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

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

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

**1. BASIS OF PREPARATION (CONT'D.)**  
**1.2 Standards issued but not yet effective**

Description	Effective for financial year ending
- Amendments to MFRS 107 <i>Disclosure Initiative</i>	31 March 2018
- Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	31 March 2018
- Annual Improvements to MFRSs 2014-2016 Cycle (amendments to MFRS 12)	31 March 2018
- amendments to MFRS 12	31 March 2018
- amendments to MFRS 1 and MFRS 128	31 March 2019
- MFRS 15 <i>Revenue from Contracts with Customers</i>	31 March 2019
- MFRS 9 <i>Financial Instruments</i>	31 March 2019
- Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	31 March 2019
- Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	31 March 2019
- Amendments to MFRS 140 Transfers of Investment Property	31 March 2019
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	31 March 2019
- MFRS 16 <i>Leases</i>	31 March 2020
- Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined by MASB

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

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

**Amendments to MFRS 107 *Disclosure Initiative***

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

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

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

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

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

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

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

**1.2 Standards issued but not yet effective (Cont'd.)**

**(a) Standards effective for financial year ending 31 March 2018 (Cont'd.)**

**Annual Improvements to MFRSs 2014-2016 Cycle**

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

**(i) MFRS 12 *Disclosure of Interests in Other Entities***

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

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

**Annual Improvements to MFRSs 2014-2016 Cycle**

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

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

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

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

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

**MFRS 15 *Revenue from Contracts with Customers***

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

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

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

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

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

**1.2 Standards issued but not yet effective (Cont'd.)**

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

**MFRS 9 *Financial Instruments***

In November 2014, MASB issued the final version of MFRS 9 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 Bank's financial assets, but no impact on the classification and measurement of the Group's and the Bank's financial liabilities.

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

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

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

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

**IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration***

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

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

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

**MFRS 16 *Leases***

MFRS 16 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.

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

**1.2 Standards issued but not yet effective (Cont'd.)**

**(c) Standards effective for financial year ending 31 March 2020 (Cont'd.)**

**MFRS 16 Leases (Cont'd.)**

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

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

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

**1.3 Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on 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 and liabilities affected in future periods.

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

## **2. AUDIT QUALIFICATION**

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

## **3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

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

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

## **5. CHANGES IN ESTIMATES**

There was no material change in estimates of amounts reported in the prior financial years that have a material effect for the financial quarter ended 31 December 2016.

## **6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

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

There were no share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares by the Bank during the financial quarter and period.

## **7. DIVIDENDS**

During the financial period;

- (i) the final single-tier cash dividend of 17.0 sen per ordinary share on 200,000,000 ordinary shares amounting to RM34,000,000 in respect of financial year ended 31 March 2016 was paid on 25 August 2016.
- (ii) an interim single-tier cash dividend of 1.0 sen per ordinary share on 200,000,000 ordinary shares amounting to RM2,000,000 in respect of financial year ending 31 March 2017 was paid on 14 December 2016.



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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
Quoted Securities in Malaysia:		
Unit trusts	372	532

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Cost</b>		
Unquoted Securities:		
In Malaysia:		
Shares	11,714	11,714
Outside Malaysia:		
Shares	6	6
	<u>11,720</u>	<u>11,720</u>

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost:</b>		
Money Market Securities:		
Islamic Treasury Bills	29,296	-
Unquoted Securities in Malaysia:		
Corporate Bonds	75,100	75,100
	<u>104,396</u>	<u>75,100</u>

**11. LOANS AND ADVANCES**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost</b>		
Share margin financing	242,111	247,016
Revolving credits	55,578	55,725
Staff loans	2,227	2,679
Gross loans and advances	<u>299,916</u>	<u>305,420</u>
Less:		
Allowance for impairment on loans and advances		
Individual allowance	(2,187)	(2,251)
Collective allowance	(1,837)	(1,272)
	<u>(4,024)</u>	<u>(3,523)</u>
Net loans and advances	<u>295,892</u>	<u>301,897</u>

(a) Gross loans and advances analysed by type of customers are as follows:

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic business enterprises:		
Small medium enterprises	4,687	4,685
Others	50,049	43,965
Individuals	245,180	256,770
	<u>299,916</u>	<u>305,420</u>

(b) All loans and advances reside in Malaysia.

(c) Gross loans and advances analysed by interest rate sensitivity are as follows:

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
Staff housing loans	1,833	2,046
Staff hire purchase receivables	394	633
Other fixed rate loans	242,111	247,016
	<u>244,338</u>	<u>249,695</u>
Variable rate:		
Cost-plus	55,578	55,725
	<u>299,916</u>	<u>305,420</u>

**11. LOANS AND ADVANCES (CONT'D.)**

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	1,664	860
Real estate	4,235	4,233
Business activities	48,837	43,557
Household, of which:		
Purchase of residential properties	1,833	2,046
Purchase of transport vehicles	394	633
Purchase of securities	242,953	254,091
	<u>299,916</u>	<u>305,420</u>

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	297,709	302,780
Over one year to three years	307	428
Over three years to five years	203	282
Over five years	1,697	1,930
	<u>299,916</u>	<u>305,420</u>

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

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	2,251	2,291
Recoveries	(64)	(40)
Balance at end of the financial period/year	<u>2,187</u>	<u>2,251</u>
Gross impaired loans and advances as % of gross loans and advances	<u>0.73%</u>	<u>0.74%</u>
Loan loss coverage	<u>184.0%</u>	<u>156.5%</u>

**11. LOANS AND ADVANCES (CONT'D.)**

- (g) All impaired loans and advances reside in Malaysia.
- (h) All impaired loans and advances are in the business activities sector.
- (i) Movements in allowances for impaired loans and advances are as follows:

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Individual allowance</b>		
Balance at beginning of the financial year	2,251	2,291
Allowance written back during the financial period/year	(64)	(40)
Balance at end of the financial period/year	<u>2,187</u>	<u>2,251</u>
<b>Collective allowance</b>		
Balance at beginning of the financial year	1,272	1,311
Allowance made/ (written back) during the financial period/year	565	(39)
Balance at end of the financial period/year	<u>1,837</u>	<u>1,272</u>
Collective allowance (including regulatory reserve) as % of gross loans and advances less individual allowance	<u>1.56%</u>	<u>1.34%</u>

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**12. OTHER ASSETS**

	Group		Bank	
	31 December 2016	31 March 2016 (Restated)	31 December 2016	31 March 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Trade receivables	322,269	623,126	321,740	622,192
Other receivables, deposits and prepayments	20,850	24,460	11,185	11,542
Fee receivable	31,665	34,487	11,373	14,530
Interest receivable	1,560	489	1,558	483
Tax recoverable	50,411	56,821	47,603	55,156
Margin deposits	56,481	21,539	56,481	21,540
Amount due from:				
Holding company	-	682	-	682
Subsidiaries	-	-	3,283	3,732
Related companies	1,514	613	1,512	607
	<u>484,750</u>	<u>762,217</u>	<u>454,735</u>	<u>730,464</u>
Less:				
Accumulated impairment loss	(7,993)	(8,886)	(3,856)	(5,989)
	<u>476,757</u>	<u>753,331</u>	<u>450,879</u>	<u>724,475</u>

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

Deposits and placement of banks and other financial institutions represent deposit from a related licensed bank.

**14. OTHER LIABILITIES**

	Group		Bank	
	31 December 2016	31 March 2016 (Restated)	31 December 2016	31 March 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Trade payables	357,274	617,560	357,274	617,560
Other payables and accruals	43,894	82,482	31,115	67,546
Interest payable	4,309	2,564	4,309	2,564
Provision for commitments and contingencies	652	402	652	402
Amount due to:				
Holding company	10	13	10	-
Related companies	7,460	14,361	3,921	10,044
	<u>413,599</u>	<u>717,382</u>	<u>397,281</u>	<u>698,116</u>

**15. INTEREST INCOME**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	2,372	2,214	6,902	12,394
Financial investments available-for-sale	-	671	-	2,744
Financial investments held-to-maturity	788	788	2,356	2,356
Loans and advances	5,036	5,428	15,214	16,640
Others	129	225	545	557
	<b>8,325</b>	<b>9,326</b>	<b>25,017</b>	<b>34,691</b>

Bank	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,735	1,450	5,104	10,331
Financial investments available-for-sale	-	671	-	2,744
Financial investments held-to-maturity	788	789	2,356	2,356
Loans and advances	5,036	5,428	15,214	16,640
Others	130	224	545	557
	<b>7,689</b>	<b>8,562</b>	<b>23,219</b>	<b>32,628</b>

**16. INTEREST EXPENSE**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	4,926	5,573	13,728	24,669
Others	203	141	454	286
	<b>5,129</b>	<b>5,714</b>	<b>14,182</b>	<b>24,955</b>

Bank	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	4,926	5,573	13,728	24,669
Others	115	139	329	286
	<b>5,041</b>	<b>5,712</b>	<b>14,057</b>	<b>24,955</b>

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**17. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	13,790	21,677	45,713	64,574
Corporate advisory	3,485	4,640	7,630	13,466
Fees on loans and securities	2,649	2,369	10,121	4,612
Guarantee fees	21	42	78	137
Portfolio management fees	8,951	9,094	25,473	27,336
Underwriting commission	267	863	3,334	3,137
Unit trust management fees	24,045	24,224	64,517	70,045
Wealth management fees	6,167	7,759	24,602	21,945
Other fee and commission income	2,610	765	7,863	6,574
	<u>61,985</u>	<u>71,433</u>	<u>189,331</u>	<u>211,826</u>
Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	-	-	-	1
Financial investments available-for-sale	295	295	1,388	1,388
Net foreign exchange gain	1,678	1,465	3,302	5,230
Net loss from sale of financial assets held-for-trading	(1)	(2)	(10)	(3)
Net gain/(loss) from sale of financial investments available-for-sale	-	-	295	(49)
Net gain/(loss) on revaluation of derivatives	1	(18)	(27)	26
Net gain/(loss) on revaluation of financial assets held-for-trading	1	37	(4)	(24)
Gain on disposal of subsidiary	-	-	-	9,030
Gain on disposal of an associate (Note 30(a))	-	-	560	-
	<u>1,974</u>	<u>1,777</u>	<u>5,504</u>	<u>15,599</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	2	-	(70)	(78)
Non-trading foreign exchange gain/(loss)	(308)	(2,808)	(321)	465
Rental income	573	568	1,745	1,739
Others	1,250	904	3,027	3,057
	<u>1,517</u>	<u>(1,336)</u>	<u>4,381</u>	<u>5,183</u>
	<u>65,476</u>	<u>71,874</u>	<u>199,216</u>	<u>232,608</u>

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**17. OTHER OPERATING INCOME (CONTD.)**

Bank	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	13,791	21,677	45,713	64,574
Corporate advisory	3,485	4,640	7,630	13,466
Fees on loans and securities	2,649	2,369	10,121	4,612
Guarantee fees	21	42	78	137
Portfolio management fees	135	135	380	433
Underwriting commission	267	863	3,334	3,137
Wealth management fees	6,167	7,759	24,602	21,945
Other fee and commission income	2,133	517	6,147	5,446
	<u>28,648</u>	<u>38,002</u>	<u>98,005</u>	<u>113,750</u>
Investment and trading income:				
Gross dividend income from:				
Unquoted subsidiaries	24,500	-	24,500	-
Financial assets held-for-trading	-	-	-	1
Financial investments available-for-sale	295	295	1,388	1,388
Net foreign exchange gain/(loss)	1,250	(401)	2,428	3,237
Net loss from sale of financial assets held-for-trading	(1)	(2)	(10)	(3)
Net gain/(loss) from sale of financial investments available-for-sale	-	-	295	(49)
Net gain/(loss) on revaluation of derivatives	1	(18)	(27)	26
Net gain/(loss) on revaluation of financial assets held-for-trading	1	37	(4)	(24)
Gain on disposal of an associate (Note 30 (a))	-	-	2,179	-
	<u>26,046</u>	<u>(89)</u>	<u>30,749</u>	<u>4,576</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	1	-	(71)	(78)
Non-trading foreign exchange gain	1	2	1	3
Rental income	573	568	1,745	1,739
Others	125	83	229	256
	<u>700</u>	<u>653</u>	<u>1,904</u>	<u>1,920</u>
	<u>55,394</u>	<u>38,566</u>	<u>130,658</u>	<u>120,246</u>

**18. DIRECT COSTS**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	178	763	1,805	3,394
Brokerage commission	2,973	5,058	9,484	14,949
Others	2,802	5,408	8,581	11,995
	<u>5,953</u>	<u>11,229</u>	<u>19,870</u>	<u>30,338</u>
<b>Bank</b>				
Dealers' incentive	178	763	1,805	3,394
Brokerage commission	2,978	5,058	9,489	14,949
Others	2,802	5,409	8,581	11,996
	<u>5,958</u>	<u>11,230</u>	<u>19,875</u>	<u>30,339</u>



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**19. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015 (Restated)	31 December 2016	31 December 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Contributions to EPF	4,118	2,376	11,681	8,731
- Salaries, allowances and bonuses	24,755	17,994	72,099	57,482
- Shares and options granted under AMMB ESS - charge/(writeback)	2,272	860	(3,133)	1,672
- Social security costs	141	110	405	330
- Others	2,502	2,039	7,681	7,344
	<u>33,788</u>	<u>23,379</u>	<u>88,733</u>	<u>75,559</u>
Establishment costs				
- Amortisation of intangible assets	566	562	1,679	1,700
- Cleaning, maintenance and security	400	500	1,153	1,353
- Computerisation costs	3,374	2,667	9,151	5,811
- Depreciation of property and equipment	777	744	2,334	2,306
- Rental of premises	2,541	2,562	7,552	7,481
- Others	805	1,208	2,703	3,177
	<u>8,463</u>	<u>8,243</u>	<u>24,572</u>	<u>21,828</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	94	1,000	671	1,428
- Sales commission	365	139	648	375
- Travelling and entertainment	549	613	1,565	1,856
- Communication expenses	1,197	1,184	3,041	3,298
- Others	758	911	1,729	1,614
	<u>2,963</u>	<u>3,847</u>	<u>7,654</u>	<u>8,571</u>
Administration and general expenses				
- Professional fees	5,259	4,752	13,581	14,036
- Travelling	154	201	633	625
- Others	6,510	5,579	15,643	14,502
	<u>11,923</u>	<u>10,532</u>	<u>29,857</u>	<u>29,163</u>
Service transfer pricing - (income)/expense, net	(4,291)	1,414	(3,425)	4,896
Business efficiency costs	-	800	-	800
	<u>52,846</u>	<u>48,215</u>	<u>147,391</u>	<u>140,817</u>

**19. OTHER OPERATING EXPENSES (CONTD.)**

Bank	Individual Quarter		Cumulative Quarter	
	31 December 2016 RM'000	31 December 2015 (Restated) RM'000	31 December 2016 RM'000	31 December 2015 (Restated) RM'000
Personnel costs				
- Contributions to EPF	2,989	1,937	8,338	5,974
- Salaries, allowances and bonuses	17,955	13,395	51,508	38,224
- Shares and options granted under AMMB ESS - charge/(writeback)	1,895	476	(1,827)	1,140
- Social security costs	97	71	278	218
- Others	1,442	2,282	4,953	5,420
	<u>24,378</u>	<u>18,161</u>	<u>63,250</u>	<u>50,976</u>
Establishment costs				
- Amortisation of intangible assets	237	211	701	620
- Cleaning, maintenance and security	391	474	1,111	1,286
- Computerisation costs	2,924	2,561	8,567	5,599
- Depreciation of property and equipment	681	651	2,062	2,008
- Rental of premises	1,988	2,026	5,984	5,938
- Others	698	1,095	2,328	2,852
	<u>6,919</u>	<u>7,018</u>	<u>20,753</u>	<u>18,303</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	(224)	367	(64)	612
- Sales commission	282	56	549	292
- Travelling and entertainment	394	454	1,142	1,370
- Communication expenses	608	600	1,802	1,756
- Others	625	795	1,391	1,356
	<u>1,685</u>	<u>2,272</u>	<u>4,820</u>	<u>5,386</u>
Administration and general expenses				
- Professional fees	1,507	890	3,472	1,940
- Travelling	110	80	346	262
- Others	3,728	1,877	6,345	5,447
	<u>5,345</u>	<u>2,847</u>	<u>10,163</u>	<u>7,649</u>
Service transfer pricing - (income)/expense, net	(5,504)	(131)	(7,201)	2,866
Business efficiency costs	-	800	-	800
	<u>32,823</u>	<u>30,967</u>	<u>91,785</u>	<u>85,980</u>

**20. WRITEBACK OF/(ALLOWANCE FOR) IMPAIRMENT ON LOANS AND ADVANCES**

Group and Bank	Individual Quarter		Cumulative Quarter	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Writeback of /(Allowance for) impairment on loans and advances:				
Individual allowance	24	24	64	24
Collective allowance	(958)	23	(565)	(92)
	<u>(934)</u>	<u>47</u>	<u>(501)</u>	<u>(68)</u>

## **21. 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 division forms the basis on which the Group reports its segment information. The Group comprises the following main business segments.

### **(a) Wholesale banking**

Wholesale banking division of the Group which mainly comprise Investment banking, offers a full range of investment banking solutions and services, encompassing the following business segments:

- (i) Equity Markets - provides clients an investment avenue to participate in the equity markets through its multiple distribution channels, including remisiers, Bank Branch Broking, salaried dealers, and the internet trading platform, offering clients the flexibility to trade equities, futures and equity derivatives both online and offline.
- (ii) 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.
- (iii) Private Banking – manages the private wealth of high net worth individuals, family groups and companies by offering comprehensive wealth management solutions and integrated access to expertise and resources of AmBank Group.
- (iv) Corporate Finance – provides an extensive range of corporate finance and advisory services which include mergers and acquisitions, divestitures, take-overs, initial public offerings, restructuring, privatisations, issuance of equity and equity-linked instruments as well as valuation support.
- (v) Capital Markets – provides debt financing solutions to clients through a wide array of products which include conventional corporate bonds and Islamic sukuk, loan syndication, capital and project advisory as well as structured finance and securitization deals.
- (vi) Others – include other non-core Wholesale Banking activities within the Group which includes Markets and Corporate and Commercial Banking.

### **(b) Group Funding and Others**

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

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**21. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

31 December 2016 Group	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Markets RM'000	Others RM'000		
External revenue	48,186	95,937	24,850	15,682	17,797	30	18,954	221,436
Revenue from other segments	305	-	(1,493)	(12)	(40)	(18)	1,258	-
Revenue	48,491	95,937	23,357	15,670	17,757	12	20,212	221,436
Net interest income/(expense)	15,129	1,361	527	(12)	(41)	(17)	(67)	16,880
Other operating income (net of direct costs)	33,035	94,448	22,830	15,682	17,798	28	5,740	189,561
Gain on disposal of an associate	-	-	-	-	-	-	560	560
Income	48,164	95,809	23,357	15,670	17,757	11	6,233	207,001
Other operating expenses	(43,921)	(54,981)	(13,899)	(13,448)	(6,313)	(3,034)	(11,795)	(147,391)
of which:								
<i>Depreciation of property and equipment</i>	(807)	(273)	(180)	(44)	(26)	(352)	(652)	(2,334)
<i>Amortisation of intangible assets</i>	(607)	(979)	(22)	(6)	-	(65)	-	(1,679)
Operating profit/(loss)	4,243	40,828	9,458	2,222	11,444	(3,023)	(5,562)	59,610
(Allowance for)/Writeback of impairment on loans and advances	(446)	-	29	-	-	10	(94)	(501)
(Allowance for)/Writeback of doubtful receivables, net	(1,169)	-	-	12	-	(1)	-	(1,158)
(Allowance for)/Writeback of provision for commitments and contingencies	(214)	-	(47)	-	-	11	(6,007)	(6,257)
Profit/(loss) before taxation	2,414	40,828	9,440	2,234	11,444	(3,003)	(11,663)	51,694
Taxation	(1,017)	(9,208)	(2,266)	(536)	(2,747)	721	(2,816)	(17,869)
Profit/(loss) for the period	1,397	31,620	7,174	1,698	8,697	(2,282)	(14,479)	33,825
<b>Other information:</b>								
Total segment assets	829,262	138,894	57,274	2,897	6,722	1,625	505,578	1,542,252
Total segment liabilities	529,928	20,837	4,395	1,191	2,364	1,788	403,097	963,600
Cost to income ratio	91.2%	57.4%	59.5%	85.8%	35.6%	>100%	>100%	71.2%
Gross loans and advances	242,111	-	55,578	-	-	-	2,227	299,916
Net loans and advances	238,380	-	55,442	-	-	5	2,065	295,892
Impaired loans and advances	2,187	-	-	-	-	-	-	2,187
Total deposits and placements	-	-	-	-	-	-	550,000	550,000
Additions to:								
Property and equipment	578	312	45	12	-	653	35	1,635
Intangible assets	300	195	-	-	-	136	-	631

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**21. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

31 December 2015 (Restated) Group	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Equity Markets RM'000	Fund Management RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Markets RM'000	Others RM'000		
External revenue	70,518	103,686	23,029	20,715	19,965	853	23,515	262,281
Revenue from other segments	385	-	(1,463)	(24)	(214)	(14)	1,330	-
Revenue	70,903	103,686	21,566	20,691	19,751	839	24,845	262,281
Net interest income/(expense)	16,935	1,516	574	(24)	(214)	(13)	(3,570)	15,204
Other operating income (net of direct costs)	41,747	102,170	20,992	20,715	19,965	852	5,805	212,246
Gain/(loss) on disposal of a subsidiary	11,935	-	-	-	-	-	(2,905)	9,030
Share in results of an associate	-	-	-	-	-	-	415	415
Income	70,617	103,686	21,566	20,691	19,751	839	(255)	236,895
Other operating expenses	(43,440)	(53,006)	(13,369)	(12,197)	(3,210)	(1,237)	(14,358)	(140,817)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(696)	(288)	(191)	(43)	(24)	(468)	(596)	(2,306)
<i>Amortisation of intangible assets</i>	(527)	(1,062)	(21)	(4)	(2)	(83)	(1)	(1,700)
Operating profit/(loss)	27,177	50,680	8,197	8,494	16,541	(398)	(14,613)	96,078
(Allowance for)/Writeback of impairment on loans and advances	(36)	-	16	-	-	-	(48)	(68)
(Allowance for)/Writeback of doubtful receivables, net	78	-	-	(166)	(10)	-	(659)	(757)
Writeback of provision for commitments and contingencies	116	-	11	-	-	2	-	129
Profit/(loss) before taxation	27,335	50,680	8,224	8,328	16,531	(396)	(15,320)	95,382
Taxation	(3,884)	(13,321)	(1,974)	(1,999)	(3,968)	96	537	(24,513)
Profit/(loss) for the period	23,451	37,359	6,250	6,329	12,563	(300)	(14,783)	70,869
<b>Other information:</b>								
Total segment assets	916,389	162,147	60,008	2,948	9,802	2,907	451,395	1,605,596
Total segment liabilities	503,297	31,449	7,335	1,210	2,294	1,908	403,599	951,092
Cost to income ratio	61.5%	51.1%	62.0%	58.9%	16.3%	>100%	>100%	59.3%
Gross loans and advances	234,641	-	56,083	-	-	-	2,928	293,652
Net loans and advances	231,199	-	55,974	-	-	-	2,809	289,982
Impaired loans and advances	2,267	-	-	-	-	-	-	2,267
Total deposits and placements	-	-	-	-	-	-	533,060	533,060
Additions to:								
Property and equipment	859	2,299	74	29	33	78	6	3,378
Intangible assets	1,120	267	10	-	-	-	-	1,397

**22. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and Bank make 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 and the Bank's assets.

The notional/principal amounts of the commitments and contingencies of the Group and the Bank are as follows:

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	181,787	202,519
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
Others	-	100
	<u>181,806</u>	<u>202,638</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	7,023	17,319
Obligations under on-going underwriting agreements	15,252	13,348
	<u>22,275</u>	<u>30,667</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts:		
- One year or less	478	1,332
Equity related contracts:		
- One year or less	408	516
	<u>886</u>	<u>1,848</u>
	<u>204,967</u>	<u>235,153</u>

## **23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

Financial assets and liabilities measured using valuation techniques 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 and the Bank. Therefore, unobservable inputs reflect the Group's and the Bank'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 Bank's own data.

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

Determination of fair value and fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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.

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

	< ----- Group and Bank ----- >			
<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets measured at fair value</b>				
Financial assets held-for-trading				
- Quoted securities in Malaysia	372	-	-	372
	<hr/>			
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	1	-	-	1
	<hr/>			
	< ----- Group and Bank ----- >			
<b>31 March 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets measured at fair value</b>				
Derivative financial assets	2	-	-	2
Financial assets held-for-trading				
- Quoted securities in Malaysia	532	-	-	532
	534	-	-	534
	<hr/>			
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	4	-	-	4
	<hr/>			



**24. CAPITAL ADEQUACY**

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2016</b>	<b>31 March 2016 (Restated)</b>	<b>31 December 2016</b>	<b>31 March 2016 (Restated)</b>
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital Ratio	36.746%	35.422%	31.371%	34.341%
Tier 1 Capital Ratio	36.746%	35.422%	31.371%	34.341%
Total Capital Ratio	37.078%	35.659%	31.371%	34.341%
After deducting proposed dividends:				
CET 1 Capital Ratio	36.746%	33.445%	31.371%	32.026%
Tier 1 Capital Ratio	36.746%	33.445%	31.371%	32.026%
Total Capital Ratio	37.078%	33.682%	31.371%	32.026%

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

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 ratios to be maintained under the guidelines are 4.5% for CET 1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

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

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

	<b>CCB</b>
<b>Calendar year 2016</b>	0.625%
<b>Calendar year 2017</b>	1.25%
<b>Calendar year 2018</b>	1.875%
<b>Calendar year 2019 onwards</b>	2.50%

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

(b) The components of CET 1, Tier 2 Capital and Total Capital of the Group and the Bank are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2016</b>	<b>31 March 2016 (Restated)</b>	<b>31 December 2016</b>	<b>31 March 2016 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CET 1 Capital</b>				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	73,071	103,699	68,395	99,023
Exchange fluctuation reserve	2,848	2,165	-	-
Statutory reserve	200,000	200,000	200,000	200,000
Regulatory reserve	2,800	2,800	2,800	2,800
Capital reserve	2,815	2,815	-	-
Merger reserve	82,115	149,637	-	22,621
Less : Regulatory adjustments applied on CET1 capital:				
Goodwill	(36,442)	(36,442)	-	-
Other intangibles	(4,255)	(5,304)	(2,318)	(2,582)
Deferred tax assets	(7,360)	(7,463)	(5,216)	(4,899)
Regulatory reserve	(2,800)	(2,800)	(2,800)	(2,800)
Investments in capital instruments of unconsolidated financial entities	-	-	(29,886)	(8,321)
Deduction in excess of Tier 2 *	-	-	(15,296)	(1,477)
<b>CET1 capital/Tier 1 Capital</b>	<b>512,792</b>	<b>609,107</b>	<b>415,679</b>	<b>504,365</b>
<b>Tier 2 ("T2") capital</b>				
Collective impairment provisions and regulatory reserve	4,628	4,072	4,628	4,072
Less : Regulatory adjustments applied on Tier 2 capital	-	-	(4,628)	(4,072)
<b>Tier 2 capital</b>	<b>4,628</b>	<b>4,072</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>517,420</b>	<b>613,179</b>	<b>415,679</b>	<b>504,365</b>

\*The portion of regulatory adjustments not deducted from Tier 2 Capital (as the 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 Capital Adequacy Framework (Capital Components).

The breakdown of risk-weighted assets of the Group and the Bank in the various risk categories are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2016</b>	<b>31 March 2016 (Restated)</b>	<b>31 December 2016</b>	<b>31 March 2016 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	799,150	1,107,660	993,757	1,123,172
Market risk	58,291	52,532	40,541	35,866
Operational risk	538,062	559,382	290,731	309,658
	<b>1,395,503</b>	<b>1,719,574</b>	<b>1,325,029</b>	<b>1,468,696</b>

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**25. OPERATIONS OF ISLAMIC BANKING**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	Group and Bank	
		31 December 2016 RM'000	31 March 2016 RM'000
<b>ASSETS</b>			
Cash and short-term funds		298,135	287,034
Other receivables, deposits and prepayments		7,617	18,413
Deferred tax assets		292	296
Property and equipment		14	16
<b>TOTAL ASSETS</b>		<b>306,058</b>	<b>305,759</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Other liabilities	25a	103,523	114,616
<b>TOTAL LIABILITIES</b>		<b>103,523</b>	<b>114,616</b>
<b>ISLAMIC BANKING FUNDS</b>			
Capital funds		30,000	30,000
Reserves		172,535	161,143
Islamic Banking Funds		202,535	191,143
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>306,058</b>	<b>305,759</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>-</b>	<b>6,663</b>

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

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

Group and Bank	Individual Quarter		Cumulative Quarter	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Income derived from investment of depositors' funds and others	703	617	2,130	2,212
Income attributable to depositors	(59)	(14)	(253)	(16)
Profit attributable to the Group and the Bank	644	603	1,877	2,196
Income derived from investment of Islamic banking funds	6,217	15,376	15,030	22,346
Direct costs	(20)	(19)	(87)	(68)
Total net income	6,841	15,960	16,820	24,474
Other operating expenses	(785)	(619)	(2,393)	(3,664)
Writeback of/(Allowance for) impairment on doubtful sundry receivables, net	7	-	11	(10)
Profit before taxation	6,063	15,341	14,438	20,800
Taxation	(1,035)	(1,527)	(3,046)	(2,859)
Profit after taxation	5,028	13,814	11,392	17,941

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

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

	<u>Non-distributable</u>	<u>Distributable</u>	
	<b>Capital Funds RM'000</b>	<b>Retained Earnings RM'000</b>	<b>Total RM'000</b>
<b>Group and Bank</b>			
<b>At 1 April 2015</b>	30,000	141,506	171,506
Profit for the financial period	-	17,941	17,941
<b>At 31 December 2015</b>	<b>30,000</b>	<b>159,447</b>	<b>189,447</b>
<b>At 1 April 2016</b>	30,000	161,143	191,143
Profit for the financial period	-	11,392	11,392
<b>At 31 December 2016</b>	<b>30,000</b>	<b>172,535</b>	<b>202,535</b>

**25a. OTHER LIABILITIES**

	<b>Group and Bank</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Trade payables	7,691	1,105
Other payables and accruals	969	1,006
Amount due to head office	56,753	77,525
Provision for taxation	38,110	34,980
	<b>103,523</b>	<b>114,616</b>

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

**25b. CAPITAL ADEQUACY**

i) The capital adequacy ratios of the operations of Islamic banking of the Group and the Bank are as follows:

	<b>31 December 2016</b>	<b>31 March 2016</b>
CET 1 capital ratio	178.835%	162.361%
Tier 1 capital ratio	178.835%	162.361%
Total capital ratio	178.835%	162.361%

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

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 ratios to be maintained under the guidelines are 4.5% for CET 1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

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

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

	<b>CCB</b>
<b>Calendar year 2016</b>	0.625%
<b>Calendar year 2017</b>	1.25%
<b>Calendar year 2018</b>	1.875%
<b>Calendar year 2019 onwards</b>	2.50%

ii) The components of Capital, Tier 1 Capital and total Capital of the operations of Islamic banking of the Group and the Bank are as follows:

	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b><u>CET1 Capital</u></b>		
Capital Funds	30,000	30,000
Retained earnings	167,507	161,143
Less : Regulatory adjustments applied on CET1 Capital		
Deferred tax assets	(291)	(296)
<b>CET1 capital/ Tier 1 capital/ Total capital</b>	<b>197,216</b>	<b>190,847</b>

iii) The breakdown of risk weighted assets of the operations of Islamic banking of the Group and the Bank in the various risk categories are as follows:

	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Credit risk	67,249	77,154
Operational risk	43,029	40,392
<b>Total risk weighted assets</b>	<b>110,278</b>	<b>117,546</b>

## **26. PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2016**

The Group's profit before taxation for the nine months period ended 31 December 2016 of RM51.7 million was lower by RM43.7 million or 45.8% as compared to the corresponding nine months period ended 31 December 2015. The lower Group's profit before taxation was mainly due to lower brokerage fees and commission, corporate advisory, unit trust management fees and net income from Islamic banking business, allowance of provision for commitments and contingencies and a one-off gain on disposal of subsidiary in last corresponding period. This was partly offset by higher net interest income, fees on loans and securities and wealth management fees.

In the opinion of the directors, the results of operations of the Group for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature .

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

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

Ongoing infrastructure investments and capital expenditure in both manufacturing and services sectors will continue to boost investment activities. Export expansion will be constrained by external headwinds but will be cushioned by the weak ringgit and firmer commodity prices. The system's loans, deposits and capital markets are expected to grow at a moderate pace on the back of modest economic growth.

We are making good progress on the initial phase of our "Top4", four year strategy plan. Capital Markets continues to focus on aligning growth opportunities and targets with the 2017 National Budget key sectors. The Broking business aims to increase its outreach to retail and corporate clients via streamlined offerings through AmBank branches. Funds Management targets to launch feeder funds in the near term and endeavours to grow retail funds via attractive customer propositions.

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

## 28. VALUATION OF PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses (if any).

## 29. SIGNIFICANT EVENT

### Transfer of futures broking business from AmFutures Sdn Bhd ("AmFutures") to the Bank

During the current financial period, the Bank completed the acquisition of futures broking business ("the Business Transfer") from the Bank's wholly-owned subsidiary, AmFutures. The Business Transfer is part of the Group's internal restructuring plans to achieve operational efficiencies with the capital market intermediary activities undertaken through the Bank.

The Business Transfer which involved the acquisition of assets and liabilities of the futures broking business was completed on 16 August 2016 and the acquisition price was payable by cash amounting to approximately RM 23.2 million based on the book value of the net assets transferred.

The Business Transfer had been accounted for by the Bank via pooling of interests method. Under the pooling of interests method, the results and the financial position of the Business Transfer are included in the Bank's financial statements as if the Business Transfer had been effected prior to and throughout the current financial period/year.

The effect of pooling of interests method for the current financial period is as follows:

	<b>Bank</b> <b>RM'000</b>
Operating revenue	1,885
Interest income	806
Interest expense	(175)
Net interest income	631
Other operating income	1,404
Direct costs	(325)
Net income	1,710
Other operating expenses	(979)
Operating profit	731
Taxation	(185)
Profit for the period	546

The effect of pooling of interests method for the comparative period is disclosed in Note 31.

## 30. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK

### a) Disposal of MTrustee Berhad (formerly known as AmTrustee Berhad)

During the current financial period, on 23 June 2016, the Group completed the disposal of its 20% shareholding in MTrustee Berhad, previously classified as Asset held for sale, for a total cash consideration of RM2,283,076. The disposal resulted in a gain of RM0.5 million and RM2.2 million to the Group and Bank, respectively.

### b) Acquisition of fund management entities ("FMEs") from a related company, AmInvestment Group Berhad

During the current financial period, on 21 July 2016, the Bank acquired 100% equity interest in AmFunds Management Berhad and AmIslamic Funds Management Sdn Bhd, the FMEs of AmBank Group from a related company, AmInvestment Group Berhad. The acquisition was pursuant to the realignment of all capital markets related activities which are under the purview of Securities Commission Malaysia, of AmBank Group, under the Bank. The equity interest in these subsidiaries are acquired at their book values.

As the Bank and the FMEs above are entities under common control, the transaction has been accounted for via the pooling of interests method. Under the pooling of interests method, the results of both subsidiaries above, together with the assets and liabilities are included in the financial statements of the Group as if the merger had been effected prior to and throughout the current financial period/year.



**30. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK (CONT'D.)**

- b) Acquisition of fund management entities ("FMEs") from a related company, AmlInvestment Group Berhad (Cont'd.)

The effect of pooling of interests method for the current financial period is as follows:

	<b>Group RM'000</b>
Operating revenue	40,362
Interest income	773
Interest expense	-
Net interest income	773
Other operating income	39,589
Net income	40,362
Other operating expenses	(22,620)
Operating profit	17,742
Taxation	(4,414)
Profit for the period	13,328

The effect of pooling of interests method for the comparative period is disclosed in Note 31 below.

Other than disclosed as above, there are no other significant changes in the composition of the Group for the financial period ended 31 December 2016.

**31. RESTATEMENT OF COMPARATIVE INFORMATION**

The following comparative figures have been restated arising from the effect of pooling of interests method as mentioned in Note 29 and 30 above.

**(i) Reconciliation of statements of financial position as at 31 March 2016**

	<b>As previously reported</b>	<b>Effect of pooling of interests method</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>			
Cash and short-term funds	465,737	94,568	560,305
Deferred tax assets	4,542	2,563	7,105
Other assets	729,250	24,081	753,331
Property and equipment	21,356	1,098	22,454
Intangible assets	2,583	39,163	41,746
Other liabilities	697,890	19,492	717,382
Reserves	319,135	141,981	461,116
<b>Bank</b>			
Cash and short-term funds	436,104	22,431	458,535
Other assets	702,471	22,004	724,475
Property and equipment	21,348	9	21,357
Intangible assets	2,542	40	2,582
Other liabilities	676,253	21,863	698,116
Reserves	301,823	22,621	324,444

**31. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)**

**(ii) Reconciliation of statement of profit or loss**

<b>Group</b>	<b>As previously reported</b>	<b>Effect of pooling of interests method</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>For the cumulative quarter ended 31 December 2015</b>			
Operating revenue	158,180	103,686	261,866
Interest income	33,175	1,516	34,691
Other operating income	130,439	102,169	232,608
Other operating expenses	(87,810)	(53,007)	(140,817)
Taxation	(11,192)	(13,321)	(24,513)
<b>For the individual quarter ended 31 December 2015</b>			
Operating revenue	51,867	34,190	86,057
Interest income	8,800	526	9,326
Other operating income	38,211	33,663	71,874
Other operating expenses	(31,445)	(16,770)	(48,215)
Taxation	(6,312)	(2,526)	(8,838)
<b>Bank</b>			
<b>For the cumulative quarter ended 31 December 2015</b>			
Operating revenue	143,529	3,496	147,025
Interest income	31,318	1,310	32,628
Interest expense	(24,669)	(286)	(24,955)
Other operating income	117,357	2,889	120,246
Direct costs	(29,636)	(703)	(30,339)
Other operating expenses	(83,266)	(2,714)	(85,980)
Provision for doubtful receivables, net	(129)	33	(96)
Taxation	(10,915)	(133)	(11,048)
<b>For the individual quarter ended 31 December 2015</b>			
Operating revenue	50,551	1,321	51,872
Interest income	7,997	565	8,562
Interest expense	(5,573)	(139)	(5,712)
Other operating income	37,587	979	38,566
Direct costs	(11,007)	(223)	(11,230)
Other operating expenses	(30,115)	(852)	(30,967)
Writeback of impairment on doubtful receivables, net	110	24	134

31. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)

(iii) Reconciliation of statements of changes in equity

	As previously reported RM'000	Effect of pooling of interests method RM'000	As restated RM'000
<b>Group</b>			
<b>As at 31 March 2016</b>			
Merger reserve	7,656	141,981	149,637
<b>As at 31 December 2015</b>			
Merger reserve	7,656	130,697	138,353
<b>As at 31 March 2015</b>			
Merger reserve	7,656	137,420	145,076
<b>Bank</b>			
<b>As at 31 March 2016</b>			
Merger reserve	-	22,621	22,621
<b>As at 31 December 2015</b>			
Merger reserve	-	22,825	22,825
<b>As at 31 March 2015</b>			
Merger reserve	-	22,428	22,428

(iv) Reconciliation of condensed statements of cash flows for the financial period ended 31 December 2015

	As previously reported RM'000	Effect of pooling of interests method RM'000	As restated RM'000
<b>Group</b>			
Profit before taxation	44,702	50,680	95,382
Adjustments for non-operating and non-cash items	(10,112)	835	(9,277)
(Increase)/decrease in operating assets	183,300	(9,362)	173,938
Increase/(decrease) in operating liabilities	(613,221)	(15,556)	(628,777)
Net cash generated from investing activities	6,611	675	7,286
Dividend paid by the fund management entities	-	(44,000)	(44,000)
<b>Bank</b>			
Profit before taxation	35,508	530	36,038
Adjustments for non-operating and non-cash items	(868)	(5)	(873)
(Increase)/decrease in operating assets	207,498	(24,106)	183,392
Increase/(decrease) in operating liabilities	(633,119)	24,579	(608,540)
Net cash used in investing activities	(3,653)	(4)	(3,657)

**31. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)**

**(v) Capital adequacy ratios as at 31 March 2016**

<b>Group</b>	<b>As previously reported</b>	<b>Effect of pooling of interests method</b>	<b>As restated</b>
<b>Before deducting proposed dividends</b>			
Common Equity Tier 1 ("CET 1") Capital Ratio	34.669%	0.753%	35.422%
Tier 1 Capital Ratio	34.669%	0.753%	35.422%
Total Capital Ratio	34.946%	0.713%	35.659%
<b>After deducting proposed dividends</b>			
CET 1 Capital Ratio	32.352%	1.093%	33.445%
Tier 1 Capital Ratio	32.352%	1.093%	33.445%
Total Capital Ratio	32.630%	1.052%	33.682%
<b>Bank</b>			
<b>Before deducting proposed dividends</b>			
Common Equity Tier 1 ("CET 1") Capital Ratio	33.574%	0.767%	34.341%
Tier 1 Capital Ratio	33.574%	0.767%	34.341%
Total Capital Ratio	33.574%	0.767%	34.341%
<b>After deducting proposed dividends</b>			
CET 1 Capital Ratio	31.204%	0.822%	32.026%
Tier 1 Capital Ratio	31.204%	0.822%	32.026%
Total Capital Ratio	31.204%	0.822%	32.026%