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AMMB HOLDINGS BERHAD
(Company No: 223035-V)
(Incorporated in Malaysia under the Companies Act, 1965)

INFORMATION MEMORANDUM

**IN RELATION TO THE PROPOSED ISSUE, OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR
INVITATION TO SUBSCRIBE FOR OR PURCHASE OF UP TO RM10.0 BILLION NOMINAL
VALUE OF TIER 2 SUBORDINATED NOTES PURSUANT TO A SUBORDINATED NOTES
PROGRAMME**

Principal Adviser, Lead Arranger and Lead Manager



AmInvestment Bank Berhad
(Company No. 23742-V)

This Information Memorandum is dated 15 December 2016

ELECTRONIC DISCLAIMER

STRICTLY PRIVATE AND CONFIDENTIAL

Attached please find an electronic copy of the Information Memorandum dated 15 December 2016 (“**Information Memorandum**”), in relation to the issuance of Tier 2 subordinated notes (“**Notes**”) by AMMB Holdings Berhad (“**AMMB**” or “**Issuer**”) pursuant to subordinated notes programme of up to RM10.0 billion in nominal value (“**Programme**”), which Notes are intended to qualify as Tier 2 capital of AMMB for the purposes of the Capital Adequacy Framework (Capital Components) (“**CA Framework**”) dated 13 October 2015.

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The Information Memorandum is not a prospectus and has not been registered nor will it be registered as a prospectus under the Capital Markets and Services Act, 2007 as amended from time to time (“**CMSA**”). At issuance, the Notes may only be offered, sold, transferred or otherwise disposed off directly or indirectly to a person to whom an offer or invitation to subscribe to the Notes and to whom the Notes are issued would fall within Part I of Schedule 6 (or Section 229(1)(b)) and Part I of Schedule 7 (or Section 230(1)(b)), read together with Schedule 9 (or Section 257(3)) of the CMSA. Thereafter, the Notes may only be offered, sold, transferred or otherwise disposed off directly or indirectly to a person to whom an offer or invitation to purchase the Notes would fall within Part I of Schedule 6 (or Section 229(1)(b)), read together with Schedule 9 (or Section 257(3)) of the CMSA.

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IMPORTANT NOTICE

AMMB Holdings Berhad ("**AMMB**" or "**Issuer**") has prepared this Information Memorandum, which is being provided on a confidential basis to potential investors in relation to the issuance of Tier 2 subordinated notes ("**Notes**") pursuant to a subordinated notes programme of up to RM10.0 billion in nominal value ("**Programme**").

AMMB as the Issuer and its board of directors respectively accept full responsibility for this Information Memorandum which includes the information and the accuracy of the information contained in this Information Memorandum. The Issuer, after having made all reasonable enquiries, confirm that this Information Memorandum contains all information with respect to the Issuer, which is material in the context of the issuance of the Notes pursuant to the Programme, of which the Notes are intended to qualify as Tier 2 capital of the Issuer for the purposes of the CA Framework.

The opinions and intentions expressed in this Information Memorandum in relation to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and there are no other facts in relation to the Issuer or the Programme which would, in the context of any Note issuance, make any statement or information in this Information Memorandum false or misleading or from which there is a material omission and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such statements and information and statements. No representation, warranty or undertaking, express or implied, is made such that the information remains unchanged in any respect as of any date or dates after those stated herein, with respect to any matter concerning the Issuer or any statement made in this Information Memorandum.

GENERAL STATEMENT OF DISCLAIMER

This Information Memorandum is being furnished on a private and confidential basis solely for the purpose of enabling prospective investors to consider the purchase or subscription of the Notes. This Information Memorandum is not intended to be a prospectus.

None of the information contained in this Information Memorandum has been independently verified by AmInvestment Bank Berhad (Company No. 23742-V) ("**AmInvestment Bank**") as the Principal Adviser ("**PA**"), the Lead Arranger ("**LA**") and the Lead Manager ("**LM**") in relation to the Programme. Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the PA/LA/LM as to the authenticity, origin, validity, accuracy or completeness of such information or that the information remains unchanged in any respect after the relevant date or dates shown in this Information Memorandum. The PA/LA/LM have not accepted and will not accept any responsibility for the information contained in this Information Memorandum or otherwise in relation to the Programme and to the extent permitted by the law, shall not be liable for any consequences of any person's reliance on any of the information in this Information Memorandum.

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This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Notes or any other securities of any kind by any party in any Foreign Jurisdiction.

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By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that (a) it will keep confidential all of such information, (b) it is lawful for the recipient to subscribe for or purchase the Notes under all jurisdictions to which the recipient is subject, (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Notes, (d) the Issuer and the PA/LA/LM and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject to as a result of such subscription or purchase of the Notes, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Notes is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Notes can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant Selling Restrictions (as defined below) and all applicable laws, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Notes, and is able and is prepared to bear the economic and financial risks of subscribing for or purchasing the Notes, (g) it is subscribing for or accepting the Notes for its own account or as an agent, and (h) it is a person to whom an issue, offer or invitation to subscribe or purchase the Notes would constitute an excluded offer or excluded issue as specified in Part I of Schedule 6 or Section 229(1)(b) and Part I of Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time, at issuance, and Part I of Schedule 6 or Section 229(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA thereafter ("**Selling Restrictions**").

Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subjected. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe for or to purchase the Notes in relation to any recipient who does not fall within the Selling Restrictions.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Notes is not, and should not be construed as, a recommendation by the Issuer and/or the PA/LA/LM to subscribe or purchase the Notes. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Notes and all other relevant matters, and each recipient should consult its own professional advisers. The information herein is subject to the detailed provisions of the respective documents referred to herein and is qualified in its entirety by reference to such documents.

Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof. Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. None of the PA/LA/LM nor any other advisers to the Programme undertake to review the financial condition or affairs of the Issuer or to advise any investor of the Notes of any information coming to their attention.

This Information Memorandum includes forward-looking statements and reflects projections of future events which may or may not prove to be correct. All of these statements are based on estimates and assumptions made by the Issuer and its advisers and although believed to be reasonable, are subject to risks and uncertainties that may cause actual events or future results to be materially different than expected or indicated by such statements and estimates, and no assurance can be given that any such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer, its advisers or any other persons that the future events as anticipated by the Issuer will occur. Any such statements are not guarantees of performance and involve risks and uncertainties many of which are beyond the control of the Issuer.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other third parties with respect to the Malaysian economy, the material businesses which the Issuer operate and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources.

All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and totals thereof are due to, and certain numbers appearing in this Information Memorandum are shown after rounding. Where this Information Memorandum contains or refers to a summary of a document or agreement, the summary is not meant to be exhaustive. The contents of the summary may be subject to some other provisions in the relevant document or agreement.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (i) the most recently published audited annual financial statements and, if published later, the most recently published interim financial statements of the Issuer (if any);
- (ii) all supplements or amendments to this Information Memorandum circulated by the Issuer, if any, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum;
- (iii) any pricing supplements prepared and issued in relation to an issuance of the Notes under the Programme, and
- (iv) all announcements of the Issuer at Bursa Malaysia Securities Berhad's website, where applicable.

ACKNOWLEDGEMENT

The Issuer hereby acknowledges that it has authorised the PA/LA/LM to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed issue, offer or invitation to subscribe for or purchase the Notes to prospective investors and that no further evidence of authorisation is required.

STATEMENTS OF DISCLAIMER – SECURITIES COMMISSION

A copy of this Information Memorandum will be deposited with the Securities Commission Malaysia (“SC”) who takes no responsibility for its contents.

The issue, offer or invitation to subscribe for or purchase the Notes in this Information Memorandum or otherwise is subject to the fulfilment of various conditions precedent including, without limitation, the lodgement of the documents and information relating to the Notes and the Programme with the SC in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (“**Lodge and Launch Framework**”).

The Issuer has/had on or about the date of this Information Memorandum lodged the documents and information relating to the Notes and the Programme with the SC in accordance with the Lodge and Launch Framework. Please note that lodgement to the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Notes under the Programme.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

EACH ISSUANCE OF THE NOTES WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH ISSUANCE OF THE NOTES BASED ON ITS MERITS AND RISKS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THEIR INVESTMENT IN THE NOTES.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR SUBSCRIBING FOR THE NOTES.

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For the purpose of this Information Memorandum unless otherwise indicated, the following definitions shall apply:

Act	:	The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
AMMB or the Issuer	:	AMMB Holdings Berhad (Company No. 223035-V)
AMMB Group or AmBank Group or the Group	:	AMMB and its subsidiaries
AmBank	:	AmBank (M) Berhad (Company No. 8515-D)
Amcorp	:	Amcorp Group Berhad (Company No. 1166-T)
AmBank Islamic	:	AmBank Islamic Berhad (Company No. 295576-U)
AmGeneral Insurance	:	AmGeneral Insurance Berhad (Company No. 44191-P)
AmInvestment Bank	:	AmInvestment Bank Berhad (23742-V)
ANZ	:	Australia and New Zealand Banking Group Limited (Company No. 005 357 522)
ANZ Funds	:	ANZ Funds Pty Ltd (Company No. 004 594 343), a wholly-owned subsidiary of ANZ
ATMs	:	Automated Teller Machines
Basel III	:	“Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems” and “Basel III: International Framework for Liquidity Risk Management, Standards and Monitoring” published by BCBS on 16 December 2010 and on 13 January 2011, BCBS issued a press release entitled “Basel Committee issues final elements of the reforms to raise the quality of regulatory capital”
BCBS	:	Basel Committee on Banking Supervision
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of AMMB
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CA Framework	:	The Capital Adequacy Framework (Capital Components) issued by BNM on 13 October 2015, which supersedes the Capital Adequacy Framework (Capital Components) issued by BNM on 28 November 2012
CMSA	:	The Capital Markets and Services Act, 2007 as amended from time to time
FSA	:	The Financial Services Act, 2013 as amended from time to time
FX	:	Foreign exchange

FYE or FY	:	Financial Year Ended / Financial Year Ending
GST	:	Goods and Services Tax
IFSA	:	The Islamic Financial Services Act, 2013 as amended from time to time
IT	:	Information Technology
Kurnia	:	Kurnia Insurance Malaysia Berhad
Notes or Subordinated Notes	:	The Tier 2 subordinated notes
Programme	:	The subordinated notes programme of up to RM10.0 billion in nominal value
NPL	:	Non-performing loans, impaired loans, advances and financing
PAT	:	Profit after tax and zakat (where applicable)
PBT	:	Profit before tax and zakat (where applicable)
PDS	:	Private debt securities
Principal Subsidiaries	:	The principal subsidiaries of AMMB namely: (i) AmBank; (ii) AmInvestment Bank; and (iii) AmBank Islamic
RAM Rating	:	RAM Rating Services Berhad (Company No. 763588-T)
RM	:	Ringgit, the lawful currency of Malaysia
SC	:	The Securities Commission of Malaysia
SMEs	:	Small and Medium Enterprises
Transaction Documents	:	The Transaction Documents shall include the following: (i) Trust Deed; (ii) Programme Agreement; (iii) Subscription Agreement (where applicable); (iv) Securities Lodgement Form; and (v) Any other relevant documents to be agreed between the parties that may be required to complete the establishment of the Programme and/or the issuance of the Subordinated Notes.
Trustee	:	Malaysian Trustees Berhad

All references to “we”, “us”, “our” and any derivative thereof in this Information Memorandum refer to AMMB.

TABLE OF CONTENTS

1.0	EXECUTIVE SUMMARY	1
1.1	Introduction	1
1.2	Background Information on the Issuer	1
1.3	Brief Background of the Principal Subsidiaries	1
1.4	Description of the Transaction and Structure of the Programme.....	2
1.5	Details of Utilisation of Proceeds.....	2
1.6	Rating of the Programme	2
1.7	Selling Restrictions	2
1.8	BNM Approval	3
1.9	Conflict of Interest and Appropriate Mitigating Measures	3
2.0	THE PRINCIPAL TERMS AND CONDITIONS OF THE PROGRAMME	5
3.0	INVESTMENT CONSIDERATIONS	21
3.1	Considerations Relating to the Subordinated Notes Generally.....	21
3.2	Considerations Relating to AMMB Group	22
3.3	Considerations Relating to the Notes and the Programme.....	28
3.4	Forward-Looking Statements	35
4.0	DESCRIPTION OF THE ISSUER	36
4.1	History and Background Information on AMMB	36
4.2	Corporate Information	36
4.3	Corporate Structure	43
4.4	Information on Directors and Senior Management	45
5.0	DESCRIPTION OF THE PRINCIPAL SUBSIDIARIES	63
5.1	AmBank.....	63
5.2	AmInvestment Bank	64
5.3	AmBank Islamic.....	65
6.0	AMMB GROUP'S BUSINESS	67
6.1	Retail Banking	67
6.2	Wholesale Banking.....	70
6.3	Islamic Banking	74
6.4	Insurance.....	76
6.5	Competitive Strengths	77
6.6	Business Plan and Strategy	79
7.0	FINANCIAL AND OTHER MATERIAL INFORMATION	81
7.1	Financial Highlights	81

7.2	Commentaries on Past Performances of AMMB Group	84
7.3	Capital Adequacy	85
7.4	Asset Quality	86
8.0	RISK MANAGEMENT FRAMEWORK	89
9.0	INDUSTRY OVERVIEW.....	90
9.1	Malaysian Economy - Economy continues to record a steady growth.....	90
9.2	Monetary and Financial Developments	90
10.0	OTHER INFORMATION	93
10.1	Material Contracts	93
10.2	Material Litigation	93
10.3	Commitments and Contingent Liabilities	93
APPENDIX 1	AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 AND 31 MARCH 2016	
APPENDIX 2	UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016	

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1.0 EXECUTIVE SUMMARY

This Executive Summary is a summary of information on the Programme. Investors should read and understand this Information Memorandum in its entirety prior to deciding whether or not to invest in the Notes. The Executive Summary should be read in conjunction with the full text of this Information Memorandum.

1.1 Introduction

The Issuer proposes to undertake a financing exercise via the issuance of the Notes of up to RM10.0 billion in nominal value under the Programme.

1.2 Background Information on the Issuer

AMMB is a public listed company incorporated in Malaysia on 15 August 1991. It became the holding company of the Arab-Malaysian Banking Group and assumed the listing status of AMMB in 1991.

The principal activity of AMMB is that of an investment holding company while the AMMB Group is principally engaged in 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 services.

As at 15 October 2016, the authorised share capital of AMMB is RM5,200,000,000.00 divided into 5,000,000,000 ordinary shares of RM1.00 each and 200,000,000 converting preference shares of RM1.00 each with an issued and paid up capital of RM3,014,184,844.00 comprising 3,014,184,844 ordinary shares of RM1.00 each.

More detailed information on the Issuer is set out under Section 4 of this Information Memorandum.

1.3 Brief Background of the Principal Subsidiaries

AmBank, AmInvestment Bank and AmBank Islamic are the Principal Subsidiaries of the Issuer which are wholly owned by the Issuer.

AmBank

AmBank was incorporated as a public limited company under the Act on 25 March 1969. AmBank is principally engaged in the business of a licensed commercial bank. As at 15 October 2016, the authorised share capital of AmBank is RM3,886,250,002.00 divided into 1,386,250,002 ordinary shares of RM1.00 each and 2,500,000,000 irredeemable non-cumulative convertible preference shares of RM1.00 each, with an issued and paid up capital of RM820,363,762.00 comprising 820,363,762 ordinary shares of RM1.00 each.

AmInvestment Bank

AmInvestment Bank was incorporated as a private limited company under the Act on 5 August 1975 and subsequently converted to a public company on 16 August 1976. AmInvestment Bank is principally engaged in the business of investment banking. As at 15 October 2016, the authorised share capital of AmInvestment is RM2,000,000,000.00 divided into 1,900,000,000 ordinary shares of RM1.00 each and 100,000,000 non-cumulative convertible preference shares of RM1.00 each, with an issued and paid up capital of RM200,000,000.00 comprising 200,000,000 ordinary shares of RM1.00 each.

AmBank Islamic

AmBank Islamic is a public limited company incorporated under the Act on 14 April 1994. AmBank Islamic provides Islamic retail and commercial banking products and services in

accordance to Shariah principles. As at 15 October 2016, the authorised share capital of AmBank Islamic is RM2,000,000,000.00 comprising 2,000,000,000 ordinary shares of RM1.00 each, of which 462,922,000 ordinary shares of RM1.00 each have been issued and are fully paid-up.

More detailed information on the Principal Subsidiaries is set out under Section 5 of this Information Memorandum.

1.4 Description of the Transaction and Structure of the Programme

The Issuer proposes to implement a subordinated notes programme of up to RM10.0 billion in nominal value ("**Programme**") to allow the issuance of Ringgit denominated subordinated notes ("**Notes**") by the Issuer. The Notes are intended to qualify as Tier 2 capital under the CA Framework.

Tenure of the Programme

The tenure of the Programme shall be thirty (30) years from the date of first issue under the Programme.

Tenure of the Notes

Subject to the Call Option (as defined in Section 2 of this Information Memorandum), each issuance of Notes shall have a tenure of at least five (5) years from the issue date of each Note provided that the Notes mature on or prior to the expiry of the Programme.

Details of the principal terms and conditions of the Programme are set out in Section 2 of this Information Memorandum.

1.5 Details of Utilisation of Proceeds

The proceeds of the Notes shall be made available for the Issuer's working capital, refinancing of its existing borrowings, on-lending to the Issuer's subsidiaries, investment into the Issuer's subsidiaries and other corporate purposes.

1.6 Rating of the Programme

As at the date of this Information Memorandum, RAM Rating has assigned a final rating of A₁ for the Notes.

1.7 Selling Restrictions

At issuance

The Notes shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons, whether as principal or agent, falling within any one of the categories of persons specified in Part 1 of Schedule 6 (or Section 229(1)(b)) of the CMSA and Part 1 of Schedule 7 (or Section 230(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA.

After issuance

The Notes shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons, whether as principal or agent, falling within any one of the categories of persons specified in Part 1 of Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA.

1.8 BNM Approval

Approval from BNM has been obtained for the establishment of the Programme vide its letter dated 13 October 2016.

1.9 Conflict of Interest and Appropriate Mitigating Measures

AmlInvestment Bank

Save as disclosed below, AmlInvestment Bank is not aware of any circumstances that would give rise to a conflict of interest in its capacity as the Principal Adviser, Lead Arranger/Lead Manager and Facility Agent for the Programme.

AmlInvestment Bank is a wholly-owned subsidiary of AMMB. As such, AMMB and AmlInvestment Bank are related corporations.

Potential conflict of interest may arise on the part of AmlInvestment Bank in terms of duties owed to potential investors on the one hand and its relationship with AMMB on the other.

As mitigating measures and to address the potential conflict of interest set out above, the following measures have been taken:

- the potential conflict of interest situation has been brought to the attention of the Board and hence the Board is fully aware of the same. The Board has confirmed that having considered the above situation, they are agreeable to proceed with the appointment of AmlInvestment Bank as the Principal Adviser, the Lead Arranger, Lead Manager and Facility Agent of the Programme;
- Messrs. Adnan Sundra & Low acting as an independent legal counsel for AmlInvestment Bank, has been appointed to conduct a legal due diligence inquiry on AMMB;
- Malaysian Trustees Berhad has been appointed as trustee in respect of the Programme; and
- the Notes may be issued by way of direct/private placement or bought deal basis or book building whereby pricing of the Notes will be market-driven.

Notwithstanding the aforementioned, AmlInvestment Bank, in all its appointed roles in respect of the Programme, has considered the factors involved and believes that objectivity and independence in carrying out its various roles have been and will be maintained at all times for the following reasons:

- AmlInvestment Bank is a licensed investment bank and its appointment as the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent in respect of the Programme is in the ordinary course of its business;
- The conduct of AmlInvestment Bank is regulated strictly by FSA and CMSA, and AmlInvestment Bank has in place its own internal policies, controls and checks with regard to transactions involving its related corporations; and
- Save for the professional fees charged in relation to its appointed roles as the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent for the Programme, AmlInvestment Bank will not be deriving any other monetary benefits from the Programme outside its aforesaid capacities.

Messrs Adnan Sundra & Low

After making enquiries as were reasonable in the circumstances, Messrs Adnan Sundra & Low has confirmed that it is not aware of any circumstances that would give rise to a conflict of

interest or potential conflict of interest situation in its capacity as the solicitors in relation to the Programme.

Malaysian Trustees Berhad

After making enquiries as were reasonable in the circumstances, Malaysian Trustees Berhad has confirmed that it is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation in its capacity as the trustee in relation to the Programme.

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2.0 THE PRINCIPAL TERMS AND CONDITIONS OF THE PROGRAMME

The principal terms and conditions of the Subordinated Notes Programme as per the lodgement made to the SC are set out below. Words and expressions used and defined in this Section 2.0, in the event of any inconsistency with the definition section of this Information Memorandum, shall only be applicable for this Section 2.0.

- | | | | |
|------|---|---|---|
| (1) | Name of facility | : | Subordinated Notes Programme of up to RM10.0 billion in nominal value (" Programme "). |
| (2) | One-time issue or programme | : | Programme. |
| (3) | Shariah principles (for sukuk) | : | Not applicable. |
| (4) | Facility description (for Ringgit-denominated sukuk, to provide description as cleared by SC) | : | <p>Subordinated Notes Programme for the issuance of Tier 2 Subordinated Notes ("Subordinated Notes" or the "Notes").</p> <p>The Subordinated Notes will qualify as Tier 2 capital of the Issuer as approved by BNM, for purposes of the Capital Adequacy Framework (Capital Components) issued on 13 October 2015 ("Framework").</p> |
| (5) | Currency | : | Ringgit Malaysia (" MYR "). |
| (6) | Expected facility/programme size (for programme, to state the option to upsize) | : | Up to MYR10,000,000,000.00. |
| (6A) | Option to Upsize | : | Yes. |
| (7) | Tenure of facility/programme | : | <u>Tenure of the Programme</u>
Thirty (30) years. |
| (8) | Availability period for debt/ sukuk programme | : | The period from compliance (or waiver, as the case may be) of all conditions precedent for the establishment of the Programme to the satisfaction of the Lead Arranger, so long as the tenure of each tranche of Subordinated Notes issued do not extend beyond the expiry of the tenure of the Programme. |
| (9) | Clearing and settlement platform | : | Malaysian Electronic Clearing Corporation Sdn Bhd (" MyClear "). |
| (10) | Mode of issue | : | <ul style="list-style-type: none"> • Direct placement • Private placement • Bought deal • Book building • Other: |

The Notes may be issued via direct/private placement or bought deal basis or book building on a best efforts basis without prospectus.

The Notes shall be issued in accordance with: (1) the Participation and Operation Rules for Payments and Securities Services issued by MyClear ("**MyClear Rules**"); and (2) the Operational Procedures for Securities Services and the

Operational Procedures for Real Time Electronic Transfer of Funds and Securities (RENTAS) (collectively the "**MyClear Procedures**"), or their replacement thereof (collectively the "**MyClear Rules and Procedures**") applicable from time to time.

(11) Selling Restrictions

- : • Part I of Schedule 6 of the CMSA
- Part I of Schedule 7 of the CMSA
- Read together with Schedule 9 of the CMSA

Other:

Selling Restrictions at Issuance

The Notes shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons, whether as principal or agent, falling within any one of the categories of persons specified in Part 1 of Schedule 6 (or Section 229(1)(b)) of Capital Markets and Services Act, 2007, as amended or substituted from time to time ("**CMSA**") and Part 1 of Schedule 7 (or Section 230(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA.

Selling Restrictions Thereafter

The Notes shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons, whether as principal or agent, falling within any one of the categories of persons specified in Part 1 of Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA.

(12) Tradability and transferability

: Tradable and transferable.

(13) Details of security/collateral pledged, if applicable

: Unsecured.

(14) Details of guarantee, if applicable

: Not guaranteed.

(15) Convertibility of Issuance

: Non-convertible.

(16) Exchangeability of Issuance and details of the exchangeability

: Non-exchangeable.

(17) Call option and details, if applicable

: Each tranche of Subordinated Notes may have a call option ("**Call Option**") (to be determined prior to each issuance). Under the Call Option, if applicable for the relevant tranche, the Issuer shall have the option to redeem that tranche of Notes (in whole or in part) on the Call Date (as defined below) of that tranche at their principal amount together with accrued but unpaid coupon (if any) subject to

the Redemption Conditions (as defined in clause (27) below) being satisfied.

In the case of a partial redemption of a tranche of Notes, the selection of the Notes to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) shall deem to be fair and appropriate.

“**Call Date**” is defined as any coupon payment date after a minimum period of five (5) years from the date of issue of that tranche of Subordinated Notes.

- (18) Put option and details, if applicable : Not applicable.
- (19) Details of covenants : The Issuer shall comply with such applicable covenants as may be advised by the solicitors and/or which are required in order to comply with the Trust Deeds Guidelines issued by the SC (“**Trust Deeds Guidelines**”), including but not limited to the following:

Positive Covenants:

- (i) The Issuer shall keep proper books and accounts at all times and to provide the Trustee and any person appointed by it access to such books and accounts to the extent permitted by law;
- (ii) The Issuer shall at all times maintain its corporate legal existence and exercise reasonable diligence in carrying out its respective business and affairs in a proper and efficient manner and will ensure, amongst others, that all necessary approvals or relevant licences required for it to carry on its business are obtained;
- (iii) The Issuer shall at all times maintain a paying agent with a specified office in Malaysia; and
- (iv) The Issuer will procure that the paying agent shall notify the Trustee, through the Facility Agent, if the paying agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the terms and conditions of the Notes;

Information Covenants:

- (i) The Issuer shall deliver to the Trustee a copy of its annual audited financial statements within 180 days after the end of each of its financial year, its semi-annual unaudited financial statements within 90 days after the end of each half of its financial year and any other accounts, balance sheet, report, notice, statement,

circular or other documents issued by the Issuer to its shareholders;

- (ii) The Issuer shall no later than 180 days after the end of each of its financial year, deliver to the Trustee a certificate signed by an authorised signatory of the Issuer, certifying that the Issuer has complied with and performed its obligations under the Trust Deed and the terms and conditions of the Notes and the other Transaction Documents (as defined in clause (30)(k) (below) and that there did not exist and there had not at any time existed, from the issue date of the Notes, any event of default and if such is not the case, the certificate should specify the same;
- (iii) The Issuer shall promptly provide to the Trustee any information relating to its affairs to the extent permitted by law, as the Trustee may from time to time reasonably require in order to discharge its duties and obligations as Trustee under the Trust Deed and the other Transaction Documents; and
- (iv) The Issuer shall immediately notify the Trustee in the event that the Issuer becomes aware of the following:
 - (a) the occurrence of any event of default; or the occurrence of any event that has caused or could cause one or more of the following: (a) any amount payable under the Notes becomes immediately payable; (b) the Notes become immediately enforceable; or (c) any other rights or remedies under the terms and conditions of the Notes or the Trust Deed to become immediately enforceable;
 - (b) any circumstance that has occurred or any other matter that may materially prejudice the ability of the Issuer to perform its obligations under the Transaction Documents or in respect of the Notes;
 - (c) any substantial change in the nature of the business of the Issuer;
 - (d) any change in the utilisation of proceeds from the Notes from that set out in the lodgement to the SC, the Information Memorandum or any of the Transaction Documents which sets out a specific purpose for which proceeds are to be utilised; and
 - (e) any change in the Issuer's withholding tax position or taxing jurisdiction; and

- (f) any other matters that may materially prejudice the interests of the holders of the Notes.

Negative Covenants:

No negative covenant.

Finance Covenants:

No financial covenant.

(20) Details of designated account(s), if applicable, including:

- (a) names of account : Not applicable.
- (b) parties responsible for opening the account : Not applicable.
- (c) parties responsible for maintaining/operating the account : Not applicable.
- (d) signatories to the account : Not applicable.
- (e) sources and utilisation of funds : Not applicable.
- (f) diagram illustrating the flow of monies and conditions for disbursements : Not applicable.

- (21) Name of credit rating agency; credit rating (state whether final or indicative) and amount rated, if applicable :
- (i) Credit Rating Agency - RAM Rating Services Berhad (Company No. 763588- T).
 - (ii) Credit rating - A1.
 - (iii) Final/ Indicative rating – Final.
 - (iv) Amount rated – MYR10,000,000,000.00.

- (22) Conditions precedent :
- Conditions precedent for issuance of the Notes shall include but are not limited to the following (all of which shall be in form and substance acceptable to the Lead Arranger):

A. Main Documentation

- (i) The Transaction Documents have been executed and, where applicable, stamped or endorsed as exempted from stamp duty under the relevant legislation and presented for registration.

B. The Issuer

- (i) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer;
- (ii) Certified true copies of the latest Forms 24, 44 and 49 of the Issuer;
- (iii) A certified true copy of a board resolution of the Issuer authorising, amongst others, the

establishment of the Programme and the execution of the relevant Transaction Documents;

- (iv) A list of the Issuer's authorised signatories and their respective specimen signatures;
- (v) A report of the relevant company search conducted on the Issuer; and
- (vi) A report of the relevant winding-up search or the relevant statutory declaration of the Issuer (in form and substance acceptable to the Lead Arranger) signed by a director of the Issuer declaring that the Issuer is not wound-up and that no winding-up petition has been presented against the Issuer.

C. General

- (i) Evidence that the lodgement of the documents and information relating to the Programme in accordance with LOLA Framework issued by the SC has been made;
- (ii) Approval from BNM for the establishment of the Programme;
- (iii) Evidence that the Programme has been assigned a minimum rating of A1 by RAM Ratings;
- (iv) The Lead Arranger has received from the solicitors an acceptable legal opinion addressed to it advising with respect to, amongst others, the legality, validity and enforceability of the Transaction Documents and a confirmation addressed to it that all the conditions precedent have been complied with or waived (as the case may be); and
- (v) Such other conditions precedent as advised by the solicitors of the Lead Arranger and mutually agreed with the Issuer.

(23) Representations and warranties

: Representations and warranties typical and customary for a programme of this nature, which shall include but not limited to the following:

- (i) The Issuer is a company duly incorporated and validly existing under the laws of Malaysia;
- (ii) The Issuer has the power to enter into, exercise its rights under and perform its obligations under the Transaction Documents;
- (iii) The Issuer's entry into, exercise of its rights under and performance of the Transaction

Documents do not and will not violate any existing law or regulation;

- (iv) The Transaction Documents create valid and binding obligations which are enforceable on the Issuer;
- (v) All necessary actions, authorisations and consents required under the Transaction Documents have been taken, fulfilled and obtained and remain in full force and effect;
- (vi) Save as disclosed in the Information Memorandum, there is no litigation which would have a Material Adverse Effect (as defined below);
- (vii) The audited financial statements of the Issuer are prepared in accordance with generally accepted accounting principles and standards and represent true and fair view of its financial position;
- (viii) No step has been taken by the Issuer, its creditors or any of its shareholders or any other person on its behalf nor have any legal proceedings or applications been started or threatened under Section 176 of the Companies Act, 1965; and
- (ix) Such other representations and warranties as may be advised by the solicitor acting for the Lead Arranger.

For the purposes of this Lodgement Kit, “**Material Adverse Effect**” means any material adverse effect on the business of or condition (financial or otherwise) in relation to the Issuer or its results or operations or the ability of the Issuer to perform or comply with any of its obligations under any of the Transaction Documents (to which it is a party).

- (24) Events of defaults or enforcement events, : where applicable, including recourse available to investors

The events of default in relation to a tranche of the Subordinated Notes shall be:

- (i) if the Issuer defaults in payment of any principal or coupon under that tranche on the due date and the Issuer does not remedy such default within a period of seven (7) business days from the due date for payment; or
- (ii) an order is made for the winding-up of the Issuer and such order is not stayed or set aside within sixty (60) days of such order being made or, where so stayed, such stay lapses, or an effective resolution is passed for the winding-up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation the terms of which have been approved by the

holders of Subordinated Notes by way of a special resolution.

Upon the occurrence of item (i) above, subject to the terms of the Trust Deed of the Subordinated Notes, the Trustee may or shall (if directed to do so by a special resolution of the holders of the Subordinated Notes with a proper indemnification from such holders of the Notes) institute proceedings to enforce the payment obligations under that tranche of Subordinated Notes and may institute proceedings in Malaysia for the winding-up of the Issuer, provided that neither the Trustee nor any of the holders of that tranche of Subordinated Notes shall have the right to accelerate payment of that tranche of Subordinated Notes in the case of such default in the payment of amount owing under that tranche of Subordinated Notes or any default in the performance of any condition, provision or covenant under that tranche of Subordinated Notes or the Trust Deed of the Subordinated Notes.

Upon the occurrence of item (ii) above, subject to the terms of the Trust Deed of the Subordinated Notes, the Trustee may or shall (if directed to do so by a special resolution of the holders of Subordinated Notes with a proper indemnification from such holders of the Notes) declare (by giving written notice to the Issuer) that the Subordinated Notes together with all other sums payable under the Subordinated Notes shall immediately become due and payable at its nominal value together with the accrued but unpaid coupon (if any) notwithstanding the stated maturity of the Subordinated Notes.

For avoidance of doubt, the occurrence of event of default (i) above for any tranche of the Subordinated Notes will not trigger the event of default for any other tranches of the Subordinated Notes outstanding. However, occurrence of event of default (ii) above will trigger an event of default for all tranches of the Subordinated Notes outstanding.

- | | | |
|--|---|--|
| (25) Governing laws | : | Laws of Malaysia. |
| (26) Provisions on buy-back, if applicable | : | Subject to the prior approval of BNM (but which approval shall not be required for a purchase done in the ordinary course of business), the Issuer or any of its subsidiaries or related corporations or agents of the Issuer may at any time purchase the Subordinated Notes at any price in the open market or by private treaty provided no Non-Viability Event (as defined in clause (30)(n) below) has occurred prior to the date of such purchase. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the Subordinated Notes equally. |

The Subordinated Notes purchased by the Issuer or its subsidiaries or by agents of the Issuer shall be cancelled and shall not be resold.

The Subordinated Notes purchased by other related corporations (other than the Issuer's subsidiaries) or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer, need not be cancelled but they will not entitle such related corporations or interested person of the Issuer to vote under the terms of the Subordinated Notes subject to any exceptions in the Trust Deeds Guidelines.

For the purpose of this clause, the term "related corporation" has the meaning given to it in the Companies Act, 1965 and the term "ordinary course of business" includes those activities performed by the Issuer, any of the Issuer's subsidiaries, or agents of the Issuer or any other related corporations of the Issuer for third parties and excludes those performed for the funds of the Issuer or such related corporation.

For the avoidance of doubt, subject always to the requirements of the Trust Deeds Guidelines where the purchase of the Subordinated Notes by the Issuer or its subsidiaries or by agents of the Issuer shall be cancelled and shall not be resold, neither the Issuer nor an affiliated party over which it exercises control or significant influence can purchase the Subordinated Notes, nor can the Issuer directly or indirectly have financed its purchase, failing which the regulatory adjustments as set out in the Framework shall apply.

- (27) Provisions on early redemption, if : Call Option
applicable Please refer to clause (17) – "Call option and details, if applicable" above.

Regulatory Redemption

The Issuer may, at its option, redeem the Subordinated Notes (in whole or in part), as the case maybe, at its full nominal amount, together with accrued but unpaid interest (if any), subject to the Redemption Conditions being satisfied if a Regulatory Event (as defined below) occurs.

"Regulatory Event" means any time there is more than an insubstantial risk, as determined by the Issuer, that:

- (i) all or any part of the Subordinated Notes will, either immediately or with the passage of time or upon either the giving of notice or fulfilment of a condition, no longer qualify as Tier 2 capital of the Issuer for the purposes of BNM's capital adequacy requirements under any applicable regulations; or

- (ii) changes in law will make it unlawful for the Issuer to continue performing its obligations under all or any part of such Subordinated Notes.

Tax Redemption

If there is more than an insubstantial risk as determined by the Issuer that:

1. the Issuer has or will become obliged to pay any additional taxes, duties, assessments or government charges of whatever nature in relation to the Subordinated Notes, as the case may be; or
2. the Issuer would no longer obtain tax deductions on the interest in respect of the Subordinated Notes for the purposes of Malaysian corporation tax;

as a result of a change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations ("**Tax Event**"), then the Issuer may, at its option, redeem the Subordinated Notes (in whole, but not in part) at its full nominal amount, together with accrued but unpaid interest (if any), subject to the Redemption Conditions being satisfied.

Redemption Conditions

"**Redemption Conditions**" of the Notes means:

1. the Issuer must have received a written approval from BNM prior to redemption of the relevant tranche or part of the Notes;
2. the Issuer is solvent at the time of redemption of such tranche or part of the Notes and immediately thereafter;
3. the Issuer is not in breach of BNM's minimum capital adequacy requirements and capital buffer requirements applicable to the Issuer after redemption of such tranche or part of the Notes; and
4. in respect of a Call Option only, the Issuer shall:
 - (i) replace the called or redeemed tranche or part (as the case may be) of the Notes with capital of the same or better quality and the

replacement of this capital shall be done at conditions which are sustainable for the income capacity of the Issuer; or

- (ii) demonstrate to BNM that its capital position is well above the capital adequacy and capital buffer requirements after redemption of such tranche of the Notes.

(28) Voting : Voting by the holders of the Notes shall be carried out as follows:

Prior to upsizing of the Programme

Voting by the holders of the Notes shall be carried out on a collective basis; and

Post upsizing of the Programme

Voting by the holders of the Notes shall be carried out on a "per tranche" basis. Holders of the Notes under each tranche shall provide their consent for the relevant matters to be passed under the Programme and the consent from the holders of the Notes of all outstanding tranches shall have been obtained for any such resolution to be carried.

(29) Permitted investments, if applicable : No permitted investments.

(30) Other terms and conditions

(a) Option to Upsize : The Issuer shall have the option to upsize the Programme limit provided that: (a) there is no adverse impact on the rating of the Programme; and (b) the relevant regulatory approvals have been obtained (including but not limited to the approval from BNM). For the avoidance of doubt, no consent from the existing holders of the outstanding Notes at that time is required for the purposes of the upsizing of the programme limit.

(b) Tenure of the Subordinated Notes : Subject to the Call Option (as defined in clause (17) above), each issuance of Subordinated Notes shall have a tenure of at least five (5) years from the issue date of each Subordinated Notes provided that the Subordinated Notes mature on or prior to the expiry of the Programme.

(c) Tenure of the Programme : In addition to clause (7) above – "Tenure of facility/programme" above:

The tenure of the Programme shall be thirty (30) years from the date of first issue under the Programme.

(d) First issuance of the Subordinated Notes : In addition to clause (8) above – "Availability period for debt/ sukuk programme" above:

The first issuance shall be made within sixty (60) business days from the date of lodgement with the SC.

- (e) Interest / coupon rate : To be determined prior to the issue date of each tranche of Subordinated Notes. The rate shall be applicable throughout the tenure of each issue of the Subordinated Notes.
- For avoidance of doubt, there shall be no step-up coupon rate after the Call Date of the Subordinated Notes, in the event the Call Option is not exercised by the Issuer.
- (f) Interest / coupon payment frequency : Payable semi-annually in arrears from the issue date ("**Coupon Payment Date**") with the last coupon payment to be made on the maturity date or upon the date of early redemption of the Notes.
- (g) Interest / coupon payment basis : Actual number of days over 365 days' basis or over 366 days in the case of a leap year, or in any event in accordance with MyClear Procedures (as defined in clause 10 above).
- (h) Details on utilisation of proceeds : The proceeds of the Notes shall be made available for the Issuer's working capital, refinancing of its existing borrowings, on-lending to AMMB's subsidiaries, investment into AMMB's subsidiaries and other corporate purposes.
- (i) Redemption at maturity : Unless previously redeemed on a Call Date (if applicable) or redeemed pursuant to a Regulatory Event (as defined in clause (27) above) or a Tax Event (as defined in clause (27) above) or purchased from the market and cancelled, the Subordinated Notes will be redeemed at 100% of their nominal value (together with accrued but unpaid interest (if any) under the Subordinated Notes) on their respective maturity dates.
- (j) Status of Subordinated Notes : The Subordinated Notes will constitute direct, unconditional and unsecured obligations of the Issuer, subordinated in right and priority of payment, to the extent and in the manner provided for in the Subordinated Notes, ranking *pari passu* and without any preference among themselves.

In the event of winding-up or liquidation of the Issuer, the payment obligations of the Issuer under the Subordinated Notes will be subordinated in right of payment to all deposit liabilities, if any, and other liabilities of the Issuer, except in each case to those liabilities which by their terms rank equally in right of payment with or are subordinated to the Subordinated Notes.

Holders of the Notes will not be entitled to receive notice of or attend or vote at any meeting of the ordinary shareholders of the Issuer or participate in the management of the Issuer. No company-shareholder relationship is intended or has been contemplated between the Issuer and the holders of the Notes and as such, the relationship between the Issuer and the holders of the Notes shall not be

governed by the Memorandum and Articles of Association of the Issuer.

- (k) Transaction Documents : The Transaction Documents shall include the following:
- (i) Trust Deed;
 - (ii) Programme Agreement;
 - (iii) Subscription Agreement (where applicable);
 - (iv) Securities Lodgement Form; and
 - (v) Any other relevant documents to be agreed between the parties that may be required to complete the establishment of the Programme and/or the issuance of the Subordinated Notes.

- (l) Trustee's Reimbursement Account : The Trustee shall open and maintain, throughout the tenure of the Programme, an account designated as the "Trustee's Reimbursement Account" for the Subordinated Notes holders' actions ("**Account**") in the name of Malaysian Trustees Berhad and to be named "Malaysian Trustees Bhd – AMMB RM10.0 Bil Tier 2 (TRA)" with a bank which is acceptable to the Issuer with a sum of Ringgit Malaysia Thirty Thousand (RM30,000.00) prior to the first issue date or from the issue proceeds.

The Account shall be operated solely by the Trustee and the money shall be used strictly by the Trustee in carrying out its duties in relation to the declaration of an event of default in the manner as provided in the Trust Deed.

The moneys in the Account may be invested in bank deposits or instruments or securities in the manner as provided in the Trust Deed, with profit from the investment to be accrued to the Issuer. The moneys in the Account shall be returned to the Issuer upon termination of the Programme in the event there is no declaration of an event of default.

- (m) Contingent Write-off : At the point of a Trigger Event (as defined in clause (30)(n) below), the Issuer shall irrevocably, without the consent of the holders of the Subordinated Notes, write-off the Subordinated Notes in whole or in part, if so required by BNM at their full discretion.

For the avoidance of doubt, BNM shall have the option to require the entire principal amount of the Subordinated Notes outstanding, or a part thereof, and all other amounts owing under the Subordinated Notes, be written off. If BNM elects to exercise such option, subject to and as at the date of occurrence of the Trigger Event, each of the holders of the Subordinated Notes written-off hereby irrevocably waives their right to receive, and no longer have any rights against the Issuer with respect to any repayment of the principal amount of the Subordinated Notes written-off and also

irrevocably waives its rights to any interest (including interest accrued but unpaid up to the date of the occurrence of a Trigger Event).

Upon the occurrence of a Trigger Event, the Issuer is required to give notice to the holders of the Subordinated Notes (via the Trustee) and RAM Ratings in accordance with the terms of the respective Notes, that as of the relevant write-off date:

- i) the write-off shall reduce:
 - a) the claim of the Subordinated Notes in liquidation;
 - b) the amount repaid when a call option is exercised; and
 - c) coupon payments on the Subordinated Notes written-off.
- ii) The write-off shall be permanent and the full or part (as the case may be) of the principal amount of the Subordinated Notes together with all unpaid coupons thereon will automatically be written-off to zero and the whole or part (as the case may be) of the Subordinated Notes will be immediately and fully cancelled as of such write-off date.

No Conversion into Equity

For avoidance of doubt, the Subordinated Notes will under no circumstances be converted into equity of the Issuer and the holders of the Subordinated Notes will only absorb losses pursuant to the terms specified herein.

No Event of Default or Cross Default

For the avoidance of doubt, the write-off of the Subordinated Notes shall not constitute an event of default as specified under events of default above or trigger cross-default clauses.

(n) Trigger Events

- : A **“Trigger Event”** shall be the earlier of the following:
- (i) BNM notifies the Issuer in writing that BNM is of the opinion that the write-off of the Subordinated Notes is necessary, without which the Issuer and its subsidiaries (**“AMMB Group”**) would cease to be viable; or
 - (ii) BNM publicly announces that a decision has been made by BNM, or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the

Issuer, without which the AMMB Group would cease to be viable.

In assessing whether the Issuer or AMMB Group would cease to be viable, BNM may consider, amongst others, whether any of the following circumstances exist ("**Non-Viability Event**"):

- 1) the Issuer fails to follow any directive of compliance issued by BNM, which is necessary to preserve or restore its or AMMB Group's financial soundness;
- 2) the Issuer fails to meet all or any of its financial obligations as they fall due, that may significantly impair its ability to meet regulatory requirements on a continuing basis;
- 3) the capital of the Issuer or AMMB Group has reached a level or is eroding in a manner that may detrimentally affect its depositors, creditors or the public, and the Issuer or AMMB Group is unable to recapitalise on its own;
- 4) the Issuer's assets are insufficient to provide protection to its depositors and creditors; or
- 5) any other state of affairs exists in respect of the Issuer or AMMB Group that would put the interest of the depositors or creditors of the Issuer at risk, including the loss of confidence of depositors and the public.

For the avoidance of doubt, BNM shall have the full discretion to decide not to require a write-off of the Subordinated Notes when the Issuer or AMMB Group has ceased, or is about to cease, to be viable or when a capital injection or equivalent support has been provided. Even if the option is not exercised, holders of the Subordinated Notes may still be exposed to losses from the resolution of the Issuer or AMMB Group.

(o) Taxation

- : All payments by the Issuer shall be made subject to withholding or deductions for or on account of any present and future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any authority thereof having power to tax, and the Issuer shall not be required to gross up in connection with such withholding or deduction on these payments or distributions.

(p) Issue Price

- : The Notes shall be issued at par or at a premium (but not at a discount) to nominal value and the issue price shall be calculated in accordance with MyClear Rules and Procedures.

The issue price of the Notes shall be determined prior to each issuance of the Notes.

- (q) Yield to Maturity (%) : To be determined prior to the issue date of the Notes.

- (r) Form and Denomination : The Notes shall be issued in accordance with MyClear Rules and Procedures. The Notes shall be represented by a global certificate to be deposited with BNM, and is exchanged for a definitive bearer form only in certain limited circumstances. The denomination of the Notes shall be RM1,000 or in multiples of RM1,000 at the time of issuance.

- (s) No Further Rights To Participate in Profits and Assets : The holders of the Notes shall have no right or claim and not be conferred any right or claim as regards to participation in the profits and assets of the Issuer.

- (t) Listing status and types of listing, where applicable : The Subordinated Notes may be listed under the Exempt Regime maintained by Bursa Malaysia Securities Berhad or any other stock exchange.

- (u) Residence status : In the event foreign shareholders hold more than 50% equity in AMMB, AMMB is still deemed a resident-controlled company by virtue of the composition of its Board of Directors and Management.

- (v) Other Conditions : The Notes shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or other relevant authority having jurisdiction over matters pertaining to the Notes.

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3.0 INVESTMENT CONSIDERATIONS

The business of AMMB Group is subject to a number of risks, many of which are outside its control. Prior to making an investment decision, prospective investors should carefully consider, along with the other information in this Information Memorandum, the following risks. The risks set forth below is not an exhaustive list of the challenges currently facing AMMB Group or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on AMMB Group and/or the Notes.

3.1 Considerations Relating to the Subordinated Notes Generally

3.1.1 Change of law

The structure and the issue of the Subordinated Notes are based on Malaysian laws and regulations in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Malaysian laws and regulations, or administrative practice, after the date of this Information Memorandum.

3.1.2 Market Value of the Subordinated Notes may be subject to fluctuations

Trading prices of the Subordinated Notes are subject to fluctuations and may be influenced by numerous factors, including the operating results and/or the financial conditions of the AMMB Group, political, economic, financial and any other factors that can affect the capital markets or the industry which the AMMB Group is operating in. Consequently, any sale of the Subordinated Notes by the investors in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price. Adverse economic developments could have a material adverse effect on the market value of the Subordinated Notes.

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the prices of the Subordinated Notes.

3.1.3 An investment in the Subordinated Notes is subject to interest rate risk

Holders of the Subordinated Notes may be exposed to unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Subordinated Notes, resulting in a capital loss for such holders. However, the holders of the Subordinated Notes may reinvest the interest payments at higher prevailing interest rates. Conversely, when rates of interest fall, the prices at which the Subordinated Notes are traded may rise and such holders may enjoy a capital gain but interest payments received may be reinvested at a lower prevailing interest rates.

3.1.4 An investment in the Subordinated Notes is subject to inflation risk

The holders of the Subordinated Notes may suffer erosion on the return of their investments due to inflation. Such holders would have an anticipated rate of return based on expected inflation rates on the purchase of the Subordinated Notes. An unexpected increase in inflation could reduce the actual return to such holders.

3.1.5 Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Subordinated Notes are legal investments for it, (b) the Subordinated Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Subordinated Notes. Financial institutions should consult

their legal advisers or the appropriate regulators to determine the appropriate treatment of the Subordinated Notes under any applicable risk-based capital or similar rules.

3.2 Considerations Relating to AMMB Group

3.2.1 The AMMB Group may be required to raise additional capital if its capital adequacy ratio deteriorates in the future or in order to comply with any new regulatory capital framework

On 17 December 2009, the BCBS proposed a number of fundamental reforms to the regulatory capital framework. On 16 December 2010, the BCBS released two documents entitled “Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems” and “Basel III: International Framework for Liquidity Risk Management, Standards and Monitoring” and on 13 January 2011 issued a press release entitled “Basel Committee issues final elements of the reforms to raise the quality of regulatory capital” (collectively “**Basel III**”).

On 28 November 2012, BNM issued its Capital Adequacy Framework (Capital Components) implementing the Basel III reforms, which took effect on 1 January 2013. The CA Framework replaces the said Capital Adequacy Framework (Capital Components) with effect from 1 January 2016 for a banking institution and will take effect on 1 January 2019 for a financial holding company. The above mentioned capital requirements set out by BNM require banking institutions, including the AMMB Group to maintain the following minimum capital ratios for the calendar years detailed below:

- (a) minimum Common Equity Tier 1 (“**CET1**”) capital ratio of 3.5% of risk-weighted assets (in 2013), 4.0% (in 2014) and 4.5% (from 2015 onwards);
- (b) minimum Tier 1 capital ratio of 4.5% of risk-weighted assets (in 2013), 5.5% (in 2014) and 6.0% (from 2015 onwards); and
- (c) minimum total capital ratio of 8.0% of risk-weighted assets (from 2013 onwards).

In addition, banking institutions are required to maintain additional capital buffers above the minimum CET1, Tier 1 and total capital ratios set out above in the form of a capital conservation buffer and a countercyclical capital buffer (“**CCyB**”).

The capital conservation buffer is to enable the banking system to withstand future periods of stress and requires banks to maintain an additional buffer equal to a minimum of 0.625% of risk-weighted assets (for the 2016 calendar year), 1.25% (for the 2017 calendar year), 1.875% (for the 2018 calendar year) and 2.50% (from 2019 onwards). There will be no capital conservation buffer prior to the 2016 calendar year.

If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a CCyB on risk-weighted assets will also apply to the minimum CET1, Tier 1 and total capital ratios (as increased by the capital conservation buffer). The countercyclical buffer is determined as the weighted-average of the prevailing countercyclical capital buffer requirements applied in the jurisdictions in which the relevant banking institution has credit exposures.

To the extent a banking institution fails to maintain such a ratio, BNM may impose penalties on such a bank ranging from a fine to revocation of its banking licence.

The AMMB Group’s capital base and capital adequacy ratio may deteriorate in the future if its results of operations or financial condition deteriorate for any reason, including as a result of any deterioration in the asset quality of its loans, or if the AMMB Group is not able to deploy its funding into suitably low-risk assets. If the AMMB Group’s capital ratios deteriorate, it may be required to obtain additional CET1, Tier 1 or Tier 2 capital in order to remain in compliance with the applicable capital adequacy guidelines. However, the AMMB Group may not be able to obtain additional capital on

favourable terms depending on the market conditions and circumstances prevailing at the time of the intended capital raising, or at all.

Furthermore, there can be no assurance that BCBS will not amend the package of reforms described above or that BNM will not amend the CA Framework in a manner which imposes additional capital requirements on, or otherwise affects the capital adequacy requirements relating to, Malaysian banks. The approach and local implementation of Basel III will depend on BNM's response which may potentially impact the AMMB Group in various ways depending on the composition of its qualifying capital and risk weighted assets. Although the AMMB Group has always maintained a strong capital position that consistently ensures an optimal capital structure to meet the requirements of various stakeholders, there can be no assurance that the AMMB Group will not face increased pressure on its capital in the future to comply with Basel III standards and the CA Framework, which may have an adverse effect on the AMMB Group's business, financial condition, results of operations and prospects.

3.2.2 Political and Economic Factors

Political and economic conditions and developments in Malaysia as well as abroad could have an impact on the financial performance of the AMMB Group. Adverse political and economic conditions or developments, such as an unstable political system, nationalisation and severe fluctuations in interest and currency exchange rates, create uncertainty and could discourage the free flow of investment capital and affect international trade, ultimately resulting in adverse developments in national economic activity. This in turn may have a material adverse impact on the financial performance of the AMMB Group as a financial services provider. As a result of globalisation, economic or market problems in a single country or region are increasingly affecting other markets generally. A continuation of these situations could adversely affect global economic conditions and world markets and, in turn, could cause a chain reaction effect and thus adversely affect AMMB Group's businesses.

3.2.3 Changes in market conditions may have an adverse effect on AMMB Group's business, financial condition, and results of operations or prospects

The Malaysian economy is affected by changes in the global economic and market environment. Any widespread global financial instability may adversely affect the Malaysian economy, which could materially and adversely affect AMMB Group's business, financial conditions and results of operations or prospects. There can be no assurance that changes in market conditions will not adversely affect AMMB Group's business, financial condition, results of operations or prospects.

In addition, to the extent that any of AMMB Group's customers have been adversely affected by the changes in market conditions and the global credit and financial markets generally, the ability of such customers to service their financing obligations to AMMB Group may also be affected. If loans/financing to these customers were to become non-performing, this could adversely affect AMMB Group's business, financial condition, results of operations or prospects.

3.2.4 A decline in AMMB Group's asset quality could adversely affect its business, financial condition, results of operations or prospects if its loan/financing provisions are insufficient to cover its liabilities

AMMB Group's business, financial condition, results of operations or prospects could be adversely affected if AMMB Group's loan/financing provisions are insufficient, the value of AMMB Group's collateral securing NPL for its customers' declines or a material amount of AMMB Group's loan/financing becomes uncollectible. A portion of AMMB Group's collateral is in the form of vehicles, which do not maintain their value due to depreciation. In addition, AMMB Group's loans/financing are also secured by collateral such as real estate and securities. Any significant decline in AMMB Group's asset quality could adversely affect its business, financial condition, results of

operations or prospects. Further, any decline in the value of the collateral securing AMMB Group's loan/financing to its customers, coupled with any inability to obtain additional collateral or inability to realise the value of collateral may require AMMB Group to increase its loan/financing loss provisions, which may adversely affect AMMB Group's business, financial condition, and results of operations or prospects.

Although AMMB Group believes that it has adopted a sound asset quality management and intends to maintain it, there is no assurance that the system will remain effective or adequate in the future.

3.2.5 AMMB Group may experience liquidity constraints as it is dependent on short-term funding

The funding requirements of Malaysian banks are primarily met through short-term funding, namely term deposits from customers and from other financial institutions. AMMB Group's experience is that a substantial portion of its customers' term deposits are rolled over upon maturity. However, no assurance can be given that this will continue in the future. If a substantial number of depositors, or a small number of large depositors, fail to roll over deposited funds upon maturity, AMMB Group's liquidity position could be adversely affected and AMMB Group may be required to seek alternative sources of short-term or long-term funding, which may be more expensive than deposits, to finance its operations. Furthermore, there can be no guarantee that AMMB Group will be able to obtain such funds.

In addition, AMMB relies on dividend income from its subsidiaries to meet its financial obligations under the Programme. As the dividends may be dependent on various regulatory requirements and approvals, there is no assurance that AMMB can receive such income and therefore have sufficient cash flows to meet payments under the Notes. However, this risk is mitigated by AMMB retaining additional surplus funds to maintain its servicing capability.

3.2.6 AMMB Group's risk management system may be inadequate or ineffective in managing risks

As a group of companies comprising Islamic and commercial banking institutions covering activities including retail, commercial and corporate banking, and markets products and services that are conventional and Shariah-compliant in nature, AMMB Group is subject to business risks which are inherent in the financial services industry. Generally, these business risks can be broadly divided into:

- (a) Market risk, which is the risk of loss associated with changes in the value of portfolios and financial instruments caused by movements in market variables, such as profit rates, foreign exchange rates and equity prices;
- (b) Funding risk, which is the risk that AMMB Group is not able to fund its day-to-day operations at a reasonable cost;
- (c) Credit risk, which is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations;
- (d) Operational risk, which is the risk of potential loss from a breakdown in internal processes and systems, deficiencies in people and management or operational failure arising from external events;
- (e) Legal risk, which is the risk arising from unenforceability of contracts, lawsuits or adverse judgements; and
- (f) Regulatory risk from, inter alia, potential breaches of applicable laws.

Each of the business risks above has an implication on AMMB Group's financial condition and every transaction that AMMB Group undertakes is subject to, inter-alia, the abovementioned risks. AMMB Group's financial position may be adversely affected resulting from any of the risks operating on its own. For example, AMMB Group's investment position in certain assets may require a significant mark-down as a result of the slump in the market price of those assets, or AMMB Group may find that it will not be able to enforce a counterparty obligation due to imperfect documentation.

Far more critical to AMMB Group's financial condition is a risk that has a 'chain reaction' effect whereby the operation of one risk leads to the operation of one or more other risks. For example, a market downturn may result in AMMB Group's customers incurring losses thus weakening their financial condition and triggering an increase in credit risks. Such increased credit risks may require AMMB Group to set aside additional loss provisions which could potentially affect AMMB Group's credit rating adversely thereby increasing liquidity risk. In an extreme case, the additional loss provisions (if large) may lead to AMMB Group breaching regulatory capital requirements.

To counter the business risks it faces, AMMB Group has put in place a risk management framework to manage uncertainties such that deviations from AMMB Group's intended objectives are kept within acceptable levels. The risk management framework thus serves to identify, capture and analyse the risks assumed by AMMB Group at an early stage, continuously measuring and monitoring the risks and to set limits, policies and procedures to control them to ensure sustainable risk-taking and sufficient return.

However, the risk management framework, as a whole may not always be fully effective as there may be risks that have not been anticipated or identified and certain risks may be significantly greater than indicated by historical data. Further, the data relied upon to formulate the risk management framework may not be accurate, complete, up-to-date or properly evaluated. The process to manage operational, legal and regulatory risks would require proper recording and verification of a large number of transactions and events. Such process may not be fully effective in all cases. Accordingly, any failure in the effectiveness of AMMB Group's risk management procedures could have a material adverse effect on AMMB Group's business, financial condition, results of operations or prospects.

A description of AMMB Group's risk management structure is set out in Section 8.0 of this Information Memorandum.

3.2.7 Major shareholders may influence policies of AMMB Group

As of 15 October 2016, Amcorp and ANZ (via its wholly-owned subsidiary, ANZ Funds) hold 12.97% and 23.78%, respectively, of the issued share capital of AMMB. Tan Sri Azman Hashim, the Non-Independent Non-Executive Chairman of AMMB holds a 100% controlling interest in Amcorp. Based on the shareholding interests in Amcorp and ANZ Funds, each of these two major shareholders (i.e. Tan Sri Azman Hashim and ANZ) may to a certain extent, be able to exercise control over matters which require shareholders' approval. There can be no assurance that the corporate objectives and strategies of AMMB Group would not be substantially influenced by the interests or policies of these shareholders. In any event, AMMB Group and both these shareholders enjoy strategic relationships which have been and are expected to continue to be of significant benefit to AMMB Group. If for any reason the nature or extent of their investment in AMMB Group were to change over time, there can be no assurance that AMMB Group would continue to benefit from these or any similar strategic relationship to the same extent.

3.2.8 Employee misconduct could adversely tarnish AMMB Group's image and affect its business, financial condition, results of operations or prospects

As with any business enterprise, AMMB Group is susceptible to the risks associated with acts of misconduct by its employees including directors. Acts of misconduct by employees may take various forms and could include misappropriation of AMMB Group's assets or the assets of its clients, concealment and/or wilful misstatement of its liabilities, unauthorised transactions and/or commitment of its resources, and breach of client confidentiality.

Acts of misconduct by employees would not only result in financial loss to AMMB Group but may also tarnish its image, which would bring about a loss of its stature in the market. Furthermore, acts of misconduct may also cover breaches of laws, regulations and guidelines, which, in extreme cases, could result in suspension and/or revocation of AMMB Group's banking licences under FSA and IFSA (as the case may be).

Whilst the risks of misconduct by employees, including directors, cannot be entirely eliminated, AMMB Group has in place internal control systems to check such misconduct and to take appropriate actions.

3.2.9 IT risk could affect AMMB Group's business, financial condition, results of operations or prospects

AMMB Group is susceptible to IT risk as large portions of its operational systems are computerised. However, AMMB Group has taken reasonable steps to reduce these risks 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 which enables staff to understand and to manage security and technology risks systematically. The key elements include:

- (a) Adoption of an IT governance model, which includes regular reviews of controls and reporting to senior management;
- (b) Formulation of an IT security strategy that is reviewed annually to ensure continuous improvement in controls to address new and developing threats;
- (c) Formulation and adoption of disaster recovery procedures and facilities for critical business systems which are tested on a regular basis;
- (d) 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; and
- (e) 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:

- (a) IT Risk and Information security services
- (b) Network administration services
- (c) System administration services
- (d) Storage management and backup services
- (e) Database administration services

- (f) Data centre management services
- (g) Workspace management services

3.2.10 Classification and Provisioning Policies for NPL

AMMB Group adopts accounting policies that are consistent with BNM's requirements with regard to classification and provisioning of NPL and complies with the requirements specified under Malaysian Financial Reporting Standard (MFRS) 139- Financial Instruments: Recognition and Measurement.

MFRS 139 requires, among others, the application of fair value accounting and impairment assessment for financial assets and financial liabilities.

Although AMMB Group believes that its loan/financing portfolio is adequately provided, no assurance can be given that the level of provisions would prove to be adequate or that AMMB Group would not have to make significant additional provisions for possible loan/financing losses in the future.

MFRS 9 Financial Instruments

AMMB Holdings Berhad and its subsidiaries are required to comply with Malaysian Financial Reporting Standard 9 – Financial Instruments (MFRS 9), which replaces MFRS 139, from 1 April 2018.

One of the major changes introduced by the new standard is the expected credit loss impairment model. The impairment requirements in the new standard are based on an expected credit loss model and replace the MFRS 139 incurred loss model.

The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income (such as loans, debt securities and trade receivables), lease receivables and most loan commitments.

Entities are required to recognise either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. The measurement of expected credit losses would reflect a probability-weighted outcome, the time value of money and reasonable and supportable information.

Potential implications of MFRS 9

- Upon transition to MFRS 9:
 - There is an expectation that absolute impairment provisions may increase, giving rise to a negative impact on AMMB Group's retained earnings.
 - As a consequence of the reduction in retained earnings there would be an increase in Common Equity Tier 1 capital requirement.
- After transition to MFRS 9:
 - Volatility of provisions is also expected to increase and hence the volatility of AMMB Group's earnings will increase due to additional inputs such as external data and transitions of assets between 12-month and lifetime expected credit losses. This will increase the cost of capital.
 - The increased cost of capital could lead to
 - Changes in risk appetite
 - Changes in capital allocation
 - A relatively high level of capital consumption for rapidly growing portfolios

3.2.11 Companies within the AMMB Group dependent on one another for certain services

To operate each of their businesses, the companies within the AMMB Group currently obtain certain services, including support services for its finance, audit and compliance functions, from other companies in the AMMB Group. For example, AmBank Islamic relies on AmBank's distribution channels in the course of its business. The terms for the provision of such services, including the costs payable by these companies to each other, have been arrived at on an arm's length basis. However, there is no assurance that such terms will not be less favourable or that the costs of such services will not increase in the future. In addition, if there are material interruptions in the supply of such services and such companies are unable to obtain from alternative sources services of an acceptable quality in a timely and cost-effective manner, such company's operations may be affected, which may result in a loss of customers and income. There can be no assurance as to the availability of such services in the future.

3.3 Considerations Relating to the Notes and the Programme

3.3.1 The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

3.3.2 There are no terms in the Notes that limit the Issuer's ability to incur additional indebtedness

There are no restrictions on the amount or number of other Tier 2 subordinated debt that the Issuer may issue which rank *pari passu* with the Notes. The creation and issue of further Tier 2 subordinated debt ranking *pari passu* with the Notes shall not require the consent of the holders of the Notes. The issue of such Tier 2 subordinated debt and/or incurrence of such indebtedness may reduce the amount recoverable by the

holders of the Notes in the event of the winding-up of the Issuer. The issue of any such securities or the incurrence of any such other indebtedness may also have an adverse impact on the trading price of the Notes and/or the ability of the holders of the Notes to sell their Notes.

3.3.3 Liquidity of the Notes

The Notes will constitute a new issue of securities with no established trading market. No assurance can be given as to whether an active or liquid trading market for the Notes will develop or if a trading market develops, that it will provide investors with liquidity of investments or that such liquidity will continue to exist over the tenure of the Programme.

3.3.4 A downgrade in ratings may affect the liquidity and market price of the Notes

Presently, RAM Rating has assigned a final rating of A₁ for the Notes. There can be no assurance that the rating will remain in effect for any given period or that the ratings will not be revised by RAM Rating in the future if, in their judgement, circumstances so warrant. Any downgrade of a rating may have an adverse effect on the liquidity and market price of the Notes. However, such downgrade, if any, would not constitute an event of default or an event obliging the Issuer to prepay the Notes.

3.3.5 Limited Events of Default and Right to Accelerate and Subordinated Obligations

There are only two (2) events of default prescribed under the terms of the Notes. The events of default in relation to a tranche of the Notes shall be:

- (i) if the Issuer defaults in payment of any principal or coupon under that tranche on the due date and the Issuer does not remedy such default within a period of seven (7) business days from the due date for payment; or
- (ii) an order is made for the winding-up of the Issuer and such order is not stayed or set aside within sixty (60) days of such order being made or, where so stayed, such stay lapses, or an effective resolution is passed for the winding-up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation the terms of which have been approved by the holders of Subordinated Notes by way of a special resolution.

Upon the occurrence of item (i) above, subject to the terms of the Trust Deed of the Subordinated Notes, the Trustee may or shall (if directed to do so by a special resolution of the holders of the Subordinated Notes with a proper indemnification from such holders of the Notes) institute proceedings to enforce the payment obligations under that tranche of Subordinated Notes and may institute proceedings in Malaysia for the winding-up of the Issuer, provided that neither the Trustee nor any of the holders of that tranche of Subordinated Notes shall have the right to accelerate payment of that tranche of Subordinated Notes in the case of such default in the payment of amount owing under that tranche of Subordinated Notes or any default in the performance of any condition, provision or covenant under that tranche of Subordinated Notes or the Trust Deed of the Subordinated Notes.

Upon the occurrence of item (ii) above, subject to the terms of the Trust Deed of the Subordinated Notes, the Trustee may or shall (if directed to do so by a special resolution of the holders of Subordinated Notes with a proper indemnification from such holders of the Notes) declare (by giving written notice to the Issuer) that the Subordinated Notes together with all other sums payable under the Subordinated Notes shall immediately become due and payable at its nominal value together with the accrued but unpaid coupon (if any) notwithstanding the stated maturity of the Subordinated Notes.

For avoidance of doubt, the occurrence of event of default (i) above for any tranche of the Subordinated Notes will not trigger the event of default for any other tranches of the Subordinated Notes outstanding. However, occurrence of event of default (ii) above will trigger an event of default for all tranches of the Subordinated Notes outstanding.

As there is no precedent for the winding-up of a major financial holding company in Malaysia, there is uncertainty as to the manner in which such proceeding would occur and the results thereof. Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in Notes will lose all or some of his investment should the Issuer become insolvent and is wound-up.

3.3.6 Notes may be subject to Early Redemption by the Issuer

For each tranche of the Notes, the Notes may be redeemed at the option of the Issuer under Call Option, Regulatory Redemption or Tax Redemption (as defined in Section 2 of this Information Memorandum), subject to the Redemption Conditions (as defined in Section 2 of this Information Memorandum) being satisfied.

3.3.7 Issuer's ability to meet its obligations under the Notes

The Notes constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and are payable out of the revenue generated by the business operations of the Issuer and thus will not be the obligations or responsibilities of any person other than the Issuer. The ability of the Issuer to meet its obligations to pay the relevant principal or coupon of the Notes will largely be dependent on the revenue generated by its operations and receipt of dividends from its Principal Subsidiaries, its other subsidiaries and its associated companies. The ability of its Principal Subsidiaries, its other subsidiaries and its associate companies to pay dividends is dependent on them maintaining profitable operations and is subject to applicable laws, regulatory guidelines and restrictions on the payment of dividends by any of the regulatory authorities or by restrictions contained in relevant financial or other agreements.

3.3.8 The Issuer may redeem the Notes under certain circumstances

Optional Redemption

Each tranche of Subordinated Notes may have a callable option (“**Call Option**”) (to be determined prior to each issuance). Under the Call Option, if applicable for the relevant tranche, the Issuer shall have the option to redeem that tranche of Notes (in whole or in part) on the Call Date of that tranche at their principal amount together with accrued but unpaid coupon (if any) subject to the Redemption Conditions being satisfied.

In the case of a partial redemption of a tranche of Notes, the selection of the Notes to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) shall deem to be fair and appropriate.

Call Date is defined as any coupon payment date after a minimum period of five (5) years from the date of issue of that tranche of Subordinated Notes.

The Issuer may redeem the Notes when its cost of borrowing is lower than the coupon rate of the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective coupon rate as high as the coupon rate on the Notes being redeemed and may only be able to do so at a lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. There is a risk that the amount received on redemption may be less than the current market value of the Notes or the timing of such redemption may not accord with a holder of the Notes' individual financial circumstances or tax position.

Redemption Conditions of the Notes mean:

1. the Issuer must have received a written approval from BNM prior to redemption of the relevant tranche or part of the Notes;
2. the Issuer is solvent at the time of redemption of such tranche or part of the Notes and immediately thereafter;
3. the Issuer is not in breach of BNM's minimum capital adequacy requirements and capital buffer requirements applicable to the Issuer after redemption of such tranche or part of the Notes; and
4. in respect of a Call Option only, the Issuer shall:
 - (i) replace the called or redeemed tranche or part (as the case may be) of the Notes with capital of the same or better quality and the replacement of this capital shall be done at conditions which are sustainable for the income capacity of the Issuer; or
 - (ii) demonstrate to BNM that its capital position is well above the capital adequacy and capital buffer requirements after redemption of such tranche of the Notes.

Regulatory Redemption

The Issuer may, at its option, redeem the Subordinated Notes (in whole or in part), as the case maybe, at its full nominal amount, together with accrued but unpaid interest (if any), subject to the Redemption Conditions being satisfied if a Regulatory Event (as defined below) occurs.

"Regulatory Event" means any time there is more than an insubstantial risk, as determined by the Issuer, that:

- (i) all or any part of the Subordinated Notes will, either immediately or with the passage of time or upon either the giving of notice or fulfilment of a condition, no longer qualify as Tier 2 capital of the Issuer for the purposes of BNM's capital adequacy requirements under any applicable regulations; or
- (ii) changes in law will make it unlawful for the Issuer to continue performing its obligations under all or any part of such Subordinated Notes.

Tax Redemption

If there is more than an insubstantial risk as determined by the Issuer that:

1. the Issuer has or will become obliged to pay any additional taxes, duties, assessments or government charges of whatever nature in relation to the Subordinated Notes, as the case may be; or
2. the Issuer would no longer obtain tax deductions on the interest in respect of the Subordinated Notes for the purposes of Malaysian corporation tax;

as a result of a change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations ("**Tax Event**"), then the Issuer may, at its option, redeem the Subordinated Notes (in whole, but not in part) at its full nominal amount, together with accrued but unpaid interest (if any), subject to the Redemption Conditions being satisfied.

3.3.9 Subordination of the Notes could impair an investor's ability to enforce its rights or realise any claims on the Notes

If the Issuer defaults on the payment of any amount due and payable on the Notes, the holders of the Notes may only institute a proceeding in Malaysia for the winding-up of the Issuer. The holders of the Notes will have no right to accelerate payment of the Notes in the case of default in payment or failure to perform a covenant under the Transaction Documents except as they may be so permitted under the terms and conditions of the Notes as detailed in Section 2.0 of this Information Memorandum.

The Notes will constitute direct, unconditional and unsecured obligations of the Issuer, subordinated in right and priority of payment, to the extent and in the manner provided for in the Notes, ranking *pari passu* and without any preference among themselves.

In the event of winding-up or liquidation of the Issuer, the payment obligations of the Issuer under the Notes will be subordinated in right of payment to all deposit liabilities, if any, and other liabilities of the Issuer, except in each case to those liabilities which by their terms rank equally in right of payment with or are subordinated to the Notes.

As there is no precedent for a winding-up of a major financial holding company in Malaysia, there is uncertainty as to the manner in which such a proceeding would occur and the results thereof. Although the Notes may pay a higher rate of interest than debt securities which are not subordinated, there is a real risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.

3.3.10 Limited rights of recourse under the Notes

The Notes, being a Tier 2 capital instrument, does not provide for any events of default which would ordinarily under other securities issuance trigger a right to accelerate payment of the securities. Notwithstanding any of the provisions relating to non-payment defaults, the only remedy for non-payment is to institute proceedings for winding-up of the Issuer.

Further, the obligations or responsibilities under the Notes will not be imposed on any other person other than the Issuer and shall not be imposed on any of the Issuer's subsidiaries or affiliates or any other person involved or interested in the Notes. None of such persons will accept any liability whatsoever to the holders of the Notes in respect of any failure by the Issuer to pay any amount due under the Notes.

3.3.11 Non-Viability Loss Absorption Event

The purpose of the Basel III rules is to ensure greater stability of the banking institutions by requiring them to hold more capital to serve as a buffer against losses and reduce the likelihood of bank failures, and, ultimately, government intervention. The Basel III rules are intended to ensure that all classes of capital instruments can, as fully as possible, absorb losses at the point in time of non-viability of the banking institution.

The Capital Adequacy Framework (Capital Components) issued by BNM on 28 November 2012 (which has been superseded by the CA Framework) requires that the terms and conditions of all Additional Tier 1 and Tier 2 capital instruments issued from 1 January 2013 onwards to contain features that ensure loss absorbency at the point of non-viability. All Additional Tier 1 and Tier 2 capital instruments shall have a provision that requires such instruments to be either written-off in whole or in part or converted in whole or in part into ordinary shares upon the occurrence of a trigger event.

Trigger Event

A “**Trigger Event**” shall be the earlier of the following:

- (i) BNM notifies the Issuer in writing that BNM is of the opinion that the write-off of the Subordinated Notes is necessary, without which the Issuer and its subsidiaries (“**AMMB Group**”) would cease to be viable; or
- (ii) BNM publicly announces that a decision has been made by BNM, or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the AMMB Group would cease to be viable.

Non-Viability Event

In assessing whether the Issuer or AMMB Group would cease to be viable, BNM may consider, amongst others, whether any of the following circumstances exist (“**Non-Viability Event**”):

- 1) the Issuer fails to follow any directive of compliance issued by BNM, which is necessary to preserve or restore its or AMMB Group’s financial soundness;
- 2) the Issuer fails to meet all or any of its financial obligations as they fall due, that may significantly impair its ability to meet regulatory requirements on a continuing basis;
- 3) the capital of the Issuer or AMMB Group has reached a level or is eroding in a manner that may detrimentally affect its depositors, creditors or the public, and the Issuer or AMMB Group is unable to recapitalise on its own;
- 4) the Issuer’s assets are insufficient to provide protection to its depositors and creditors; or
- 5) any other state of affairs exists in respect of the Issuer or AMMB Group that would put the interest of the depositors or creditors of the Issuer at risk, including the loss of confidence of depositors and the public.

For the avoidance of doubt, BNM shall have the full discretion to decide not to require a write-off of the Subordinated Notes when the Issuer or AMMB Group has ceased, or is about to cease, to be viable or when a capital injection or equivalent support has been provided. Even if the option is not exercised, holders of the Subordinated Notes may still be exposed to losses from the resolution of the Issuer or AMMB Group.

BNM shall have the option to require the entire principal outstanding or such portion thereof and all other amount owing under the Notes to be written off. The write-off shall reduce: (i) the claim of the Notes in liquidation, which will mean that the holders of the Notes will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to, any repayment of the aggregate principal amount of the Notes written-off; (ii) the amount re-paid pursuant to the exercise of a Call Option (if applicable for the particular tranche of Notes), Regulatory Redemption and Tax Redemption; and (iii) coupon payments on the Notes.

The write-off shall be permanent and full or part (as the case may be) of the principal amount of the Notes together with all unpaid coupons thereon will automatically be written off to zero and the whole or part (as the case may be) of the Notes will be cancelled as of such write-off date.

For avoidance of doubt, the write-off of the Notes shall not constitute an event of default or trigger cross-default clauses under any other Notes.

The Notes may be written off on more than one occasion.

The holders of the Notes have no right to contest with the Issuer or BNM that a reduction or a further reduction of the Issuer's paid up capital should be performed prior to, or after, the write off of the Notes, and should not invest in such Notes with the expectation that such a capital reduction would be performed by the Issuer or BNM.

The occurrence of a Non-Viability Event is dependent on a determination by BNM. As a result, BNM may require or may cause a write-off in circumstances that are beyond the control of the Issuer and with which the Issuer may not agree. Due to the inherent uncertainty regarding BNM's determination on whether a Non-Viability Event exists, it will be difficult to predict when, if at all, such event will occur. Accordingly, the trading behaviour in respect of Notes which have the non-viability loss absorption feature is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that the AMMB Group may potentially be moving towards a Non-Viability Event could have a material adverse effect on the market price of the relevant Notes.

Further, the regulations on non-viability loss absorption are untested, and will be subject to the interpretation and application by BNM. It is uncertain how BNM would determine the occurrence of a Non-Viability Event, and it is possible that the grounds that constitute Non-Viability Events may change (including that additional grounds may be introduced). Accordingly, the operation of any such future legislation, guidelines or regulations may have an adverse effect on the Notes and the interests of the holders of the Notes.

There is no assurance that any contractual provisions with non-viability loss absorption features, to the extent applicable, will be sufficient to satisfy the Basel III-compliant requirements that BNM may implement in the future. There is a risk that BNM may deviate from the Basel III proposals by implementing reforms which differ from those envisaged by the BCBS.

A potential investor should not invest in the Notes unless it has the knowledge and expertise to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of a write-off and the value of the Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Information Memorandum.

Potential investors should consider the risk that they may lose all of their investment in the Notes, including the principal amount plus any accrued but unpaid interest, in the event that a Non-Viability Event occurs.

3.3.12 No set-off right under the Notes

No holder of the Notes may exercise, claim or plead any right of set-off, counter-claim, deduction, withholding or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes, and no holder of the Notes shall set-off, deduct, withhold or retain any amount owing by it to the Issuer against any amount owing to it by the Issuer under the Notes. Each holder of the Notes, by its acceptance and holding of the Notes, shall be deemed to have waived all such rights of set-off, counter-claim, deduction, withholding or retention to the fullest extent permitted by law.

If at any time any holder of the Notes receives payment or benefit of any sum in respect of the Notes as a result of the exercise or carrying into effect of any such set-off, counterclaim, deduction, withholding or retention (whether or not such exercise or carrying into effect is mandatory under applicable law), or if at any time any holders of the Notes receives payment or benefit of any sum in respect of the Notes other than in accordance with the provisions described under "Events of Defaults or Enforcement

Events” (as set out in Section 2.0 of this Information Memorandum), the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such holders of the Notes, by acceptance and holding of any Notes, shall agree as a separate and independent obligation that any such sum or benefit so received shall be paid or returned by such holders of the Notes to the Issuer upon demand by the Issuer, or, in the event of the winding-up of the Issuer, the liquidator of the Issuer, whether or not such payment or receipt shall have been deemed void hereunder. Any sum so paid or returned shall then be treated for purposes of the Issuer’s obligations as if it had not been paid by the Issuer, and its original payment or the original benefit previously received by the holders of the Notes as a result of any such set-off, counterclaim, deduction, withholding or retention shall be deemed not to have discharged any of the obligations of the Issuer under the Notes.

3.3.13 The Notes contain terms which are in line with the requirements of the CA Framework, notwithstanding that the CA Framework shall only come into effect on 1 January 2019 for a financial holding company

The Notes is intended to qualify as Tier 2 capital for the Issuer pursuant to the CA Framework, and therefore, the terms of the Programme are structured to be in line with the requirements as set out in the CA Framework, notwithstanding that the CA Framework shall only come into effect 1 January 2019 for a financial holding company.

A potential investor should not invest in the Notes unless it has the knowledge and expertise to evaluate the contractual terms and conditions of the Programme, which are contractually binding on the holders of the Notes notwithstanding that the CA Framework shall only be effective from 1 January 2019 for the Issuer, being a financial holding company.

3.3.14 Malaysian taxation

All payments by the Issuer shall be made subject to withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of the Government of Malaysia (“**Government**”) or any authority thereof having power to tax, and the Issuer shall not be required to gross up in connection with such withholding or deduction on these payments or distributions.

3.4 Forward-Looking Statements

Certain statements in this Information Memorandum are forward-looking in nature. These statements include, among others, discussions of AMMB Group’s business strategies and expectations concerning its position in the Malaysian economy, future operations, profitability, liquidity, capital resources and financial position.

All forward-looking statements are based on estimates and assumptions made by AMMB Group and third party consultants that, although believed to be reasonable, are subject to risks and uncertainties which may cause actual events and the future results of AMMB Group to be materially different from that expected or indicated by such statements and estimates and no assurance can be given that any such statements or estimates will be realised.

In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by AMMB Group or any other person that the plans and objectives of AMMB Group will be achieved.

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4.0 DESCRIPTION OF THE ISSUER

4.1 History and Background Information on AMMB

AMMB is a public listed company incorporated in Malaysia on 15 August 1991. It became the holding company of the Arab-Malaysian Banking Group and assumed the listing status of AMMB in 1991. It is the parent of Malaysia's sixth (6th) largest banking group, branded as the "**AmBank Group**".

As a diversified financial services group, AmBank Group provides a whole range of financial services in Malaysia, which may be broadly categorised as follows:-

- (a) investment banking as provided by AmInvestment Bank, covering corporate advisory, debt capital markets, equity capital markets and derivatives, underwriting and stockbroking;
- (b) AmBank carries on the business of commercial banking and finance company services whilst AmBank Islamic provides Islamic banking services;
- (c) fund management services (including Islamic fund management), covering portfolio fund management, public unit trust funds, real estate investment trust management, and private equity investment fund management.

The insurance and takaful businesses of AmBank Group are as follows:-

- (a) for general insurance, 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 Insurance Australia Group Limited 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;
- (b) for life insurance, AmMetLife Insurance Berhad ("**AmMetLife**") (formerly known as AmLife Insurance Berhad) is a strategic partnership between the 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; and
- (c) for family takaful, AmMetLife Takaful Berhad ("**AmMetLife Takaful**") (formerly known as AmFamily Takaful Berhad) is a strategic partnership between the AmBank Group and MetLife. The strategic partnership combines the international expertise and financial strength of MetLife with the local strength and reach of the AmBank Group.

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

4.2 Corporate Information

4.2.1 Registered Office and Principal Place of Business

The registered office and principal place of business of AMMB are both situated at 22nd Floor, Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur.

4.2.2 Share Capital

The authorised and issued and fully paid-up share capital of AMMB as at 15 October 2016 are as follows:

Type	No. of Shares	Par value (RM)	Total (RM)
Authorised			
Ordinary	5,000,000,000	1.00	5,000,000,000.00
Preference	200,000,000	1.00	200,000,000.00
Total Authorised	5,200,000,000	1.00	5,200,000,000.00
Issued and fully paid-up			
Ordinary	3,014,184,844	1.00	3,014,184,844.00
Total issued and fully paid-up	3,014,184,844	1.00	3,014,184,844.00

4.2.3 Substantial Shareholders

As at 15 October 2016, the substantial shareholders of AMMB and their respective shareholding are as follows:

Name	Nationality/ Country of Incorporation	No. of shares			
		Direct interest	%	Indirect interest	%
Clear Goal Sdn Bhd (Company No. 736317-V)	Malaysia			391,069,003	12.97
ANZ Funds Pty Ltd (Australian Company No. 004 594 343)	Australia	716,841,483	23.78		
Australia and New Zealand Banking Group Limited (Australian Company No. 005 357 522)	Australia			716,841,483	23.78
Amcorp Group Berhad (Company No. 1166-T)	Malaysia	391,069,003	12.97		

Name	Nationality/ Country of Incorporation	No. of shares			
		Direct interest	%	Indirect interest	%
Employees Provident Funds Board	Malaysia	456,520,737	15.15		
Tan Sri Azman Hashim (NRIC No. 390717-10-5069)	Malaysian			391,069,003	12.97

4.2.4 AMMB's Subsidiaries, Associated Companies and Joint Ventures

Disclosure made as at 15 October 2016

Subsidiaries	Date of Incorporation	Paid-up share capital stated in thousands	Country of Incorporation	Effective equity interest (%)	Principal activities
AmInvestment Group Berhad (" AIGB ")	23.06.2004	RM180,342	Malaysia	100.00	Investment holding
AMFB Holdings Berhad (" AMFB ")	22.05.1964	RM1,000	Malaysia	100.00	Investment holding
AMAB Holdings Sdn Bhd (" AMAB Holdings ")	14.11.2008	RM371,000	Malaysia	100.00	Investment holding
AmBank (M) Berhad (" AmBank ")	25.03.1969	RM820,364	Malaysia	100.00	Commercial banking
AmInvestment Bank Berhad (" AmInvestment Bank ")	05.08.1975	RM200,000	Malaysia	100.00	Investment banking
AmBank Islamic Berhad (" AmBank Islamic ")	14.04.1994	RM462,922	Malaysia	100.00	Islamic banking

Subsidiaries	Date of Incorporation	Paid-up share capital stated in thousands	Country of Incorporation	Effective equity interest (%)	Principal activities
MBF Cards (M'sia) Sdn Bhd ("MBF Cards")	05.08.1977	RM5,265	Malaysia	100.00	Dormant
AmSecurities Holding Sdn Bhd ("AMSH")	17.07.1986	RM10,000	Malaysia	100.00	Investment holding
AmCard Services Berhad	10.01.1981	RM288,500	Malaysia	100.00	Credit card-related services and asset financing agency
AmGeneral Holdings Berhad	18.01.2008	RM390,000	Malaysia	51.00	Investment holding
AmGeneral Insurance Berhad	30.12.1978	RM646,100	Malaysia	51.00	General Insurance
AMSEC Holdings Sdn Bhd #	16.11.1982	RM100,000	Malaysia	100.00	Dormant
AmFunds Management Berhad ("AFM")	09.07.1986	RM5,539	Malaysia	100.00	Managing unit trust funds and Private Retirement Scheme (PRS)
AmInvestment Management Sdn Bhd ("AIM")	12.03.1996	RM5,000	Malaysia	100.00	Dormant

Subsidiaries	Date of Incorporation	Paid-up share capital stated in thousands	Country of Incorporation	Effective equity interest (%)	Principal activities
AmIslamic Funds Management Sdn Bhd ("AIFM")	25.08.2008	RM3,000	Malaysia	100.00	Islamic fund management services and distribution of Islamic wholesale funds
AMMB Nominees (Tempatan) Sdn Bhd	04.10.1979	RM10	Malaysia	100.00	Nominee services
AMMB Nominees (Asing) Sdn Bhd	03.03.1993	RM10	Malaysia	100.00	Nominee services
AmPrivate Equity Sdn Bhd ("AmPrivate Equity")	06.09.2005	RM24.459	Malaysia	80.00	Investment holding
AMSEC Nominees (Tempatan) Sdn Bhd	18.06.1983	RM1.002	Malaysia	100.00	Nominee services
AMSEC Nominees (Asing) Sdn Bhd	25.02.1993	RM1	Malaysia	100.00	Nominee services
AmFutures Sdn Bhd ("AmFutures")	19.12.1994	RM15,000	Malaysia	100.00	Dormant
AmResearch Sdn Bhd ("AmResearch")	27.02.1995	RM500	Malaysia	100.00	Dormant
AM Nominees (Tempatan) Sdn Bhd [^]	29.08.1997	RM0.002	Malaysia	100.00	Nominee services

Subsidiaries	Date of Incorporation	Paid-up share capital stated in thousands	Country of Incorporation	Effective equity interest (%)	Principal activities
AM Nominees (Asing) Sdn Bhd	29.08.1997	RM0.002	Malaysia	100.00	Nominee services
Malaysian Ventures Management Incorporated Sdn Bhd (" MVMI ")	31.03.1984	RM8,500	Malaysia	100.00	Fund management and consultancy services
Am ARA REIT Holdings Sdn Bhd (" Am ARA Holdings ")	20.04.2006	RM1,000	Malaysia	70.00	Investment holding
Am ARA REIT Managers Sdn Bhd (" Am ARA REIT Managers ")	20.04.2006	RM1,000	Malaysia	70.00	Management of real estate investment trusts and properties
MBf Information Services Sdn Bhd	22.02.1990	RM27,500	Malaysia	100.00	Property investment
MBf Nominees (Tempatan) Sdn Bhd	09.05.1974	RM10	Malaysia	100.00	Nominee services
MBf Trustees Berhad	29.01.1992	RM250	Malaysia	60.00	Trustee services
AmProperty Holdings Sdn Bhd	12.08.1991	RM500	Malaysia	100.00	Property investment
Teras Oak Pembangunan Sendirian Berhad	22.09.1977	RM4,700	Malaysia	100.00	Dormant

Subsidiaries	Date of Incorporation	Paid-up share capital stated in thousands	Country of Incorporation	Effective equity interest (%)	Principal activities
Bougainvillea Development Sdn Bhd	31.05.1982	RM11,000	Malaysia	100.00	Property investment
Malco Properties Sdn Bhd	29.02.1980	RM417	Malaysia	81.51	Dormant
Komuda Credit & Leasing Sdn Bhd ^{##}	08.12.1983	RM14,259	Malaysia	100.00	Dormant
AmPremier Capital Berhad ("AmPremier")	26.12.2008	RM0.002	Malaysia	100.00	Issue of subordinated securities
Economical Enterprises Sendirian Berhad ^{###}	01.11.1975	RM535	Malaysia	100.00	Dormant
AmMortgage One Berhad ("AmMortgage")	12.02.2009	RM1	Malaysia	100.00	Undertaking Securitisation transactions
AmCapital (B) Sdn Bhd ^{^^}	28.11.2007	B\$2,000	Brunei	100.00	Ceased operation
AmLabuan Holdings (L) Ltd	12.01.1995	US\$10,000	Labuan, Malaysia	100.00	Investment holding
AMBB Capital (L) Ltd	23.09.2005	US\$0.003	Labuan, Malaysia	100.00	Dormant
AmSecurities (HK) Limited ^{^^}	28.12.1995	HK\$33,000	Hong Kong	100.00	Dormant
AmTrade Services Limited ^{^^}	21.12.2005	HK\$0.002	Hong Kong	100.00	Dormant

Subsidiaries	Date of Incorporation	Paid-up share capital stated in thousands	Country of Incorporation	Effective equity interest (%)	Principal activities
AmFraser International Pte. Ltd. [^]	20.03.1962	S\$4,645	Singapore	100.00	Investment holding
AmGlobal Investments Pte. Ltd. [^]	22.10.1994	S\$1,000	Singapore	100.00	Dormant
AmMetLife Insurance Berhad**	17.09.1973	RM200,000	Malaysia	50.00% - 1 share	Life assurance
AmMetLife Takaful Berhad**	26.01.2011	RM130,000	Malaysia	50.00% + 1 share	Family Takaful
Bonuskad Loyalty Sdn Bhd	05.07.1997	RM0.804	Malaysia	33.33%	Managing customer loyalty schemes

Note:

[^] Subsidiaries not audited by Ernst & Young, Malaysia.

^{^^} Subsidiaries audited by a firm affiliated with Ernst & Young, Malaysia.

[#] Subsidiary commenced Members' Voluntary Liquidation on 6 August 2013.

^{##} Subsidiary commenced Members' Voluntary Liquidation on 31 July 2013.

^{###} Subsidiary commenced Members' Voluntary Liquidation on 25 September 2014.

^{*} This subsidiary ceased its operation on 1 May 2015.

^{**} Joint Ventures.

4.3 Corporate Structure

As at 15 October 2016, the summarised corporate and shareholding structure of AMMB Group is as follows:

List of Subsidiaries, Associated Companies and Joint Ventures

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

COMPANIES	EFFECTIVE SHAREHOLDINGS (%)	COMPANIES	EFFECTIVE SHAREHOLDINGS (%)
Commercial and Retail Banking		Investment Holding Companies/Others	

COMPANIES	EFFECTIVE SHAREHOLDINGS (%)
AmBank (M) Berhad	100.00%
AmBank Islamic Berhad	100.00%
Capital Market	
AmInvestment Bank Berhad	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	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%

Note: * Joint Ventures

COMPANIES	EFFECTIVE SHAREHOLDINGS (%)
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%
Bougainvillea 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%

COMPANIES	EFFECTIVE SHAREHOLDINGS (%)	COMPANIES	EFFECTIVE SHAREHOLDINGS (%)
		AmCapital (B) Sdn Bhd	100.00%
		AMBB Capital (L) Ltd	100.00%
		MBF Cards (M'sia) Sdn Bhd	100.00%
		AmFutures Sdn Bhd	100.00%
		Under Members' Voluntary Winding-up	
		Komuda Credit & Leasing Sdn Bhd	100.00%
		AMSEC Holdings Sdn Bhd	100.00%
		Economical Enterprises Sendirian Berhad	100.00%

4.4 Information on Directors and Senior Management

4.4.1 Board

The members of the Board as at 15 October 2016 are as follows:

Name / Designation	Date of appointment	Nationality
Tan Sri Azman Hashim	15-08-1991	Malaysian
Graham Kennedy Hodges	30-06-2016	Australian
Suzette Margaret Corr	23-01-2015	Australian
Soo Kim Wai	04-10-2002	Malaysian
Tun Mohammed Hanif bin Omar	06-05-1994	Malaysian
Dato' Rohana binti Tan Sri Mahmood	08-07-2011	Malaysian
Dato' Seri Ahmad Johan bin Mohammad Raslan	09-12-2014	Malaysian
Voon Seng Chuan	18-06-2015	Malaysian
Wasim Akhtar Saifi	23-02-2016	Indian
Datuk Shireen Ann Zaharah binti Muhiudeen	30-06-2016	Malaysian

Name / Designation	Date of appointment	Nationality
Seow Yoo Lin	30-06-2016	Malaysian

4.4.2 Directors' Shareholdings

The shareholding of the directors as at 15 October 2016 are as follows:

Name / Designation	No. of Shares held as at 15 October 2016			
	Direct	%	Indirect	%
Tan Sri Azman Hashim <i>Non-Independent Non-Executive Chairman</i>	-	-	391,069,003	12.97
Graham Kennedy Hodges <i>Non-Independent Non-Executive Director</i>	-	-	-	-
Suzette Margaret Corr <i>Non-Independent Non-Executive Director</i>	-	-	-	-
Soo Kim Wai <i>Non-Independent Non-Executive Director</i>	-	-	-	-
Tun Mohammed Hanif bin Omar <i>Non-Independent Non-Executive Director</i>	-	-	-	-
Dato' Rohana binti Tan Sri Mahmood <i>Senior Independent Non-Executive Director</i>	-	-	-	-
Dato' Seri Ahmad Johan bin Mohammad Raslan <i>Executive Director and Senior Adviser</i>	-	-	-	-
Voon Seng Chuan <i>Independent Non-Executive Director</i>	-	-	-	-

Name / Designation	No. of Shares held as at 15 October 2016			
	Direct	%	Indirect	%
Wasim Akhtar Saifi <i>Independent Non-Executive Director</i>	-	-	-	-
Datuk Shireen Ann Zaharah binti Muhiudeen <i>Independent Non-Executive Director</i>	-	-	-	-
Seow Yoo Lin <i>Independent Non-Executive Director</i>	-	-	-	-

4.4.3 Directors' Profiles

The directors of AMMB and their respective profiles as at 15 October 2016 are set out below:-

Name	Profile
<p>Tan Sri Azman Hashim</p> <p>(77 years of age – Malaysian)</p> <p>Non-Independent Non-Executive Chairman</p>	<p>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.</p> <p>Tan Sri Azman is also the Chairman of the Board of 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.</p> <p>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.</p> <p>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, Malaysian Investment Banking Association, the Malaysia Productivity Corporation, Malaysia South-South Corporation Berhad and Chairman Emeritus of Pacific Basin</p>

	<p>Economic Council (PBEC).</p> <p>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.</p> <p>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.</p>
<p>Graham Kennedy Hodges</p> <p>(61 years of age – Australian)</p> <p>Non-Independent Non-Executive Director</p>	<p>Graham Kennedy Hodges, an Australian, male, aged 61, was appointed to the Board of AMMB Holdings Berhad on 30 June 2016. He is a member of the Company's Group Risk Management Committee and Governance Committee.</p> <p>Mr Hodges is the Deputy Chief Executive Officer of 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.</p> <p>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.</p> <p>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.</p> <p>Mr Hodges holds a Bachelor of Economics degree from Monash University, Australia.</p>
<p>Suzette Margaret Corr</p> <p>(56 years of age – Australian)</p> <p>Non-Independent Non-Executive Director</p>	<p>Suzette Margaret Corr, an Australian, female, aged 56, 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.</p> <p>Ms Corr is the General Manager Human Resources Institutional for 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.</p> <p>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.</p>

<p>Soo Kim Wai</p> <p>(55 years of age – Malaysia)</p> <p>Non-Independent Non-Executive Director</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Mr Soo is a Chartered Accountant (Malaysia 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.</p>
<p>Tun Mohammed Hanif bin Omar</p> <p>(77 years of age – Malaysian)</p> <p>Non-Independent Non-Executive Director</p>	<p>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.</p> <p>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.</p> <p>He has been the President of the Malaysian Institute of Management since 2001. 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.</p> <p>Tun Mohammed Hanif received his Bachelor of Arts degree from the then University of Malaya, Singapore in 1959, Bachelor of Law (Honours) degree from Buckingham University, United Kingdom in 1986, and Certificate of Legal Practise (Honours) from the Legal Qualifying Board in 1987.</p> <p>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 the University of Buckingham on 16 March 2012.</p>
<p>Dato' Rohana binti</p>	<p>Dato' Rohana Binti Tan Sri Mahmood, a Malaysian, female, aged 62, was</p>

<p>Tan Sri Mahmood</p> <p>(62 years of age – Malaysian)</p> <p>Senior Independent Non-Executive Director</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>Dato' Seri Ahmad Johan bin Mohammad Raslan</p> <p>(57 years of age – Malaysia)</p> <p>Executive Director and Senior Adviser</p>	<p>Dato' Seri Ahmad Johan bin Mohammad Raslan, a Malaysian, male, aged 57, 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.</p> <p>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.</p> <p>In addition to his assurance and advisory work, Dato' Seri Johan has frequently been consulted in matters concerning corporate governance.</p> <p>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.</p>

	<p>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.</p>
<p>Voon Seng Chuan</p> <p>(58 years of age – Malaysia)</p> <p>Independent Non-Executive Director</p>	<p>Voon Seng Chuan, a Malaysian, male, aged 58, was appointed to the Board of AMMB Holdings Berhad on 18 June 2015. He is the Chairman of the Company's Group Information Technology Committee and a member of the Company's Audit and Examination Committee, Group Risk Management Committee and Group Nomination and Remuneration Committee.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Mr Voon has a Bachelor of Science (Honours) degree in Mathematics from the University of Malaya.</p>

<p>Wasim Akhtar Saifi</p> <p>(58 years of age – Indian)</p> <p>Independent Non-Executive Director</p>	<p>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.</p> <p>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.</p> <p>Mr Wasim has extensive experience in 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.</p> <p>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.</p> <p>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.</p> <p>Mr Wasim holds a Bachelor of Commerce degree from Mumbai University, India and a Master of Business Administration from Rutgers University, USA.</p>
<p>Datuk Shireen Ann Zaharah binti Muhiudeen</p> <p>(53 years of age – Malaysian)</p> <p>Independent Non-Executive Director</p>	<p>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.</p> <p>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.</p> <p>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</p>

	<p>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.</p> <p>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. Beside 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.</p> <p>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.</p> <p>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.</p> <p>Datuk Shireen holds 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.</p>
<p>Seow Yoo Lin</p> <p>(60 years of age – Malaysia)</p> <p>Independent Non-Executive Director</p>	<p>Seow Yoo Lin, a Malaysian, male, aged 60, was appointed to the Board of AMMB Holdings Berhad on 30 June 2016. He is the Chairman of the Company's Audit and Examination Committee and a member of the Company's Group Information Technology Committee.</p> <p>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.</p> <p>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 Resources Partner, Partner in charge of Financial Services and a member of the KPMG Asia Pacific Board.</p> <p>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.</p> <p>He is currently a member of the Malaysian Institute of Accountants and</p>

	<p>Malaysian Institute of Certified Public Accountants.</p> <p>Mr Seow holds a Master of Business Administration degree from the International Management Centre, Buckingham, United Kingdom.</p>
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4.4.4 Key Management

The list of key management and their positions within the AMMB Group as at 15 October 2016 are set out below:

<p>Dato' Sulaiman bin Mohd Tahir</p> <p>Group Chief Executive Officer</p> <p>AmBank Group</p> <p>Chief Executive Officer</p> <p>AmBank (M) Berhad</p>	<p>Dato' Sulaiman Mohd Tahir is the Group Chief Executive Officer of AMMB and Chief Executive Officer of AmBank (M) Berhad (a wholly-owned subsidiary of AMMB), the commercial banking arm of AmBank Group.</p> <p>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.</p> <p>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.</p>
<p>Datuk Mohamed Azmi Mahmood</p> <p>Deputy Group Chief Executive Officer</p> <p>AmBank Group</p>	<p>Datuk Mohamed Azmi Mahmood was appointed as the Deputy Group Chief Executive Officer of AMMB on 2 April 2012.</p> <p>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.</p> <p>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.</p>

	<p>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.</p> <p>For his years of contribution to the industry, Datuk Azmi was conferred the <i>Darjah Mulia Seri Melaka</i>, which carries the title <i>Datuk</i>, on 11 October 2008.</p>
<p>Pushpa Rajadurai</p> <p>Managing Director</p> <p>Wholesale Banking, AmBank Group</p> <p>Acting Chief Executive Officer</p> <p>AmInvestment Bank</p>	<p>Pushpa Rajadurai is the Managing Director of Wholesale Banking of AmBank Group and Acting Chief Executive Officer of AmInvestment Bank.</p> <p>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.</p> <p>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, Off-shore Banking, Venture Capital Management, REITs and Private Equity and Fund Management.</p> <p>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.</p> <p>Pushpa is a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom, and Member of Malaysian Institute of Accountants.</p>
<p>Anthony Chin Min Khong</p> <p>Acting Head, Retail Banking</p> <p>AmBank (M) Berhad</p>	<p>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.</p> <p>Anthony has been pivotal in leading the Retail Bank to innovate solutions and transforming operating models for significant productivity and service improvements.</p> <p>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.</p> <p>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</p>

	<p>AmBank to receive regional awards for the core banking implementation, Retail Bank website and social media marketing campaign.</p> <p>He has spoken at local and international conferences on innovation, digital and technology.</p> <p>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.</p>
<p>Eqhwan Mokhzanee Muhammad</p> <p>Chief Executive Officer</p> <p>AmBank Islamic Berhad</p>	<p>Eqhwan Mokhzanee Muhammad joined AmBank Islamic Berhad as the Chief Executive Officer on 1 April 2015.</p> <p>Prior to joining AmBank Islamic Berhad, Eqhwan has worked with commercial and investment banks where he obtained exposures in <i>inter alia</i> 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).</p> <p>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.</p> <p>Eqhwan has been invited as a speaker at conferences in Malaysia and overseas on Islamic banking. He has also authored Islamic finance research papers.</p> <p>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.</p>
<p>Faradina binti Mohammad Ghouse</p> <p>Group Chief Compliance Officer</p> <p>AmBank Group</p>	<p>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.</p> <p>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</p>

	<p>Review division based in Singapore performing independent business and operational risk reviews for the Global Transaction Services Business.</p> <p>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.</p> <p>Faradina holds a Bachelor of Management (Hons) from University Science Malaysia.</p>
<p>Nigel Christopher William Denby</p> <p>Chief Risk Officer</p> <p>AmBank Group</p>	<p>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 ANZ, our strategic partner in banking.</p> <p>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.</p> <p>Nigel graduated with a Bachelor of Arts in Economics with Honours from Exeter University in UK.</p>
<p>Mandy Jean Simpson</p> <p>Chief Financial Officer</p> <p>AmBank Group</p>	<p>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 ANZ.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Mandy was named Asia's Best CFO (Investor Relations) at the 5th Asian Excellence Recognition Awards 2015 and also CFO of the Year, Financial</p>

	Institutions, Malaysia at The Asset CFO/Treasurer of the Year Awards 2014.
Thein Kim Mon Chief Internal Auditor AmBank Group	<p>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.</p> <p>Kim Mon has over 40 years of experience in audit and risk management. Prior to joining AmBank Group, Kim Mon spent 21 years in 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.</p> <p>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.</p>
Charles Tan Keng Lock Chief Information Officer AmBank Group	<p>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.</p> <p>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.</p> <p>Charles holds a Bachelor of Science in Mathematics and Computer Science and a Master of Management Science from the University of Manchester, United Kingdom.</p> <p>Charles has been honoured with the Chief Information Officer of the Year award at the PIKOM ICT Leadership Awards 2014.</p>
Uji Sherina binti Abdullah Chief Human Resource Officer AmBank Group	<p>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.</p> <p>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.</p>

	<p>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.</p> <p>Uji Sherina holds an Associate in Occupational Studies Degree in Business Management from the City Center Business Institute in Syracuse, New York.</p>
<p>Derek Llewellyn Roberts</p> <p>Chief Executive Officer</p> <p>AmGeneral Insurance</p>	<p>Derek Llewellyn Roberts was appointed as the Chief Executive Officer of AmGeneral Insurance on 17 September 2014. He is responsible for the overall business growth, strategic direction and performance of the general insurance business of AmBank Group.</p> <p>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.</p> <p>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).</p> <p>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).</p>
<p>Ramzi Albert Toubassy</p> <p>Chief Executive Officer</p> <p>AmMetLife Insurance Berhad</p>	<p>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.</p> <p>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.</p> <p>Ramzi holds a Bachelor of Arts in Political Science from Georgia State University, USA as well as a Master of Arts in International Relations.</p>

<p>Mohamad Salihuddin Ahmad</p> <p>Chief Executive Officer</p> <p>AmMetLife Takaful Berhad</p>	<p>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 profit table growth for the Takaful business, accelerating shareholder return as well as ensuring the operational effectiveness of the AmMetLife Takaful business in Malaysia.</p> <p>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.</p> <p>He has a Bachelor of Science from Indiana State University as well as a Master in Business Administration from Stephen F. Austin University, Texas.</p>
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4.4.5 Board Committees

To enable the Board to devote more time for strategic and critical matters, the Board has delegated specific responsibilities to the following Board committees:

(i) 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 reviewing 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.
- Overseeing 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.

(ii) 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 Group wide 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; and
- To review and approve allowed deviations under BNM guidelines.

(iii) Group Risk Management Committee

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

The Group Risk Management Committee comprises four (4) 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.

(iv) 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.

(v) Governance Committee

The Governance Committee ("**GC**") comprises five (5) 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

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5.0 DESCRIPTION OF THE PRINCIPAL SUBSIDIARIES

5.1 AmBank

5.1.1 History and Background

AmBank is a public limited company incorporated under the Act on 25 March 1969 under the name of Malaysia Borneo Finance Corporation (M) Berhad. It changed its name to MBf Finance Berhad ("**MBf Finance**") on 19 December 1985.

On 20 December 2001, Arab-Malaysian Finance Berhad ("**AMFB**") (now known as AMFB Holdings Berhad) acquired 100% of MBf Finance. AMFB then transferred its entire business to MBf Finance with MBf Finance changing its name to AmFinance Berhad. AmBank assumed its present name, AmBank (M) Berhad on 1 June 2005 upon the merger of AMMB Group's banking and finance company business.

AmBank is a licensed commercial bank under the FSA and it provides banking and financial services which include loans, advances and financing, deposit services, credit cards, remittance and foreign exchange services.

5.1.2 Corporate Information

5.1.2.1 Share Capital

The authorised and issued and fully paid-up share capital of AmBank as at 15 October 2016 are as follows:

Type	No. of shares	Par value (RM)	Total (RM)
Authorised			
Ordinary	1,386,250,002	1.00	1,386,250,002.00
Preference	2,500,000,000	1.00	2,500,000,000.00
Total Authorised	3,886,250,002	1.00	3,886,250,002.00
Issued and fully paid-up			
Ordinary	820,363,762	1.00	820,363,762.00
Total issued and fully paid-up	820,363,762	1.00	820,363,762.00

5.1.2.2 Board of Directors

The Board of AmBank as at 15 October 2016 are as follows:

Name / Designation	Date of appointment	Nationality
Tan Sri Azman Hashim	20-12-2001	Malaysian
Raymond Fam Chye Soon	15-01-2015	Malaysian
Voon Seng Chuan	18-06-2015	Malaysian
Dato' Sri Abdul Hamidy bin Abdul Hafiz	07-01-2016	Malaysian

5.2 AmlInvestment Bank

5.2.1 History and Background

AmlInvestment Bank was incorporated under the name of Arab-Malaysian Development Finance Corporation Sdn Bhd in Malaysia under the Act as private limited company on 5 August 1975. It was converted to a public company on 16 August 1976 and assumed its present name on 4 December 2006.

AmlInvestment Bank Group provides a wide range of investment banking and related financial services which include corporate advisory, debt capital markets, equity capital markets and derivatives, private banking services, underwriting, stockbroking and futures broking.

5.2.2 Corporate Information

5.2.2.1 Share Capital

The authorised and issued and fully paid-up share capital of AmlInvestment Bank as at 15 October 2016 are as follows:

Type	No. of Shares	Par value (RM)	Total (RM)
Authorised			
Ordinary	1,900,000,000	1.00	1,900,000,000.00
Preference	100,000,000	1.00	100,000,000.00

Total Authorised	2,000,000,000	1.00	2,000,000,000.00
Issued and fully paid-up			
Ordinary	200,000,000	1.00	200,000,000.00
Total Issued and fully paid-up	200,000,000	1.00	200,000,000.00

5.2.2.2 Board of Directors

The Board of AmInvestment Bank as at 15 October 2016 are as follows:

Name / Designation	Date of appointment	Nationality
Tan Sri Azman Hashim	07-05-1982	Malaysian
Dato' Rohana binti Tan Sri Mahmood	20-05-2013	Malaysian
Tan Bun Poo	05-06-2015	Malaysian

5.3 AmBank Islamic

5.3.1 History and Background

AmBank Islamic is a public limited company incorporated under the Act on 14 April 1994.

On 1 May 2006, AmBank Islamic received its licence to commence Islamic banking business with the vesting of the Islamic assets and liabilities of AmBank to AmBank Islamic with effect from 1 May 2006.

AmBank Islamic provides Islamic retail and commercial banking products and services in accordance to Shariah principles.

As at 15 October 2016, the authorised share capital of AmBank Islamic is RM2,000,000,000.00 divided into 2,000,000,000 ordinary shares of RM1.00 each with an issued and paid up capital of RM462,922,000.00 comprising 462,922,000 ordinary shares of RM1.00 each.

AmBank Islamic was originally incorporated with the name of Arab-Malaysian Bank Berhad and had changed its name to AmBank Islamic Berhad on 18 May 2015.

5.3.2 Corporate Information

5.3.2.1 Share Capital

The authorised and issued and fully paid-up share capital of AmBank Islamic as at 15 October 2016 are as follows:

Type	No. of shares	Par value (RM)	Total (RM)
Authorised			
Ordinary	2,000,000,000	1.00	2,000,000,000.00
Preference	0	0.00	0
Total Authorised	2,000,000,000	1.00	2,000,000,000.00
Issued and fully paid-up			
Ordinary	462,922,000	1.00	462,922,000.00
Preference	0	0.00	0
Total issued and fully paid-up	462,922,000	1.00	462,922,000.00

5.3.2.2 Board of Directors

The Board of AmBank Islamic as at 15 October 2016 are as follows:

Name / Designation	Date of appointment	Nationality
Tan Sri Azman Hashim	01-08-1994	Malaysian
Wasim Akhtar Saifi	15-01-2015	Indian
Raja Anuar Bin Raja Abu Hassan	18-02-2016	Malaysian

6.0 AMMB GROUP'S BUSINESS

INTRODUCTION

AMMB Group offers both conventional and Islamic financial services, and covers activities across the following business divisions:-

- Retail banking
- Wholesale Banking
- Islamic banking
- Insurance

6.1 Retail Banking

Retail Banking offers a comprehensive suite of financial solutions which are designed to be relevant and meet AMMB Group 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.

AmBank's Retail Banking services and products are offered across the following business units:

- Deposits;
- Mortgage;
- Auto Finance;
- Cards;
- Wealth Management;
- True for Young Professionals;
- Small Business Banking (SBB);
- Retail Distribution; and
- Virtual Banking.

As at 31 October 2016, the Retail Banking business served approximately 2.95 million customer accounts through its distribution network of branches, ATMs, Electronic Banking Centres ("EBC") a 24-hour customer contact centre, mobile banking and internet banking services. The assets of Retail Banking comprise mainly loans for the purchase of transport vehicles and residential properties, credit card receivables and loans for personal use.

In addition, AmBank's branches operate as full service retail banking shopfronts offering customers traditional retail banking products and services as well as Bancassurance and investment services. This service model is intended to ensure that branch personnel are simultaneously focused on providing efficient and effective service to customers whilst driving business growth with an entrepreneurial mind-set. In recent years, AmBank has increased the number of customer-facing personnel in branches and also transformed the sales zone in its branches to ensure a more conducive environment for customer sales interactions.

6.1.1 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 AmBank held on to the Fixed Deposits ("FD") base by reducing attrition rate to 3.2 per cent (FY2015 compared to FY2016).

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. AmBank 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, AmBank Group also deployed new ground troops to advocate for deposits within its distribution channels and drive higher acquisition.

Growing deposits, especially CASA utilisation amongst existing and new customer base, will be a key priority in FY2017. On-going process simplification initiatives will support this growth, as AmBank Group looks towards enhancing the customer experience with online deposit functionalities as part of its virtual banking aspirations.

6.1.2 Mortgages

Mortgage receivables registered a 13 per cent growth year-on-year as AmBank Group focused its penetration in both primary and secondary markets. In tandem with launching competitive product packages, AmBank Group improved the productivity of its sales force and realised efficiencies across the loan process by aligning support functions of credit processing and approval, risk, collection and lending operations. AmBank Group 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.

AmBank Group's 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.

6.1.3 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 AmBank Group's strategy to balance its Auto Finance portfolio with more selective loan acquisitions, AmBank Group 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.

AmBank Group's FY2017 focus will be on increasing its market presence within the target growth segments through product innovation, targeted campaigns, dealer incentive programmes and holistic retention initiatives. AmBank Group also intends to capture market share on Motor Insurance by diversifying new application and renewal channels.

6.1.4 Cards

AmBank Group's commitment in supporting Bank Negara Malaysia's Payment Card Reform Framework led it 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, AmBank Group also concluded its final phase of integrating existing MBF branded cards into the AmBank Group brand, which were further enhanced with improved rewards and privileges for AmBank Group's valued cardmembers.

In a year where rewards and cardmember benefits were revised downwards due to intense pressure on interchange revenue, AmBank Group maintained its rewards and benefits programme to offer the best rewards and travel benefits to its cardmembers. To date, AmBank Group's 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 AmBank Group's cardmembers. Recognising the emergence of e-commerce, AmBank Group also entered into collaborations with household e-commerce merchants such as 11Street and GEMFIVE, amongst others, to provide attractive offers for its online savvy cardmembers.

AmBank Group also defended its top three merchant acquirer position by focusing on multi-outlet merchants and executing key merchant engagement/anti-attribution 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. AmBank Group will also continue to innovate solutions for merchants and build collaborations with business partners to deliver growth and increase its market presence in the coming year.

6.1.5 Wealth Management

FY2016 to date saw AmBank Group's efforts to diversify fee-based income and grow wealth business in the emerging affluent segment bearing early fruit.

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

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

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

6.1.6 True for Young Professionals

Nearly a year after the launch of the TRUE proposition and suite of products, AmBank Group has seen a steady growth in its customer base with a total of 44,229 customers across TRUE products. This can be attributed to AmBank Group's 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 AmBank Group applies a customer view to innovate products and services, it 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 its online platform for ease of application and a truly seamless digital experience.

6.1.7 Small Business Banking

Small Business Banking ("**SBB**") initiated its five stages of transformation from July 2013 and is currently in the tail end of the "Entrench & Grow" phase where AmBank Group now have the necessary foundation in place to be the bank of choice for SBB customers. In

FY2016, AmBank Group continued with a liability-led strategy to deliver superior financial returns and customer experience to small businesses that chose to bank with it.

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 throughout Behavioural Scorecard to provide structure on the business lending guidelines and pre-requisites partnership with AmBank. In addition, AmBank Group will invest significant increased efforts to protect AmBank Group’s existing base through the creation of an anti-attribution unit within SBB.

6.1.8 Retail Distribution

As of 31 October 2016, AmBank is supported by a strong network of 175 branches and Electronic Banking Centres (EBCs) nationwide (which includes a total of 1,385 self-service machines), a 24-hour contact centre and digital banking, access to AmBank’s financial solutions and services is made simple and convenient.

6.1.9 Virtual Banking

At Retail Banking, AmBank Group continues to expand the digitalisation of its banking solutions. In FY2016, JomPay, Malaysia’s national bill payment eco-system was successfully deployed, within Internet/Mobile Banking and ATMs to provide customers access to an expansive list of billers. Instant Transfer services is enabled as part of the Internet Banking solution to benefit customers with truly “anyday, anywhere, anytime” real-time banking experiences.

Over the year, online and Mobile Banking subscriber bases have grown and online transactions continue to register 20 per cent year-on-year increase. AmBank Group continues to improve and enhance its Internet and Mobile Banking service offerings to meet customers’ banking needs digitally.

Retail Banking continues to leverage on social media as a platform for engaging with customers and building AmBank Group’s brand. As part of AmBank’s #LifeGetsFun photo-based contest to officiate its Instagram page, AmBank 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 AmBank Group 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.

6.2 Wholesale Banking

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 its product partners – consisting of Transaction Banking, Global Markets and Investment Banking divisions – this Group continuously strives 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 and execution through enhancing clients’ share of wallet, acquire new clients, while diversifying and differentiating itself in the market place, in line with overall Group’s strategic objectives.

The Relationship Management (RMs) teams focus on building and developing strong relationship with customers, and work closely with other divisions within the Group to structure value-added and high quality comprehensive financial solutions, which include but are not limited to lending, deposit taking, liability management solutions, transaction banking covering cash and trade, foreign exchange and derivatives, offshore banking, debt and equity capital markets, as well as advisory and investment products. The RMs play a pivotal role and act as the primary contact point to enhance customer experience across sales, product solutions and

servicing to achieve product excellence and clear segregation between product strategy and distribution.

6.2.1 Transaction Banking

Transaction Banking offers a full suite of trade finance and cash management services. The department offers customized and value added end-to-end solutions to improve working capital cycles and process efficiency for AmBank Group's 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.

AmBank Group's 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 AmBank Group's 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 it to garner sticky funds in view of the pending BASEL III requirements as well as promoting Islamic trade finance and services activities.

6.2.2 Global Markets

Effective 1 Oct 2015, Global Markets Division (previously known as Markets Division) was reorganised to include Equity Derivatives Department to strategically house all trading and sales activities under an enlarged Division. The business integration is to leverage on AmBank Group's competitive advantage across fixed income, FX and derivatives to further develop a more diversified and sustainable revenue model from the flow business. With products and services ranging from Rates, Credit, foreign exchange and derivatives (including equity derivatives), Global Markets will be able to ensure continuous delivery of innovative and holistic financial solutions to AmBank Group's clients' needs. AmBank Group was recently awarded the "Best FX Bank for Corporates & Financial Institutions" for the fifth consecutive year by Alpha South East Asian which placed the Group in the frontline for FX and derivatives business.

6.2.3 Investment Banking

Investment Banking is anchored by the AmInvestment Group. The Investment Banking division has led the market with many firsts and continues to receive industry awards for its strategic and innovative edge. Under the Investment Banking division, the core products are corporate finance, equity capital markets, stock broking, capital markets group, private banking and funds management.

6.2.3.1 Corporate Finance

The Corporate Finance Division provides an extensive range of corporate finance and advisory services comprising mergers and acquisitions ("**M&A**"), take-overs, initial public offerings ("**IPO**"), restructuring, privatizations, issuance of equity and equity-linked instruments as well as valuations and independent advisory services. The Corporate Finance Division services a diverse spectrum of clientele from various sectors including construction, infrastructure, financial institutions, plantation, property development as well as oil and gas.

AmInvestment Group's 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 AmlInvestment Bank was involved in four (4) of the issues in various roles. AmlInvestment Group was 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. AmlInvestment Group was 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 member's 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. AmlInvestment Group was also the Joint Adviser for the RM507.0 million acquisition of companies with land and development rights by Sunsuria Berhad.

AmlInvestment Group also acted as the Independent Adviser for the take-overs 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, AmlInvestment Group 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). AmlInvestment Group was 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 AmlInvestment Group's full-fledged advisory services to enhance value for all stakeholders. AmlInvestment Group also seeks to continue utilizing its underwriting abilities to provide total solutions to its clients.

6.2.3.2 Equity Capital Market

The Equity Capital Markets division is mainly involved in the marketing, sales and distribution of equities in the primary and secondary equity and equity-linked markets. It collaborates closely with the Corporate Finance division by providing market intelligence support in the origination, structuring, pricing, syndication, execution and underwriting of equity-related issues that include initial public offerings, rights issues and private placements.

6.2.3.3 Stock Broking

The stockbroking services are complemented by AmlInvestment Group's full range of share margin products. In addition, AmlInvestment Group's integrated research services covering Economics, Equity, Fixed Income and Foreign Exchange markets provide comprehensive and valuable insights for the investment needs of its clients.

On the institutional front, AmInvestment Group continues to strengthen its relationship with the fund managers to complement ECM with better distribution network and capability. On the retail front, AmInvestment Group aims to be differentiated amongst the competitors by building a strong brand name, equipping the retail business with excellent help desk services as well as improved products. AmInvestment Group have made available multiple distribution channels, including remisiers, Bank Branch Broking, salaried dealers, Direct Market Access and the internet trading platform, offering clients the flexibility to trade both online and offline

6.2.3.4 Capital Markets Group

The Capital Markets Group is focused on providing integrated financing solutions to its sovereign, corporate and institutional clients through its capabilities in fixed income, derivatives and credit solutions and advisory services. AmInvestment Group strives to be the partner of choice among its clients to assist them in realising their business goals and supporting them in their long-term growth. With a strong team comprising professionals experienced in finance, accounting, tax, actuarial, legal, credit rating, risk management, engineering and securities regulations, AmInvestment Group offers its clients innovative and customised financing solutions that meet and exceed expectations.

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

6.2.3.5 Private banking

AmPrivate Banking 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. AmPrivate Banking complements the Group's expertise and resources with customised solutions to meet its clients' investment needs. Products and services originated within the Group are channelled across to private banking clients, who may also choose from a suite of other investment providers under AmPrivate Banking's open architecture platform.

AmPrivate Banking's private bankers serve clients located throughout Malaysia, offering them access to domestic and foreign exposures in equities, bonds, currencies and alternatives. Complementing its private bankers' advisory services are in-house fund managers that offers discretionary portfolio management.

6.2.3.6 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. AmInvest manages 82 unit trusts, nine private retirement schemes (PRS) and 86 institutional mandates.

It has been another bumper year for gathering awards and AmInvest managed to win 15 awards within the financial year from across the globe. AmInvest has won many repeated awards over the years recognising the company continuously for industry excellence. It won The Investment Management Company of the Year, Malaysia by World Finance from London for the fifth consecutive year. It 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. AmInvest is 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. AmInvest received the Islamic Fund House of the Year, Malaysia title by Acquisition International, United Kingdom.

6.3 Islamic Banking

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, AmBank Islamic 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 to substantially grow its mortgage portfolio.

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 PAT for FYE2016. If the AMP was excluded, the Bank would achieve PAT of RM282 million, an increase in PAT by almost 20% 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.

The following are some of the strategic initiatives that are being undertaken at AmBank Islamic:

6.3.1 Dedicated branches

AmBank Islamic is currently maintaining 3 dedicated branches in addition to its 172 shared branch network nationwide with AmBank. The branches are located strategically in Bandar Baru Bangi, Putrajaya and International Islamic University Malaysia, Gombak. In line with AmBank Group focus towards becoming a customer-centric entity, AmBank Islamic adopted the leveraging model whereby it allows AmBank Islamic to optimise the reach and growth via AmBank's existing branch network and to ensure the shared branches personnel are equipped with Islamic Banking knowledge, AmBank Islamic together with Retail Banking has recently appointed more than 175 Islamic Banking Champions across all branches comprising of Branch Managers and Customer Service Executives. With these appointments, each branch will now have a dedicated subject-matter-expert who is able to advice on Islamic Banking facilities offered by the Bank and who is also well-versed in Shariah compliance matters.

6.3.2 AmBank Islamic Branding for the Group

To align 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's 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.

6.3.3 Retail and Business Banking Activities

IFSA and Products

In compliance with the Islamic Financial Services Act 2013 (“**IFSA**”) which distinguishes Islamic deposit and investment products, all Islamic deposit products which adopted the Shariah contracts of Mudarabah and Wakalah bil 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 which 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 the customers to enjoy fixed profit rates and at the same time, these deposits are guaranteed by 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 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/ investment 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 subsequent to the enhancement to the Bank’s systems.
- Home/ Commercial Property Financing-i - based on the Shariah contract of Tawarruq where this product offers variable rate home/property financing solutions to customers.

New Initiative

In August 2016, AmBank Islamic and Credit Guarantee Corporation Malaysia Berhad (“**CGC**”) signed a Portfolio Guarantee (“**PG**”) agreement. Through this partnership, both CGC and AmBank Islamic have committed to extend another RM300 million of accessible working capital financing to qualified Small Medium Enterprise (“**SME**”) customers which lack collateral.

In September 2016, AmBank Islamic launched an Islamic affordable home financing scheme to assist qualified applicants from Johor to acquire affordable homes. This initiative is aimed at enhancing visibility and to accommodate the whitespace of the home financing sector by assisting home purchasers who actually qualify to secure financing but were typically not accepted by other financial institutions. Under this scheme, AmBank Islamic will be providing Islamic financing facilities of up to RM300 million to the under-served segment and eligible applicants must meet the payment capability criteria.

6.4 Insurance

AmMetLife and AmGeneral Insurance respectively are the life and general insurance arms of the AMMB Group. In FYE 2012, AMMB Group expanded into the takaful business with the introduction of AmFamily Takaful Berhad.

6.4.1 Life Assurance

AmMetLife is a strategic partnership between AMMB Holdings Berhad and MetLife International Holdings Inc. established in 2014. AmMetLife envisages building a leading modern insurer in Malaysia by being a market leader in product design, information technology, customer centricity and innovation.

AmMetLife adopts a multi-channel approach for business opportunities in Malaysia, offering a comprehensive range of life insurance and wealth protection solutions distributed through AmBank and AmMetLife branch offices, in addition to the strength of its authorised life insurance agents nationwide.

6.4.2 Family Takaful

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. AmMetLife Takaful aims to be a customer-centric and modern takaful operator in Malaysia based on a deep and respectful knowledge of Shariah principles and values.

In relation to the Company's gross contribution for the financial year ended 2016, AmMetLife Takaful has 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.

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 will be able to supplement the distribution by Bancatakaful and Agency by providing 'warm' leads for intermediaries to provide comprehensive Takaful solutions to potential participants. With the development of the direct channel, the company is expecting to generate consistent regular businesses in the next five years to become the preferred Takaful provider.

6.4.3 General Insurance

AmGeneral Insurance generates business from a comprehensive range of general insurance solutions distributed through a network of 32 branches, servicing 7,000 agents and dealers as well as through AmBank's branches nationwide. For FY2016, it reported a PAT of RM192.8 million (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 GST.

FY2016 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 statistic as at year-to-date March 2016). The Company is gaining momentum in other classes of insurance and is seeing results in its strategic corporate initiatives.

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 its customers and employees. The company's preparations for liberalization are well on track, and it is confident that it is ready to take the lead and compete when the market opens up.

6.5 Competitive Strengths

AMMB Group considers the following to be its principal competitive strengths:

6.5.1 Strategic partnership with ANZ, a major international banking and financial services group

The partnership with ANZ enabled AMMB Group to leverage on the international expertise and strengths of ANZ, as ANZ brought with it its international best practices as well as exposure to international products, banking systems and cross border capabilities. The equity participation of ANZ enabled AMMB Group to compete more effectively, given the enhanced product development abilities and risk management practices.

AMMB Group believes that the following benefits had been derived from its strategic partnership with ANZ:

- (a) **Risk Management Framework:** ANZ has a proven track record in transferring risk capabilities to its partners. AMMB Group saw improvements in credit risk management systems, knowledge transfer on the Basel II implementation and enhanced financial discipline.
- (b) **Retail and Business Banking:** ANZ has experience and capabilities in deposit raising strategies, auto financing, small business banking, mortgages and branch service enhancement. ANZ's experience with SMEs enabled AMMB Group to leverage on ANZ's vast corporate banking experience for business expansion purposes. ANZ's credit card business in other Asian markets enabled AMMB Group to adopt ANZ's best practices and capture a share of the fast growing Malaysian credit card market.
- (c) **Product Innovation:** AMMB Group had access to ANZ's relevant products and services expertise for product enhancement and innovation, as well as cross-selling activities via AMMB Group's existing franchise and distribution channels.
- (d) **Branding:** ANZ added credibility and provided a "unique selling point" for AMMB Group to position itself as a domestic bank with a significant foreign shareholding, and further strengthened its brand equity.
- (e) **IT Infrastructure and other Operations:** AMMB Group leveraged on ANZ's international standards and IT practices for the enhancement of its existing IT infrastructure. ANZ's best practices in the area of compliance enabled AMMB Group to enhance its internal auditing and reporting systems. In addition, AMMB Group gained exposure to ANZ's highly automated banking processes and centralised back office operations.
- (f) **Training and Development:** With staff secondment and training, AMMB Group was able to absorb and implement ANZ's international service standards to enhance the overall quality of its human capital in several areas.
- (g) **Regional Presence and Cross-Border Transactions:** The partnership also provided AMMB Group with access to ANZ's wide international network for remittance, Transactional Banking operations and investment banking cross border deal flow.

6.5.2 Strategic partnership with IAG, a multinational insurance company

AMMB Group's strategic partnership with the Insurance Australia Group Limited ("IAG") dates back to 2006 when IAG acquired 30% shareholding in AmAssurance Berhad ("AmAssurance"). This Australian connection provides complementary insurance expertise and support to AmAssurance. In 2008, AmGeneral Insurance was established to facilitate the separation of the composite insurance business of AmAssurance into general insurance and life insurance businesses. IAG continues to support AmGeneral Insurance and is involved in its management, offering skills transfer, and partnership and relationship models of IAG with AmGeneral Insurance. In 2008, IAG increased its stakeholding in AmGeneral Insurance to 49% from the initial 30%.

Also in 2012, AMMB Group acquired 100% equity interest in Kurnia Insurances (Malaysia) Berhad ("Kurnia"), emerging as Malaysia's No. 1 motor insurer. This acquisition, combined with the backing of both AMMB Group and IAG, puts AmGeneral Insurance in a better position financially, strategically and operationally.

6.5.3 Strategic partnership with MetLife, a leading global provider of insurance, annuities and employee benefit programmes

The strategic partnership for AMMB Group's Life Assurance and Family Takaful businesses began when AMMB's wholly-owned subsidiary, AMAB Holdings Sdn Bhd, and MetLife Inc.'s subsidiary, MetLife International Holdings Inc. ("MetLife"), entered into a share sale agreement on 28 April 2014 with MetLife owning 50 percent plus one share in AmMetLife, with the remaining shares held by AMMB Group, and AMMB Group owning 50 percent plus one share in AmMetLife Takaful, with the remaining shares owned by MetLife. Headquartered in New York, with operations in nearly 50 countries and a 145-year history, MetLife provides significant management resources and attention to the new joint venture entities and at the same time AmMetLife and AmMetLife Takaful have entered into exclusive 20-year bancassurance and bancatakaful agreements to provide innovative and customer centric financial planning and protection products through AMMB Group's banking network across Malaysia.

To reflect the new strategic partnership between AMMB Group and MetLife, the new brand logos of AmMetLife and AmMetLife Takaful were unveiled, breathing new life into the life assurance and family takaful businesses.

6.5.4 Wide market reach and diversified distribution network

As of 30 September 2016, AMMB Group operates 175 banking branches (including 3 dedicated Islamic banking branches), supported by a wide network of 821 automated teller machines, 183 Electronic Banking Centres, 48 assurance/insurance agencies and 13 AmInvestment Bank offices in Malaysia. In addition, AMMB Group can leverage on its nationwide network of sales force which comprise marketing officers, personal bankers, sales and financial services personnel and agents.

6.5.5 Leading market position in key business segments

AmBank is the third largest provider of auto financing in Malaysia, with a market share of approximately 13.8% as at 31 March 2016, and currently has relationships with approximately 4,000 dealers in Malaysia. These relationships provide an extensive distribution network for AmBank's auto financing products.

AmBank Islamic is a leading Islamic bank, being the sixth largest Islamic bank in Malaysia in terms of asset size as at 31 March 2016, and the fourth largest Islamic credit card issuer in Malaysia, measured by the total amount of credit card receivables outstanding as at 31 March 2016, commanding a 11.2% market share.

The Markets 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. AmBank and AmBank Islamic's 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 fifth 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.

The Capital Markets Group is focused on providing integrated financing solutions to its sovereign, corporate and institutional clients through its capabilities in fixed income, derivatives and credit solutions and advisory services. The Capital Markets Group strives to be the partner of choice among its 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 its top three position on the Bloomberg Underwriter Rankings for MYR-denominated PDS for the 13th consecutive year in 2015. AmInvestment Bank's track record of successfully executing deals in the volatile and challenging market environment is a testament to its unwavering commitment to provide service of the highest quality to its clients.

With two well-known and trusted brands, being AmAssurance and Kurnia, AmGeneral generates business from a comprehensive range of general insurance solutions distributed through a network of 33 branches, servicing 7,000 agents and dealers, as well as through AmBank's branches nationwide.

Despite operating in a highly competitive market, AmGeneral Insurance continued to lead in the motor insurance segment as the number one motor insurer with 16.5 per cent, and is second in overall market share based on Net Premium (ISM statistics as at year-to-date March 2016). The Company is gaining momentum in other classes of insurance and is seeing results in its strategic corporate initiatives. The Company's preparations for liberalisation are well on track, and it is confident that it's ready to take the lead and compete when the market opens up.

6.6 Business Plan and Strategy

FY2016 was a challenging year for the Group as it reached the end of a period of de-risking strategy. 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 "Top 4" 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 its 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 its strategic priorities, a broader people agenda has been developed to ensure the Group is amongst the best domestic employers. 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 the Group's 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.

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 talents to build up people capability and increasing efficiency by streamlining operations and improving distribution productivity.

The second stream, “Changing the Group/Bank” strategy will centre 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.

On top of these, the Group will set aside an average of RM25 million per annum for four years for investment in systems, infrastructure and training following the payment of RM53.7 million penalty to BNM in relation to non-compliance with certain regulations by AmBank and AmBank Islamic. Notwithstanding that the penalty has no material impact on AmBank Group’s earnings for the FY 2016, AmBank Group takes its compliance responsibility very seriously and has agreed with BNM to implement this four-year programme of work towards achieving market best practices. These measures will further enhance the robustness of the Group’s processes, reporting, improving the Group’s governance structure, safeguarding against the recurrence of such breaches in future and ensure that AmBank Group is well placed for future growth.

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7.0 FINANCIAL AND OTHER MATERIAL INFORMATION

7.1 Financial Highlights

A summary of the financial position of AMMB Group based on the audited financial position for the past two FYEs 31 March 2015 and 2016 and unaudited financial position FPE 30 September 2016 are as follows:

	Audited		Unaudited
	FYE 31 March 2015 RM million	FYE 31 March 2016 RM million	FPE 30 September 2016 RM million
Consolidated Statement of Financial Position			
ASSETS			
Cash and short-term funds	10,758.6	11,988.3	5,633.8
Deposits and placements with banks and other financial institutions	4,068.8	1,333.6	2,371.1
Derivative financial assets	1,437.5	1,884.0	1,084.7
Financial assets held-for-trading	4,674.2	4,920.6	5,812.0
Financial investments available-for-sale	10,387.3	11,680.5	8,799.9
Financial investments held-to-maturity	3,864.5	4,167.5	3,615.6
Loans, advances and financing	86,173.8	86,513.3	86,067.8
Receivables: Investments not quoted in active markets	551.2	565.3	699.8
Statutory deposits with Bank Negara Malaysia	3,214.6	2,590.2	2,731.4
Deferred tax assets	83.4	66.0	17.8
Investment in associates and joint ventures	662.3	674.5	691.4
Other assets	3,667.1	3,179.1	2,794.1
Reinsurance assets and other insurance receivables	433.9	513.6	425.8
Investment properties	7.7	-	-
Property and equipment	266.6	292.8	248.3
Intangible assets	3,348.1	3,370.0	3,409.4
Assets held for sale	204.2	24.7	20.9
TOTAL ASSETS	133,803.8	133,764.0	124,423.8
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	2,301.7	1,743.8	1,749.7
Recourse obligation on loans sold to Cagamas Berhad	2,769.6	3,935.8	3,908.7
Derivative financial liabilities	1,385.5	2,022.8	1,052.0
Deposits from customers	92,130.0	90,358.6	83,242.0
Investment accounts of customers	-	18.4	21.8
Term funding	8,302.3	8,607.6	8,311.7
Debt capital	4,580.6	4,094.1	3,614.2
Redeemable cumulative convertible preference share	198.8	204.8	206.4
Deferred tax liabilities	116.6	83.0	194.2
Other liabilities	3,917.7	3,809.9	2,933.3
Insurance contract liabilities and other insurance payables	2,544.6	2,761.4	2,622.5
Liabilities directly associated with assets held for sale	49.0	4.4	-
TOTAL LIABILITIES	118,296.4	117,644.6	107,856.5
Share capital	3,014.2	3,014.2	3,014.2
Reserves	11,440.9	12,154.3	12,552.1
Equity attributable to equity holders of the Company	14,455.1	15,168.5	15,566.3

	Audited		Unaudited
	FYE 31 March 2015 RM million	FYE 31 March 2016 RM million	FPE 30 September 2016 RM million
Consolidated Statement of Financial Position (cont'd.)			
Non-controlling interests	1,052.3	950.9	1,001.0
TOTAL EQUITY	15,507.4	16,119.4	16,567.3
TOTAL LIABILITIES AND EQUITY	133,803.8	133,764.0	124,423.8
COMMITMENTS AND CONTINGENCIES	116,765.1	125,037.1	117,837.2
NET ASSETS PER SHARE (RM)	4.80	5.03	5.16

	Audited		Unaudited
	FYE 31 March 2015 RM million	FYE 31 March 2016 RM million	FPE 30 September 2016 RM million
Consolidated Statement of Profit or Loss			
Operating revenue	9,142.5	8,416.0	4,162.7
Interest income	4,327.2	4,097.2	1,978.9
Interest expense	(2,346.1)	(2,459.4)	(1,213.3)
Net interest income	1,981.1	1,637.8	765.6
Net income from Islamic banking business	864.7	805.8	398.6
Income from insurance business	1,495.6	1,447.8	717.6
Insurance claims and commissions	(1,077.6)	(1,068.5)	(491.3)
Net income from insurance business	418.0	379.3	226.3
Other operating income	1,457.6	870.4	499.2
Share in results of associates and joint ventures	3.2	2.5	15.7
Net income	4,724.6	3,695.8	1,905.4
Other operating expenses	(2,089.4)	(2,176.9)	(1,059.7)
Acquisition and business efficiency income/(expenses)	(68.4)	2.6	(0.3)
Operating profit	2,566.8	1,521.5	845.4
Writeback for impairment on loans advances and financing	30.5	164.1	73.2
Net impairment (loss)/writeback on:			
Financial investments	(2.5)	11.9	2.8
Doubtful sundry receivables-net	36.9	(4.0)	(2.1)
Foreclosed properties	(5.8)	(0.3)	(0.3)
Property and equipment	(4.1)	(0.7)	-
Intangible assets	(1.3)	(0.9)	-
Writeback of provision for commitments and contingencies	19.2	40.8	19.9
Transfer to profit equalisation reserve	(35.4)	(1.4)	-
Recoveries of other receivables	-	-	12.6
Profit before taxation and zakat	2,604.3	1,731.0	951.5
Taxation and zakat	(559.7)	(331.5)	(216.9)
Profit for the financial year/period	2,044.6	1,399.5	734.6
Attributable to:			
Equity holders of the Company	1,918.7	1,302.2	675.6
Non-controlling interests	125.9	97.3	59.0

	Audited FYE 31 March 2015 RM million	FYE 31 March 2016 RM million	Unaudited FPE 30 September 2016 RM million
Profit for the financial year/period	2,044.6	1,399.5	734.6
Earnings per share (sen)			
Basic	63.83	43.33	22.47
Fully diluted	63.82	43.33	22.47

	Audited FYE 31 March 2015 RM million	FYE 31 March 2016 RM million	Unaudited FPE 30 September 2016 RM million
Consolidated Statement of Other Comprehensive Income			
Profit for the financial year/period	2,044.6	1,399.5	734.6
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to income statement			
Remeasurement of defined benefit liability	1.0	0.8	-
Income tax effect	(0.2)	(0.2)	-
	0.8	0.6	-
Items that may be reclassified to profit or loss			
Translation of foreign operations	60.2	22.0	30.9
Net movement on cash flow hedge	(4.7)	5.2	(4.4)
Net movement on financial investments available-for-sale	66.3	(7.4)	47.8
Income tax effect	(13.1)	(5.9)	(16.2)
	108.7	13.9	58.1
Other comprehensive income for the year/period, net of tax	109.5	14.5	58.1
Total comprehensive income for the year/period	2,154.1	1,414.0	792.7
Total comprehensive income for the period attributable to:			
Equity holders of the Company	2,039.3	1,315.5	734.9
Non-controlling interests	114.8	98.5	57.8
	2,154.1	1,414.0	792.7

Notes:-

The summary consolidated financial statements of AMMB Group for FYE 2015 had not incorporated restatements arising from changes in presentation with effect from April 2015 and April 2016.

Please refer to AMMB Group's website at www.ambankgroup.com for detailed information on the company's audited financial statements, quarterly financial results or any subsequent updates thereto.

7.2 Commentaries on Past Performances of AMMB Group

FYE 31 March 2015

AMMB Group's pre-tax profit for the year ended 31 March 2015 improved to RM2,604.3 million as compared to RM2,448.2 million reported for the corresponding period last year. AMMB Group's wholesale banking segment was the largest contributor to AMMB Group's pre-tax profit, reporting a pre-tax profit of RM1,278.1 million, followed by retail banking segment of RM571.8 million, whilst insurance operations contributed RM321.2 million for the year ended 31 March 2015.

Retail Banking's PBT dropped, mainly due to loan contraction in line with the Group's policy of de-risking and margin compression from the portfolio rebalancing effort to achieve higher quality assets. Excluding the auto finance business, gross loans grew 1.5% YoY supported by strong mortgage growth of 6.2%. CASA grew 1.5% YoY, supported by initiatives focusing on small business and emerging affluent segments. Expenses remain well contained from a continued emphasis on cost discipline and synergies from acquisitions.

For Wholesale Banking, PBT declined due to a weaker first half for corporate loans growth and capital market activities, partially cushioned by lower expenses from right-sizing initiatives and lower provisions, which benefited from pursuing higher quality assets. The Broking, Equity Derivatives, Funds Management, and Private Banking businesses recorded better performance during the year whilst Corporate Banking was impacted by margin compression. Additionally, subdued capital market activities had impacted the performance of Markets, Debt Capital Markets and Corporate Finance.

The General Insurance business recorded higher PBT from stronger investment income and improved claims management. Premium growth remained a challenge from stiff competition and subdued auto financing growth impacted bancassurance. The life assurance and family takaful business completed their strategic partnership with MetLife International Holdings Inc on 30 April 2014, and their results were equity accounted effective 1 May 2014. Net profit fell reflecting equity accounting impact and higher reserve required from lower MGS yields.

As at 31 March 2015, AMMB Group's total assets stood at RM133.8 billion. Meanwhile, AMMB Group's aggregated risk weighted capital ratio ("RWCR") (before deduction of proposed dividend) stood at 16.2% as at 31 March 2015, compared with 15.9% as at 31 March 2014.

FYE 31 March 2016

AMMB Group's pre-tax profit for the year ended 31 March 2016 dropped to RM1,731.0 million compared to RM2,604.3 million reported for the corresponding period last year. AMMB Group's wholesale banking segment was the largest contributor to AMMB Group's pre-tax profit, reporting a pre-tax profit of RM850.5 million, followed by retail banking segment of RM614.2 million, whilst insurance segment contributed RM160.7 million for the year ended 31 March 2016.

Retail Banking's income fell 14.2% as a result of margin compression and lower fee income. During the financial year, Retail Banking was impacted by changes in national household spending patterns post GST implementation and weak household sentiments associated with the fall in commodity prices and depreciation of Ringgit. Expenses, on the other hand, were relatively stable owing to vigilant cost management. Profit before tax increased underpinned by lower loan loss allowances as asset quality strengthened from portfolio rebalancing initiatives and intensified collection efforts led to higher recoveries. Excluding the auto finance segment, gross loans grew 6.6% anchored by robust growth of 12.7% in mortgage. Deposits contracted 2.9% reflecting domestic deposit movement and intense competition, the business will continue to focus on driving growth in low cost deposits.

Against the backdrop of heightened market volatility, cautious business outlook and pressures on net interest margin, Wholesale Banking's total income declined 13.1%. The impact was partially mitigated by a 13.4% reduction in operating expenses, reflecting personnel cost

savings from right-sizing initiatives. PBT was weaker amidst challenging operating environment coupled with lower recoveries. Notwithstanding higher loans extended to the SME sector, gross loans growth was flat due to several large corporate repayments during the year. Overall deposits were down marginally, but low cost deposits registered a growth of 6.2%.

Gross written premium for general insurance was sustained at RM1,567.4 million despite consumption growth moderated post-GST implementation affecting national vehicle sales. Nevertheless, PBT decreased as investment income was lower during the financial year, aggravated by higher claims and operating expenses. The joint ventures in life assurance and family takaful business posted a net loss during the financial year largely due to unrealised loss on investments. The business aims to strengthen its core business model, operations and systems to achieve the vision in becoming the preferred insurer in Malaysia.

As at 31 March 2016, AMMB Group's total assets stood at RM133.8 billion. Meanwhile, AMMB Group's banking subsidiaries aggregated risk weighted capital ratio ("RWCR") stood (before deduction of proposed dividend) at 16.4% as at 31 March 2016, compared with 16.2% as at 31 March 2015.

7.3 Capital Adequacy

The banking subsidiaries of AMMB to which BNM's Risk Weighted Capital Adequacy Framework applies are AmBank, AmInvestment Bank and AmBank Islamic. The following information provide a proforma view of AMMB Group's capital adequacy position based on an aggregation of the capital positions and risk weighted assets of the three regulated banking institutions (consolidated for AmBank and AmInvestment Bank).

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

	FPE 30 September 2016			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividends:				
CET 1 Capital ratio	11.482%	10.547%	33.169%	12.068%
Tier 1 Capital ratio	12.946%	10.547%	33.169%	13.113%
Total Capital ratio	16.196%	15.072%	33.169%	16.699%
After deducting proposed dividends:				
CET 1 Capital ratio	11.227%	10.547%	33.005%	11.883%
Tier 1 Capital ratio	12.690%	10.547%	33.005%	12.928%
Total Capital ratio	15.940%	15.072%	33.005%	16.514%
	FYE 31 March 2016			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividends:				
CET 1 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:				
CET 1 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%

	FYE 31 March 2015			
	AmBank	AmBank Islamic	AmInvestment Bank	Group
Before deducting proposed dividends:				
CET 1 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:				
CET 1 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, 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.

With effect from 1 January 2016, the capital adequacy ratios are computed in accordance with BNM's guidelines on Capital Adequacy Framework for Banks (Capital Components) issued on 13 October 2015.

7.4 Asset Quality

7.4.1 Financing and Advances Portfolio

Loans, advances and financing by type

The following table sets out the breakdown of AMMB Group's loans/financing portfolio by product type for the past two (2) FYEs 31 March 2015 and 2016 and FPE 30 September 2016:

	Audited		Unaudited
	FYE 31 March 2015	FYE 31 March 2016	FPE 30 September 2016
	RM million	RM million	RM million
Term loans	26,101.7	23,516.5	22,787.7
Revolving credit	10,990.8	12,705.8	11,763.7
Housing loans/financing	15,529.1	17,834.2	19,743.0
Hire-purchase receivables	24,096.1	22,289.0	21,190.2
Credit card receivables	1,712.9	1,565.2	1,565.5
Overdraft	3,225.2	3,362.8	3,446.3
Claims on customers under acceptance credits	3,756.8	4,068.2	4,027.0
Trust receipts	1,330.5	1,266.8	1,449.4
Bills receivables	796.9	948.1	981.6
Staff loans	126.2	117.8	115.3
Others	156.8	217.9	189.5
Gross loans, advances and financing	87,823.0	87,892.3	87,259.2
Allowance for impairment on loans advances and financing:			
Individual allowance	(235.8)	(317.3)	(139.0)
Collective allowance	(1,413.4)	(1,061.7)	(1,052.4)
	(1,649.2)	(1,379.0)	(1,191.4)
Net loans, advances and financing	86,173.8	86,513.3	86,067.8

Loans, advances and financing by sector

The following table sets out the breakdown of AMMB Group's gross loans/financing portfolio by sector for the past two (2) FYEs 31 March 2015 and 2016 and FPE 30 September 2016:

	Audited		Unaudited
	FYE 31 March 2015	FYE 31 March 2016	FPE 30 September 2016
	RM million	RM million	RM million
Agriculture	4,285.4	4,127.7	3,916.8
Mining and quarrying	3,075.7	2,994.7	2,868.8
Manufacturing	8,553.5	9,002.1	8,753.8
Electricity, gas and water	1,237.9	496.7	437.4
Construction	3,979.6	4,148.3	3,993.5
Wholesale and retail trade and hotels and restaurants	4,611.3	4,348.9	4,659.3
Transport, storage and communication	2,334.7	1,791.7	1,601.7
Finance and insurance	2,169.4	2,336.3	2,103.5
Real estate	8,667.9	8,761.7	8,200.8
Business activities	1,215.9	1,285.6	1,260.4
Education and health	1,707.6	2,103.0	1,954.6
Household of which:	45,494.1	46,062.3	47,003.5
Purchase of residential properties	15,389.7	17,636.7	19,496.7
Purchase of transport vehicles	22,713.6	21,231.3	20,238.9
Others	7,390.8	7,194.3	7,267.9
Others	490.0	433.3	505.1
	87,823.0	87,892.3	87,259.2

7.4.2 Loan, Advances and Financing Maturity Profile

The following table sets out the breakdown of AMMB Group's gross loans/financing portfolio by residual contractual maturity for the past two (2) FYEs 31 March 2015 and 2016 and FPE 30 September 2016:

	Audited		Unaudited
	FYE 31 March 2015	FYE 31 March 2016	FPE 30 September 2016
	RM million	RM million	RM million
Maturing within one year	20,990.2	24,074.6	24,360.0
Over one year to three years	10,034.6	10,009.9	8,357.6
Over three years to five years	12,803.9	13,085.1	13,078.0
Over five years	43,994.3	40,722.7	41,463.6
	87,823.0	87,892.3	87,259.2

7.4.3 Loans, Advances and Financing

Set out below are movements in AMMB Group's total impaired loans, advances and financing and impaired loans, advances and financing ratios for the past two (2) FYEs 31 March 2015 and 2016 and FPE 30 September 2016:

	Audited		Unaudited
	FYE 31 March 2015	FYE 31 March 2016	FPE 30 September 2016
	RM million	RM million	RM million
Balance at beginning of the financial year	1,662.1	1,572.7	1,700.9

		Audited	Unaudited
	FYE 31 March 2015 RM million	FYE 31 March 2016 RM million	FPE 30 September 2016 RM million
Impaired during the financial year/period	1,989.7	1,417.6	526.8
Reclassified as non-impaired	(337.4)	(75.2)	(73.5)
Disposal of subsidiary	(9.9)	-	-
Recoveries	(666.7)	(549.8)	(289.7)
Amount written-off	(1,065.5)	(664.4)	(443.5)
Exchange differences	0.4	-	5.9
Balance at end of the financial year/period	1,572.7	1,700.9	1,426.9
Gross impaired loans, advances and financing as % of gross loans, advances and financing	1.8%	1.9%	1.6%
Loan loss coverage	104.9%	81.1%	83.5%

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8.0 RISK MANAGEMENT FRAMEWORK

The Risk Management Framework takes its lead from the Board's Approved Risk Appetite Framework that forms the foundation for AMMB Group to set its risk/reward profile.

The Risk Appetite Framework is approved annually by the Board taking into account the AMMB 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 AMMB Group operates in.

The Risk Appetite Framework provides portfolio parameters for Credit Risk, Traded Market Risk, Non-Traded Market Risk and Operational Risk incorporating, inter alia, limit structures for countries, industries, single counterparty, value at risk, capital at risk, earnings at risk, stop loss, stable funding ratio and liquidity. Each business unit has asset writing strategies which tie into the overall Risk Appetite Framework providing detailed strategies of how the business units will execute their business plans in compliance with the Risk Appetite Framework.

Risk Management Governance

The Board is ultimately responsible for the management of risks within the Group. The Risk Management Committee of Directors 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 Management Risk Committees to assist it in managing the risks and businesses of the Group. The Management Risk Committees address 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.

Board of Directors						
BOARD RISK COMMITTEES	➔	Risk Management Committee of Directors (RMCD)	Audit & Examination Committee (AEC)	Board Credit Committee (BCC)	Governance Committee (GC)	Group Information Technology Committee (GITC)
Management Level Risk Management Committees						
MANAGEMENT RISK COMMITTEES	➔	Group Management Risk Committee (GMRC)	Group Asset & Liability Committee (GALCO)	Group Management Governance & Compliance Committee (GMGCC)	Group Management Committee (GMC)	Credit & Commitments Committee (CACC)

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9.0 INDUSTRY OVERVIEW

9.1 Malaysian Economy - Economy continues to record a steady growth

The Malaysian economy grew by 4% during the second quarter of 2016 (Q1 2016: 4.2%) despite increasing uncertainties in the external environment. The growth was supported mainly by domestic demand amid a decline in net exports and significant drawdown in stocks. On the supply side, all sectors continued to register a positive growth except agriculture. The services sector expanded by 5.7% (Q1 2016: 5.1%) on account of higher activity in the wholesale and trade as well as information and communication subsectors. The manufacturing sector grew by 4.1% (Q1 2016: 4.5%), supported by electrical & electronics (E&E) and chemical products. The construction sector expanded by 8.8% (Q1 2016: 7.9%) mainly driven by higher civil engineering and residential subsectors. Meanwhile, the mining and quarrying sector increased by 2.6% (Q1 2016: 0.3%) spurred by higher output of natural gas and crude oil as well as other mining segments. However, the agriculture sector contracted significantly by 7.9% (Q1 2016: -3.8%) due to lower output of both crude palm oil (CPO) and rubber.

(Source: Quarterly Update on the Malaysian Economy – 2nd Quarter 2016, Ministry of Finance Malaysia)

9.2 Monetary and Financial Developments

Monetary aggregates continue to grow marginally

Money supply continued to grow in the second quarter of 2016. M1 or narrow money turned around by 0.9% to RM363.8 billion as at end-June 2016 (end-March 2016: -1.7%; RM354.1 billion). Meanwhile, M3 or broad money increased by 1.8%, recording RM1,611.0 billion as at end-June 2016 (end-March 2016: 0.9%; RM1,604.0 billion) due to continued credit extension to the private sector by the banking system. However, the increase was partly offset by the reclassification of Islamic Investment Accounts in July 2015.

Interest rates remain stable

The Overnight Policy Rate (OPR) was unchanged at 3.25% during the quarter and remained supportive of economic activities. The Base Rate (BR), however, declined to 3.83% (Q1 2016: 3.89%) as at end-June 2016. The weighted average lending rate (ALR) of commercial banks remained relatively unchanged at 4.61% during the quarter. Meanwhile, savings deposit rate increased to 1.07% as at end-June 2016 (end-March 2016: 1.03%). The interest rates on 1-month to 12-month fixed deposits remained between 3.08% and 3.29% as at end-June 2016.

Higher financing through capital market

The overall gross private sector financing raised through the banking system and capital market amounted to RM280.8 billion in the second quarter of 2016 (Q1 2016: RM281.0 billion). This was mainly due to a marginal decline in the loans disbursed by the banking system. However, both new issuances of private debt securities (PDS) excluding Cagamas and equities were higher at RM20.1 billion and RM2.1 billion, respectively, backed by an increase in net inflow of foreign funds, particularly in June 2016 (Q1 2016: RM17.9 billion; RM1.1 billion).

During the quarter, demand for financing moderated further with loan disbursements declining by 2% to RM258.5 billion (Q1 2016: -2.0%; RM262.0 billion). The household sector accounted for a significant share of the total loans disbursed at 27.1% or RM70.0 billion, followed by wholesale and retail trade, accommodation and restaurant (19%), as well as manufacturing (18.8%) sectors. Loan applications grew by 2.1% to RM212.6 billion (Q1 2016: 5.1%; RM187.7 billion) while loan approvals contracted by 12.7% to RM89.5 billion (Q1 2016: -18.4%; RM76.7 billion).

Total loans outstanding in the banking system grew by 5.6% to RM1,465.2 billion (end-March 2016: 6.4%; RM1,449.5 billion). Loans extended to households, which accounted for 57.2% of

the total loans outstanding increased by 1.3% to RM838.8 billion (end-March 2016: 57.1%; 0.9%; RM828.1 billion).

Banking system remains strong

The banking system remained strong on the back of firm capitalisation and sustained asset quality. As at end-June 2016, the common equity tier 1 capital ratio, tier 1 capital ratio and the total capital ratio stood at 12.9%, 13.9% and 16.4%, respectively (end-March 2016: 13%; 13.9%; 16.5%). Meanwhile, pre-tax profit in the second quarter of 2016 totalled RM12.9 billion (Q1 2016: RM7.7 billion), mainly driven by income from financing as well as trading and investment activities. The net impaired loans ratio remained low at 1.3% of net total loans (end-March 2016: 1.2%).

The ringgit softens

The ringgit eased against most major and regional currencies during the second quarter of 2016, except against the pound, the renminbi and the Australian dollar which appreciated by 4.3%, 0.2% and 0.4%, respectively. The ringgit's depreciation was due to lack of market-moving catalysts and the strengthening of the US dollar. The hawkish Federal Reserve's (Fed) statement on the possibility of interest rate hike in June 2016 affected the ringgit in April and May 2016 despite the gradual increase in global crude oil prices and Moody's positive outlook on Malaysia. In June 2016, the ringgit depreciated further as the US dollar surged significantly after the Brexit referendum. During the quarter, the ringgit depreciated by 2.5% against the US dollar and between 0.4% and 10.9% against other major and regional currencies.

Active fund raising

Fund raising activity in the capital market was higher in the second quarter of 2016. Gross funds raised in the capital market increased 6.3% quarter-on-quarter (q-o-q) to RM48.0 billion (Q1 2016: -35.3%; RM45.1 billion). This was driven by higher gross funds mobilised by the private sector, mainly via medium-term notes amounting to 84.3% of the total PDS issuance. Likewise, gross funds raised by the public sector increased slightly by 0.4% q-o-q to RM25.8 billion (Q1 2016: 18.1%; RM25.7 billion).

After adjusting for redemptions, total net funds raised in the capital market amounted to RM33.4 billion (Q1 2016: RM25.4 billion). The net funds raised by the public sector totalled RM23.6 billion (Q1 2016: RM18.7 billion) while the private sector stood at RM9.8 billion (Q1 2016: RM6.7 billion). In the public sector, funds were raised through new issuances of a 5-year and 10-year Malaysian Government Securities (MGS) coupled with re-openings of several papers, including a 7-year, 20-year and 30-year MGS as well as a 7-year, 10-year and 15-year Malaysian Government Investment Issues (MGII). PDS raised were mainly driven by the finance, insurance, real estate and business services, followed by electricity, gas and water as well as construction sectors.

As at end-June 2016, MGS and corporate bonds yields declined in tandem with the global drop in yields after the Brexit referendum.

The large decline in yields was significant after the referendum, causing an increase in the inflow of foreign funds due to stronger appetite for domestic debt securities following monetary easing by major central banks. Furthermore, the sharp decline in yields was also partly due to investors pricing in the OPR adjustment following expectation of BNM's expansionary monetary policy stance in response to the downside risks posed by international financial markets. As at end-June 2016, yields on the 3-year MGS declined by seven basis points, while yields on both 5-year and 10-year MGS decreased by six basis points, respectively. Similarly, corporate bond yields also recorded a decline during the same period. The 5-year AAA-rated, AA-rated and A-rated yields decreased by eight basis points, six basis points and three basis points to 4.17%, 4.61% and 6.86%, respectively. Meanwhile, yield spreads also widened due to sharper decrease in MGS yields over corporate bonds.

The FBM KLCI influenced by market sentiment

Shares on Bursa Malaysia experienced a minor correction in the second quarter of 2016 with the FBM KLCI decreasing 3.7% q-o-q to close at 1,654.08 points as at endJune 2016 (end-March 2016: 1.5%; 1,717.58 points). Similarly, market capitalisation eased by 2.8% or RM47.1 billion q-o-q to RM1,660.34 billion (end-March 2016: 0.8%; RM12.7 billion; RM1,707.44 billion). In addition, trading activity was also lower at 111.55 billion units valued at RM125.77 billion during the same period (Q1 2016: 112.55 billion units; RM124.13 billion).

Domestic equity market eased at the beginning of the quarter despite posting a new yearto-date high on 15 April 2016 due to several external factors, including the Bank of Japan's unexpected monetary policy decision, hawkish Fed's announcement on the pace of interest rate hike as well as the US's and China's lacklustre economic growth. Likewise, the rebalancing of the MSCI Emerging Market Index which trimmed Malaysia's weightage to 3.09% from 3.43% effective 1 June 2016 further contributed towards the decline of the local bourse. The market also closed lower in June 2016 as investor sentiment was affected by a pullback in the global crude oil prices, a weaker ringgit as well as foreign liquidation pressure. However, post-Brexit bargain hunting coupled with the slightly higher crude oil prices as well as firmer palm oil prices due to lower yields lifted trading activities in the market and covered the losses in the preceding months.

(Source: Quarterly Update on the Malaysian Economy – 2nd Quarter 2016, Ministry of Finance Malaysia)

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10.0 OTHER INFORMATION

10.1 Material Contracts

As at 15 October 2016, there are no material contracts which have been entered into by AMMB during the past two (2) years preceding the date of this Information Memorandum.

10.2 Material Litigation

As at 15 October 2016, there are no legal claims, demands, lawsuits or litigation (including those pending or threatened) by or against the Issuer or any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Issuer, and in particular, any injunctions, winding up orders, any orders relating to the enforcement of judgments or other remedies which may if granted by the court, effectively cause the Issuer to have to cease all or parts of the Issuer's business.

10.3 Commitments and Contingent Liabilities

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

The commitments and contingencies of AMMB Group as at FYE 31 March 2015 and 2016 and FPE 30 September 2016 are as follows:

Group	Audited FYE 31 March 2015 RM million	Audited FYE 31 March 2016 RM million	Unaudited FPE 30 September 2016 RM million
Commitments			
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	15,126.2	14,691.8	16,465.6
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,970.9	4,703.0	5,125.9
Unutilised credit card lines	3,955.9	2,846.5	3,207.3
Forward asset purchases	824.1	867.0	630.4
	<u>24,877.1</u>	<u>23,108.3</u>	<u>25,429.2</u>
Contingent Liabilities			
Direct credit substitutes	996.1	2,267.4	2,398.9
Transaction related contingent items	6,355.9	5,047.5	5,763.9
Obligations under underwriting agreements	250.0	73.4	30.0
Short term self liquidating trade related contingencies	715.2	649.5	699.0
	<u>8,317.2</u>	<u>8,037.8</u>	<u>8,891.8</u>
Derivative Financial Instruments			
Interest/Profit rate related contracts:	43,862.4	47,352.5	46,961.0
One year or less	4,922.5	8,175.4	5,755.9
Over one year to five years	31,036.6	30,104.0	33,104.6
Over five years	7,903.3	9,073.1	8,100.5
Foreign exchange related contracts:	38,377.5	45,631.9	35,937.8
One year or less	33,926.8	42,525.7	32,990.3
Over one year to five years	2,500.3	1,125.8	1,042.4
Over five years	1,950.4	1,980.4	1,905.1
Credit related contracts:	654.4	673.4	347.5
One year or less	-	337.0	-
Over one year to five years	327.5	336.4	347.5
Over five years	326.9	-	-

Equity and commodity related contracts:
 One year or less
 Over one year to five years

676.5	233.2	269.9
606.7	159.6	191.9
69.8	73.6	78.0
<hr/>		
83,570.8	93,891.0	83,516.2
116,765.1	125,037.1	117,837.2
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APPENDIX 1

**AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2015 AND 31 MARCH 2016**

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

AUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016

		Group		Company	
	Note	31.03.16	31.03.15	31.03.16	31.03.15
		RM'000	RM'000	RM'000	RM'000
ASSETS					
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
Derivative financial assets	A30	1,884,001	1,437,537	-	-
Financial assets held-for-trading	A8	4,920,618	4,674,223	-	-
Financial investments available-for-sale	A9	11,680,520	10,387,275	121,860	110,704
Financial investments held-to-maturity	A10	4,167,494	3,864,508	-	-
Loans, advances and financing	A11	86,513,254	86,173,795	-	-
Receivables: Investments not quoted in active markets		565,322	551,163	-	-
Statutory deposits with Bank Negara Malaysia	A12	2,590,145	3,214,591	-	-
Deferred tax assets		66,044	83,434	-	-
Investment in subsidiaries and other investments		-	-	9,507,225	9,507,225
Investment in associates and joint ventures		674,463	662,273	-	-
Other assets	A13	3,179,108	3,667,045	3,716	20,381
Reinsurance, retakaful assets and other insurance receivables	A14	513,555	433,929	-	-
Investment properties		-	7,713	-	-
Property and equipment		292,787	266,562	377	536
Intangible assets		3,369,998	3,348,121	-	-
Assets held for sale		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	A15	1,743,769	2,301,664	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,935,775	2,769,585	-	-
Derivative financial liabilities	A30	2,022,807	1,385,478	-	-
Deposits from customers	A16	90,358,576	92,130,049	-	-
Investment accounts of customers		18,411	-	-	-
Term funding		8,607,614	8,302,354	1,206,000	1,206,000
Debt capital		4,094,077	4,580,573	-	-
Redeemable cumulative convertible preference share		204,760	198,821	-	-
Deferred tax liabilities		83,050	116,557	-	-
Other liabilities	A17	3,809,943	3,917,675	37,259	40,873
Insurance, takaful contract liabilities and other insurance payables	A18	2,761,460	2,544,649	-	-
Liabilities directly associated with assets held for sale		4,370	48,995	-	-
Total Liabilities		117,644,612	118,296,400	1,243,259	1,246,873
Share capital		3,014,185	3,014,185	3,014,185	3,014,185
Reserves		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		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	A29	125,037,110	116,765,056	-	-
NET ASSETS PER SHARE (RM)		5.03	4.80	2.79	2.80

The audited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015.

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

AUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Operating revenue	A25	2,102,514	2,219,048	8,416,039	9,142,521
Interest income	A19	1,010,999	1,069,223	4,097,215	4,327,234
Interest expense	A20	(623,350)	(597,887)	(2,459,459)	(2,346,099)
Net interest income		387,649	471,336	1,637,756	1,981,135
Net income from Islamic banking business		190,359	224,616	805,837	864,687
Income from insurance business		354,422	336,415	1,447,839	1,495,615
Insurance claims and commissions		(266,314)	(245,947)	(1,068,519)	(1,077,566)
Net income from insurance business	A21	88,108	90,468	379,320	418,049
Other operating income	A22	234,599	336,461	870,393	1,457,585
Share in results of associates and joint ventures		3,822	(10,659)	2,502	3,188
Net income		904,537	1,112,222	3,695,808	4,724,644
Other operating expenses	A23	(618,980)	(544,488)	(2,176,863)	(2,089,442)
Acquisition and business efficiency income/(expenses)		(1,636)	11,841	2,558	(68,436)
Operating profit		283,921	579,575	1,521,503	2,566,766
Writeback for impairment on loans, advances and financing	A24	39,558	59,421	164,092	30,534
Net impairment (loss)/writeback on:					
Financial investments		(1,863)	(200)	11,924	(2,541)
Doubtful sundry receivables-net		(2,351)	34,628	(4,046)	36,867
Foreclosed properties		(79)	(73)	(277)	(5,770)
Property and equipment		(700)	(4,116)	(700)	(4,116)
Intangible assets		(260)	(1,211)	(919)	(1,336)
Writeback of provision for commitments and contingencies		23,643	15,708	40,841	19,255
Transfer to profit equalisation reserve		-	(15,358)	(1,406)	(35,379)
Profit before taxation and zakat		341,869	668,374	1,731,012	2,604,280
Taxation and zakat	B5	(30,643)	(118,345)	(331,533)	(559,727)
Profit for the period/year		311,226	550,029	1,399,479	2,044,553
Attributable to:					
Equity holders of the Company		280,024	519,224	1,302,206	1,918,630
Non-controlling interests		31,202	30,805	97,273	125,923
Profit for the period/year		311,226	550,029	1,399,479	2,044,553
EARNINGS PER SHARE (SEN)	B11				
Basic		9.32	17.27	43.33	63.83
Fully diluted		9.32	17.27	43.33	63.82

The audited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015.

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

AUDITED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016

Group	Individual Quarter		Cumulative Quarter	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Profit for the period/year	311,226	550,029	1,399,479	2,044,553
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to income statement				
Remeasurement of defined benefit liability	781	1,016	781	1,016
Income tax effect	(154)	(224)	(154)	(224)
	627	792	627	792
Items that may be reclassified to income statement				
Translation of foreign operations	(57,159)	32,348	21,993	60,237
Net movement on cash flow hedge	(8,197)	(12,725)	5,173	(4,672)
Net movement on financial investments				
available-for-sale	83,174	64,721	(7,360)	66,369
Income tax effect	(21,057)	(12,100)	(5,887)	(13,138)
	(3,239)	72,244	13,919	108,796
Other comprehensive (loss)/income for the period/year, net of tax	(2,612)	73,036	14,546	109,588
Total comprehensive income for the period/year	308,614	623,065	1,414,025	2,154,141
Total comprehensive income for the period/year attributable to:				
Equity holders of the Company	276,613	591,375	1,315,459	2,039,275
Non-controlling interests	32,001	31,690	98,566	114,866
	308,614	623,065	1,414,025	2,154,141

The audited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015.

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

AUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016

Company	Note	Individual Quarter		Cumulative Quarter	
		31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Operating revenue		999	47,739	664,258	1,390,013
Interest income	A19	120	302	1,240	4,655
Interest expense	A20	(14,026)	(13,872)	(56,277)	(67,116)
Net interest expense		(13,906)	(13,570)	(55,037)	(62,461)
Other operating income	A22	879	47,437	663,018	1,385,358
Operating profit/(loss)		(13,027)	33,867	607,981	1,322,897
Other operating income/(expenses)	A23	9,382	(1,320)	(20,062)	(11,224)
Profit/(Loss) before taxation		(3,645)	32,547	587,919	1,311,673
Taxation	B5	(32)	(16)	(309)	(1,197)
Profit/(Loss) for the period/year		(3,677)	32,531	587,610	1,310,476

The audited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015.

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

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016

Group	Attributable to Equity Holders of the Company												Total	Non-controlling interests	Total equity
	Non-Distributable										Distributable				
	Ordinary share capital	Share premium	Statutory reserve	Regulatory reserve	Profit equalisation reserve	AFS reserve/ (deficit)	Cash flow	Foreign currency	Executives' share	Shares held	Retained Earnings				
							hedging reserve/ (deficit)	translation reserve	scheme reserve	in trust for ESS	Non-participating funds	RM'000			
At 01.04.14	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 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
Total comprehensive income/(loss) for the 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	-	-	-	-	-	-	-	-	-	-	-	(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 31.03.15	3,014,185	2,537,372	1,938,849	2,800	3,904	21,822	(481)	68,456	69,993	(86,110)	54,175	6,830,180	14,455,145	1,052,279	15,507,424

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

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016

Group	Attributable to Equity Holders of the Company															
	Non-Distributable											Distributable			Non-controlling interests	Total equity
	Ordinary share capital	Share premium	Statutory reserve	Regulatory reserve	Profit equalisation reserve	AFS reserve/(deficit)	Cash flow hedging reserve/	Foreign currency translation reserve	Executives' share scheme reserve	Shares held in trust for ESS	Retained Earnings					
							RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 01.04.15	3,014,185	2,537,372	1,938,849	2,800	3,904	21,822	(481)	68,456	69,993	(86,110)	54,175	6,830,180	14,455,145	1,052,279	15,507,424	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	1,302,206	1,302,206	97,273	1,399,479	
Other comprehensive income/(loss), net	-	-	-	-	-	(13,187)	4,117	22,003	-	-	-	320	13,253	1,293	14,546	
Total comprehensive income/(loss) the year	-	-	-	-	-	(13,187)	4,117	22,003	-	-	-	1,302,526	1,315,459	98,566	1,414,025	
Purchase of shares pursuant to ESS^^	-	-	-	-	-	-	-	-	-	(3,004)	-	-	(3,004)	-	(3,004)	
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	10,722	-	-	-	10,722	-	10,722	
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(30,977)	33,271	-	-	2,294	-	2,294	
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(258)	(258)	(33)	(291)	
Net utilisation of profit equalisation reserve	-	-	-	-	(3,904)	-	-	-	-	-	-	3,904	-	-	-	
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	(8,460)	8,460	-	-	-	
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,677)	(3,677)	
Reclassification of foreign currency translation reserve	-	-	-	-	-	-	-	(6,160)	-	-	-	6,160	-	-	-	
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(611,880)	(611,880)	(196,225)	(808,105)	
Transactions with owners and other equity movements	-	-	-	-	(3,904)	-	-	(6,160)	(20,255)	30,267	(8,460)	(593,614)	(602,126)	(199,935)	(802,061)	
At 31.03.16	3,014,185	2,537,372	1,938,849	2,800	-	8,635	3,636	84,299	49,738	(55,843)	45,715	7,539,092	15,168,478	950,910	16,119,388	

The audited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015.

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

AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016

Company	Attributable to Equity Holders of the Company					
	Non-Distributable				Distributable	
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.14	3,014,185	2,536,065	79,456	(58,434)	2,454,052	8,025,324
Profit for the year	-	-	-	-	1,310,476	1,310,476
Total comprehensive income for the year	-	-	-	-	1,310,476	1,310,476
Purchase of shares pursuant to 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	-	-	-	-	(871,099)	(871,099)
Transactions with owners and other equity movements	-	-	(9,463)	(27,676)	(869,093)	(906,232)
At 31.03.15	3,014,185	2,536,065	69,993	(86,110)	2,895,435	8,429,568

Company	Attributable to Equity Holders of the Company					
	Non-Distributable				Distributable	
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.15	3,014,185	2,536,065	69,993	(86,110)	2,895,435	8,429,568
Profit for the year	-	-	-	-	587,610	587,610
Total comprehensive income for the year	-	-	-	-	587,610	587,610
Purchase of shares pursuant to 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	-	-	-	-	(611,880)	(611,880)
Transactions with owners and other equity movements	-	-	(20,255)	30,267	(610,884)	(600,872)
At 31.03.16	3,014,185	2,536,065	49,738	(55,843)	2,872,161	8,416,306

[^] 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 audited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015.

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

AUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016

	Group		Company	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	1,731,012	2,604,280	587,919	1,311,673
Add/(Less) adjustments for:				
Accretion of discount less amortisation of premium for securities	(135,673)	(150,243)	-	-
Allowance for losses on loans, advances and financing	403,050	595,623	-	-
Dividend income from investments	(46,961)	(40,753)	(662,867)	(1,384,876)
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 on sale of financial investments available-for-sale	(60,244)	(56,850)	-	-
Net (gain)/loss on sale of financial assets held-for-trading	(12,812)	24,903	-	-
Other non-operating and non-cash items	254,047	(39,040)	159	169
Operating profit/(loss) before working capital changes	2,322,433	2,806,656	(74,789)	(73,034)
<i>Decrease/(Increase) in operating assets:</i>				
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	-	-
Statutory deposits with Bank Negara Malaysia	624,446	(91,630)	-	-
Other assets	721,221	(648,561)	(7,738)	(5,628)
Reinsurance, retakaful assets and other insurance receivables	(79,626)	35,604	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits and placements of banks and other financial institutions	(557,895)	(1,819,259)	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	1,167,838	(546,941)	-	-
Deposits from customers	(1,771,473)	2,431,171	-	-
Investment accounts of customers	18,411	-	-	-
Term funding	226,077	1,451,174	-	(700,000)
Other liabilities	17,630	427,985	(3,892)	(11,753)
Insurance, takaful contract liabilities and other insurance payables	216,811	23,977	-	-
Cash generated from/(used in) operations	2,488,839	2,337,309	(86,419)	(790,415)
Taxation and zakat refunded/(paid), net	(568,536)	(549,615)	4,117	(1,519)
Net cash generated from/(used in) operating activities	1,920,303	1,787,694	(82,302)	(791,934)
<i>Cash flows from investing activities</i>				
Purchase of shares for ESS by the appointed trustee	(3,004)	(81,655)	(3,004)	(81,655)
Dividends received from investments	55,163	43,024	659,877	1,381,267
ESS shares vested to eligible employees	33,271	53,979	33,271	53,979
Net cash inflow/(outflow) from disposal of subsidiaries	(40,221)	653,038	-	-
Proceeds from disposal of property and equipment	8,032	429	-	-
Disposal/(Purchase) of financial investments - net	(1,410,066)	1,379,430	(8,166)	79,740
Purchase of property and equipment and intangible assets	(244,594)	(161,896)	-	-
Purchase of receivables: investments not quoted in active markets	(10,000)	(378,193)	-	-
Proceeds from disposal of asset held for sale	83,775	-	-	-
Subscription of shares in joint venture	(15,000)	-	-	-
Transfer of ESS shares recharged - difference on purchase price for shares vested	(258)	(4,252)	996	2,006
Net cash generated from/(used in) investing activities	(1,542,902)	1,503,904	682,974	1,435,337

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

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

	Group		Company	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
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)	-	-
Redemption of shares in subsidiary by non-controlling interests	(3,677)	(2,543)	-	-
Proceeds from subordinated sukuk	250,000	-	-	-
Repayment of debt capital	(827,737)	(247,800)	-	-
Net cash used in financing activities	<u>(1,389,519)</u>	<u>(1,132,834)</u>	<u>(611,880)</u>	<u>(871,099)</u>
Net increase/(decrease) in cash and cash equivalents	(1,012,118)	2,158,764	(11,208)	(227,696)
Cash and cash equivalents at beginning of 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	<u>12,625,221</u>	<u>13,629,676</u>	<u>26,387</u>	<u>37,595</u>

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

	Group		Company	
	31.03.16	31.03.15	31.03.16	31.03.15
	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	3,369	41,169	-	-
Less: Deposits with original maturity more than 3 months	(700,099)	(1,238,912)	-	-
Cash and cash equivalents	<u>12,625,221</u>	<u>13,629,676</u>	<u>26,387</u>	<u>37,595</u>

The audited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015.

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

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Company for the financial year ended 31 March 2015 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

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

The significant accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the most recent audited annual financial statements for the financial year ended 31 March 2015 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:

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.

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.

A1. BASIS OF PREPARATION (CONT'D.)

Annual Improvements to MFRSs 2010-2012 Cycle (Cont'd.)

(iii) MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements 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.

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 applies 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.

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:

- segregated investment deposit products of customers from deposit accounts and presented these separately as investment accounts in the financial statements;
- 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;

A1. BASIS OF PREPARATION (CONT'D.)

Significant change in regulatory requirements: Bank Negara Malaysia ("BNM") Guidelines (Cont'd.)

(a) BNM Policy Document on Investment Account and the Transition Policy under the Islamic Financial Services Act 2013 ("IFSA") (Cont'd.)

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

The Group's Unrestricted Investment Account 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 impose 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.

A1. BASIS OF PREPARATION (CONT'D.)

Standards issued but not yet 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 Initiative	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 15 Revenue from Contracts with Customers	31 March 2019
- MFRS 9 Financial Instruments	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.

A1. BASIS OF PREPARATION (CONT'D.)

(a) Standards effective for financial year ending 31 March 2017 (Cont'd.)

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.

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 operations which constitute 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 Initiative

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.

A1. BASIS OF PREPARATION (CONT'D.)

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

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.

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

(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.

A1. BASIS OF PREPARATION (CONT'D.)

(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.

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

There were no unusual items during the current financial quarter and year other than as disclosed in Note A23.

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial year ended 31 March 2016.

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

The following are changes in debt and equity securities during the financial year.

(a) Quarter ended 31 December 2015

On 21 December 2015, AmBank Islamic Berhad 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.

(b) Quarter ended 31 March 2016

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 USD 100,000 each.

Save as disclosed above, there were no share cancellations, share held as treasury shares, resale of treasury shares, and issuance and repayment of other debt and equity securities by the Group and the Company during the financial quarter and year.

A7. DIVIDENDS PAID

During the financial year, a final single tier dividend of 15.3% for the financial year ended 31 March 2015 amounting to RM461,170,284 was paid on 11 September 2015 to shareholders whose names appear 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 appear in the record of Depositors on 4 December 2015.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	31.03.16	31.03.15
	RM'000	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
	<u>782,884</u>	<u>1,422,695</u>
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
	<u>340,664</u>	<u>221,169</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,760,660	2,863,838
Outside Malaysia:		
Private debt securities	36,410	166,521
	<u>3,797,070</u>	<u>3,030,359</u>
Total	<u>4,920,618</u>	<u>4,674,223</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	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 deposits	2,049,644	600,078	-	-
Islamic negotiable instruments of deposit	1,984,615	3,045,886	-	-
Islamic Treasury Bills	28,723	-	-	-
	<u>5,496,253</u>	<u>5,246,999</u>	<u>-</u>	<u>-</u>
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	-	-
	<u>1,097,768</u>	<u>774,593</u>	<u>121,860</u>	<u>110,704</u>
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	-	-
	<u>4,966,828</u>	<u>4,245,877</u>	<u>-</u>	<u>-</u>
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	119,489	119,643	-	-
Outside Malaysia:				
Shares	182	163	-	-
	<u>119,671</u>	<u>119,806</u>	<u>-</u>	<u>-</u>
Total	<u>11,680,520</u>	<u>10,387,275</u>	<u>121,860</u>	<u>110,704</u>

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

As at 31 March 2016, the fair value gain that would have been recognised in other comprehensive income for the current year if the securities had not been reclassified amounted to RM4,607,000 (31 March 2015: RM4,334,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	31.03.16	31.03.15
	RM'000	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)
Total	4,167,494	3,864,508

A11. LOANS, ADVANCES AND FINANCING

	Group	
	31.03.16	31.03.15
	RM'000	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
Overdraft	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

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

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

	Group	
	31.03.16	31.03.15
	RM'000	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	
	31.03.16	31.03.15
	RM'000	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	
	31.03.16	31.03.15
	RM'000	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

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

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

	Group	
	31.03.16	31.03.15
	RM'000	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

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

	Group	
	31.03.16	31.03.15
	RM'000	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	
	31.03.16	31.03.15
	RM'000	RM'000
Gross		
Balance at beginning of financial year	1,572,730	1,662,141
Impaired during the 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 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%

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

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

	Group	
	31.03.16	31.03.15
	RM'000	RM'000
In Malaysia	1,599,569	1,572,730
Outside Malaysia	101,286	-
	<u>1,700,855</u>	<u>1,572,730</u>

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

	Group	
	31.03.16	31.03.15
	RM'000	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
	<u>1,700,855</u>	<u>1,572,730</u>

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

	Group	
	31.03.16	31.03.15
	RM'000	RM'000
Collective allowance		
Balance at beginning of the financial year	1,413,424	1,950,384
Allowance made during the financial year, net	264,121	504,597
Reclassified to held for sale	-	(25)
Amount written off and others	(617,070)	(1,043,531)
Foreign exchange differences	1,275	1,999
Balance at end of the financial year	<u>1,061,750</u>	<u>1,413,424</u>
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	<u>1.2%</u>	<u>1.6%</u>
Individual allowance		
Balance at beginning of the financial year	235,823	167,552
Allowance made during the financial year, net	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	<u>317,269</u>	<u>235,823</u>

A12. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

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

A13. OTHER ASSETS

	Group		Company	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Trade receivables	604,589	469,191	-	-
Other receivables, deposits and prepayments	662,685	1,346,188	2,873	15,353
Interest receivable	283,151	255,473	12	49
Fee receivable	36,114	73,532	-	-
Amount due from originators	432,594	464,711	-	-
Amount due from agents, brokers and reinsurers	26,443	15,742	-	-
Foreclosed properties	52,808	74,497	-	-
Tax recoverable	467,857	355,404	831	4,979
Collateral pledged for derivative transactions	670,715	682,843	-	-
	<u>3,236,956</u>	<u>3,737,581</u>	<u>3,716</u>	<u>20,381</u>
Allowance for impairment	(57,848)	(70,536)	-	-
	<u>3,179,108</u>	<u>3,667,045</u>	<u>3,716</u>	<u>20,381</u>

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

A14. REINSURANCE, RETAKAFUL ASSETS AND OTHER INSURANCE RECEIVABLES

		Group	
	Note	31.03.16 RM'000	31.03.15 RM'000
Reinsurance assets from general insurance business		423,931	364,753
Other insurance receivables	(i)	<u>89,624</u>	<u>69,176</u>
		<u>513,555</u>	<u>433,929</u>
(i) Other insurance receivables			
Due premiums including agents/brokers and co-insurers balances		85,967	71,705
Amount owing by reinsurance and cedants		20,719	21,835
Reinsurance deposit		16,815	-
Allowance for impairment		(33,877)	(33,548)
Disposal of subsidiaries		-	9,184
		<u>89,624</u>	<u>69,176</u>

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.03.16 RM'000	31.03.15 RM'000
Licensed banks	334,831	913,644
Bank Negara Malaysia	44,411	59,548
Other financial institutions	<u>1,364,527</u>	<u>1,328,472</u>
	<u>1,743,769</u>	<u>2,301,664</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	31.03.16	31.03.15
	RM'000	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

The deposits are sourced from the following types of customers:

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

A17. OTHER LIABILITIES

	Group		Company	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000
Trade payables	698,583	482,916	-	-
Other payables and accruals	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	116,161	156,266	-	-
Amount due to subsidiaries	-	-	8,954	112
Profit equalisation reserve	-	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

A18. INSURANCE, TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	31.03.16 RM'000	31.03.15 RM'000
Insurance contract liabilities	(i)	2,643,896	2,467,505
Other insurance payables	(ii)	117,564	77,144
		<u>2,761,460</u>	<u>2,544,649</u>

(i) Insurance contract liabilities

	Gross contract liabilities RM'000	31.03.16 Reinsurance assets RM'000	31.03.15 Net contract liabilities RM'000
General insurance business	<u>2,643,896</u>	<u>(423,931)</u>	<u>2,219,965</u>

	Gross contract liabilities RM'000	31.03.15 Reinsurance assets RM'000	31.03.15 Net contract liabilities RM'000
General insurance business	<u>2,467,505</u>	<u>(364,753)</u>	<u>2,102,752</u>

(ii) Other insurance payables

	31.03.16 RM'000	31.03.15 RM'000
Amount due to agents and intermediaries	25,270	24,658
Amounts due to reinsurers and cedants	92,294	52,486
	<u>117,564</u>	<u>77,144</u>

A19. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Short-term funds and deposits with financial institutions	29,730	63,289	180,899	198,769
Financial assets held-for-trading	46,893	30,536	156,590	111,923
Financial investments available-for-sale	84,127	70,596	302,475	284,967
Financial investments held-to-maturity	24,919	23,934	101,367	99,601
Loans and advances	808,535	871,917	3,288,704	3,598,969
Impaired loans and advances	1,769	1,502	8,409	7,055
Others	15,026	7,449	58,771	25,950
	<u>1,010,999</u>	<u>1,069,223</u>	<u>4,097,215</u>	<u>4,327,234</u>

Company

Short-term funds and deposits with financial institutions	120	302	1,240	4,655
	<u>120</u>	<u>302</u>	<u>1,240</u>	<u>4,655</u>

A20. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Deposits from customers	474,943	470,077	1,889,889	1,823,126
Deposit and placements of banks and other financial institutions	7,562	4,869	35,782	24,532
Senior notes	50,298	47,947	203,955	191,473
Credit-Linked Notes	3,985	3,982	15,975	16,541
Recourse obligation on loans sold to Cagamas Berhad	26,897	10,069	70,842	40,764
Term loans	9,509	7,090	33,747	29,268
Subordinated term loans and notes	10,249	4,319	21,283	20,094
Interest on bonds	5,223	5,164	21,005	20,941
Medium term notes	17,226	18,768	69,284	80,827
Hybrid and Innovative Tier 1 capital securities	14,073	21,640	83,228	83,658
Others	3,385	3,962	14,469	14,875
	<u>623,350</u>	<u>597,887</u>	<u>2,459,459</u>	<u>2,346,099</u>
Company				
Senior notes	10,970	10,850	44,121	55,317
Term loans	3,056	3,022	12,156	11,799
	<u>14,026</u>	<u>13,872</u>	<u>56,277</u>	<u>67,116</u>

A21. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		354,422	336,415	1,447,839	1,450,169
Premium income from life and family takaful insurance business		-	-	-	45,446
		<u>354,422</u>	<u>336,415</u>	<u>1,447,839</u>	<u>1,495,615</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		38,804	31,330	141,461	111,192
General insurance claims		227,510	214,617	927,058	910,188
Life and family takaful insurance claims		-	-	-	56,186
		<u>266,314</u>	<u>245,947</u>	<u>1,068,519</u>	<u>1,077,566</u>
Total income from insurance business, net		<u>88,108</u>	<u>90,468</u>	<u>379,320</u>	<u>418,049</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		425,152	386,645	1,567,387	1,616,152
- change in unearned premium provision		(38,224)	(27,115)	14,178	32,448
		<u>386,928</u>	<u>359,530</u>	<u>1,581,565</u>	<u>1,648,600</u>
Premium ceded					
- insurance contract		(35,768)	(33,846)	(127,248)	(146,844)
- change in unearned premium provision		3,262	10,731	(6,478)	(6,141)
		<u>(32,506)</u>	<u>(23,115)</u>	<u>(133,726)</u>	<u>(152,985)</u>
		<u>354,422</u>	<u>336,415</u>	<u>1,447,839</u>	<u>1,495,615</u>
(b) Insurance claims					
- gross benefits and claims paid		235,803	214,436	888,808	1,029,140
- claims ceded to reinsurers		(29,457)	(28,286)	(87,158)	(109,899)
- change in contract liabilities - insurance contract		90,272	15,885	190,570	(21,039)
- change in contract liabilities ceded to reinsurers					
- insurance contract		(69,108)	12,582	(65,162)	68,172
		<u>227,510</u>	<u>214,617</u>	<u>927,058</u>	<u>966,374</u>

¹ Net of bancassurance commission paid/payable to subsidiaries of the Group of RM17,190,000 (31 March 2015: RM24,902,000) eliminated upon consolidation.

A22. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Fee and commission income:				
Fees on loans and securities	31,979	64,720	138,534	225,086
Corporate advisory	2,414	3,100	15,774	21,274
Guarantee fees	14,466	13,510	55,521	57,469
Underwriting commission	267	4,010	3,404	12,360
Portfolio management fees	5,703	11,366	32,571	36,780
Unit trust management fees	26,469	24,733	103,135	107,098
Property trust management fees	1,781	1,498	6,323	6,162
Brokerage fees and commission	9,293	13,056	49,470	69,418
Wealth management fees	4,910	7,056	25,359	26,606
Other fee and commission income	22,628	24,970	93,825	95,043
	<u>119,910</u>	<u>168,019</u>	<u>523,916</u>	<u>657,296</u>
Investment and trading income:				
Net gain/(loss) from sale of financial assets held-for-trading	19,877	3,828	12,258	(25,020)
Net gain from sale of financial investments available-for-sale	8,671	18,203	61,097	56,980
Net gain on revaluation of financial assets held-for-trading	21,403	16,629	1,873	26,476
Net foreign exchange gain/(loss) ¹	64,380	(16,669)	145,332	37,369
Net (loss)/gain on derivatives	(50,575)	36,779	(11,521)	103,683
Gain on disposal of equity interests in subsidiaries ²	3,211	76,712	11,965	475,873
Dividend income from:				
Financial assets held-for-trading	147	193	5,023	7,247
Financial investments available-for-sale	16,231	10,586	41,938	33,506
Others	(173)	(246)	29	890
	<u>83,172</u>	<u>146,015</u>	<u>267,994</u>	<u>717,004</u>
Other income:				
Net non-trading foreign exchange gain/(loss)	(15,636)	6,163	(17,961)	17,103
Gain on repayment of capital by a subsidiary	21,706	-	21,706	-
Net gain/(loss) on disposal of property and equipment	386	80	(520)	30
Rental income	1,036	1,177	4,037	4,922
Profit from sale of goods and services	12,220	9,792	41,229	30,808
Others	11,805	5,215	29,992	30,422
	<u>31,517</u>	<u>22,427</u>	<u>78,483</u>	<u>83,285</u>
	<u>234,599</u>	<u>336,461</u>	<u>870,393</u>	<u>1,457,585</u>

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 and AmFraser Securities Pte Ltd to KGI Asia (Holdings) Pte Ltd.

A22. OTHER OPERATING INCOME (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Fee and commission income:				
Other fee and commission income	-	-	150	300
	-	-	150	300
Investment and trading income:				
Dividend income from:				
Subsidiaries	-	46,889	659,877	1,381,267
Financial investments available-for-sale	879	548	2,991	3,609
	879	47,437	662,868	1,384,876
Other income:				
Others	-	-	-	182
	-	-	-	182
	879	47,437	663,018	1,385,358

A23. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Personnel costs:				
Salaries, allowances and bonuses	231,814	228,731	844,627	906,240
Shares/options granted under ESS	4,879	8,267	11,036	31,386
Contributions to EPF	37,075	35,852	134,599	145,715
Social security cost	1,622	1,641	6,510	6,658
Others	40,801	35,844	126,493	106,655
	316,191	310,335	1,123,265	1,196,654
Establishment costs:				
Depreciation of property and equipment	14,053	14,036	52,678	58,776
Amortisation of intangible assets	29,833	20,692	96,189	84,674
Computerisation costs	61,859	32,332	204,605	183,802
Rental of premises	27,755	24,271	107,388	100,127
Cleaning, maintenance and security	9,890	9,603	34,020	33,512
Others	11,816	11,824	42,521	45,534
	155,206	112,758	537,401	506,425
Marketing and communication expenses:				
Sales commission	5,626	2,141	15,884	9,838
Advertising, promotional and other marketing activities	25,469	26,899	70,351	59,110
Telephone charges	5,486	3,230	23,531	19,990
Postage	5,352	2,993	13,844	13,860
Travel and entertainment	4,440	4,376	16,439	18,836
Others	8,352	9,566	26,162	30,227
	54,725	49,205	166,211	151,861
Administration and general expenses:				
Professional services	35,975	38,541	128,588	130,328
Donations	173	306	890	813
Travelling	(385)	1,265	5,341	8,518
Others ³	57,095	32,078	215,167	94,843
	92,858	72,190	349,986	234,502
	618,980	544,488	2,176,863	2,089,442

³ Included for the current financial year was RM53.7 million administrative monetary penalty imposed by BNM pursuant to section 234 of the Financial Services Act ("FSA") 2013 and section 245 of the IFSA 2013 arising from non-compliance of the Group with certain regulations. The Group had committed to set aside an average of RM25 million per annum for four years for investment in system, infrastructure and training.

A23. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Personnel costs ⁴ :				
Salaries, allowances and bonuses	3,775	-	15,197	-
Contributions to EPF	661	-	2,196	-
Others	198	81	549	116
	<u>4,634</u>	<u>81</u>	<u>17,942</u>	<u>116</u>
Establishment costs:				
Depreciation of property and equipment	44	42	167	169
Cleaning, maintenance and security	-	-	1	1
Others	3	2	14	14
	<u>47</u>	<u>44</u>	<u>182</u>	<u>184</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	4	15	319	256
Telephone charges	3	5	14	15
Postage	(1)	1	21	27
Travel and entertainment	11	7	50	24
Others	7	6	168	157
	<u>24</u>	<u>34</u>	<u>572</u>	<u>479</u>
Administration and general expenses:				
Professional services	755	167	3,342	1,035
Travelling	27	3	44	27
Others	672	894	4,740	8,940
	<u>1,454</u>	<u>1,064</u>	<u>8,126</u>	<u>10,002</u>
Service transfer pricing income/(expense) to related company, net	(15,541)	97	(6,760)	443
	<u>(9,382)</u>	<u>1,320</u>	<u>20,062</u>	<u>11,224</u>

⁴ Personnel costs include salaries, allowances, bonuses, contributions to defined contribution plan and all other staff related expenses for Senior Management of the Company. In the previous year, the costs are fully recovered from its subsidiaries.

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

Group	Individual Quarter		Cumulative Quarter	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Allowance/(writeback) for loans, advances and financing:				
Individual allowance, net	95,017	38,321	138,929	91,026
Collective allowance, net	(13,418)	68,667	264,121	504,597
Impaired loans, advances and financing:				
Written off	(243)	-	(603)	-
Recovered, net	(120,914)	(166,409)	(564,950)	(624,425)
Recovery from loans sold to Danaharta	-	-	(1,589)	(1,732)
	<u>(39,558)</u>	<u>(59,421)</u>	<u>(164,092)</u>	<u>(30,534)</u>

A25. BUSINESS SEGMENT ANALYSIS

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

(a) Retail Banking

Retail banking 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.

During the current financial year, the Group:

(i) has presented allowances for impairment on financing and advances 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.

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial year ended 31.03.16	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate & Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
External revenue	2,976,145	2,271,544	487,067	225,638	134,727	1,588,124	732,794	8,416,039
Revenue from other segments	(248,034)	367,528	(279,718)	(24,474)	-	-	184,698	-
Total operating revenue	2,728,111	2,639,072	207,349	201,164	134,727	1,588,124	917,492	8,416,039
Net interest income	1,223,337	779,727	43,213	39,124	2,471	132,997	157,937	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 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

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate & Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
For the financial year ended 31.03.15 (Restated)								
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	<u>2,878,955</u>	<u>2,616,548</u>	<u>215,572</u>	<u>280,570</u>	<u>141,339</u>	<u>1,684,522</u>	<u>1,325,015</u>	<u>9,142,521</u>
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	<u>1,722,359</u>	<u>1,072,066</u>	<u>185,267</u>	<u>278,131</u>	<u>141,339</u>	<u>574,976</u>	<u>747,318</u>	<u>4,721,456</u>
Share in results of associates and joint ventures	3,460	-	-	-	-	(10,521)	10,249	3,188
Other operating expenses	<u>(935,445)</u>	<u>(257,828)</u>	<u>(74,541)</u>	<u>(189,077)</u>	<u>(75,318)</u>	<u>(303,280)</u>	<u>(322,390)</u>	<u>(2,157,879)</u>
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	<u>(16,845)</u>	<u>(3,517)</u>	<u>(4,555)</u>	<u>(802)</u>	<u>(1,430)</u>	<u>(6,379)</u>	<u>(51,647)</u>	<u>(85,175)</u>
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)
(Allowance)/Writeback of provision for commitments and contingencies	<u>10,439</u>	<u>23,495</u>	<u>-</u>	<u>(533)</u>	<u>-</u>	<u>-</u>	<u>(14,146)</u>	<u>19,255</u>
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	<u>(140,569)</u>	<u>(245,830)</u>	<u>(27,620)</u>	<u>(20,221)</u>	<u>(12,033)</u>	<u>(60,225)</u>	<u>(53,229)</u>	<u>(559,727)</u>
Profit for the year	<u>423,101</u>	<u>790,852</u>	<u>82,861</u>	<u>59,700</u>	<u>53,988</u>	<u>261,007</u>	<u>373,044</u>	<u>2,044,553</u>
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

A26. VALUATION OF PROPERTY AND EQUIPMENT

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

A27. EVENTS SUBSEQUENT TO REPORTING DATE

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

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

There were no material changes in the composition of the Group and the Company for the current financial quarter other than as disclosed in Note B6.

A29. COMMITMENTS AND CONTINGENCIES

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

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

	Group	
	31.03.16	31.03.15
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	14,691,791	15,126,229
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

A29. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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 (31 March 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 -V- AmTrustee Bhd & Meridian Asset Management S/B ("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 (KWP), with Meridian.

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 KWP. Until Meridian pays Zurich and KWP, 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 September 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.

A29. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (c) In the previous financial year, AmFutures Sdn Bhd ("AmF") and AmInvestment Bank Berhad ("AMIB") 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 AmF and AMIB 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 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 is of the view that AmFutures and AmInvestment 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. AmF and AmIB 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 (formerly known as AmLife 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.

A30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	31.03.16			31.03.15		
	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Liabilities RM'000	Contract/ Notional Amount RM'000	Fair Value 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

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.

A30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

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

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

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

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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

A30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

General disclosure for derivatives and counterparty credit risk

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

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

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

Liquidity risk of derivatives

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

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

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

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

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

A30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

A31. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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

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

For assets and liabilities measured at fair value that are recognised on a recurring basis, the Group and the Company determines 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 periods.

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

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

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

Group

31.03.16	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	33	1,883,968	-	1,884,001
Financial assets held-for-trading				
- Money market securities	-	782,884	-	782,884
- Equities	301,702	-	-	301,702
- Quoted 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
	<u>1,438,465</u>	<u>16,927,003</u>	<u>-</u>	<u>18,365,468</u>
Derivative financial liabilities	<u>1,992</u>	<u>2,020,815</u>	<u>-</u>	<u>2,022,807</u>

A31. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

31.03.16	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
Financial investments available-for-sale				
- Equities	121,860	-	-	121,860
	<u>121,860</u>	<u>-</u>	<u>-</u>	<u>121,860</u>

31.03.15

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
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
	<u>995,763</u>	<u>15,383,466</u>	<u>-</u>	<u>16,379,229</u>
Derivative financial liabilities	2,702	1,382,776	-	1,385,478

Company

Financial investments available-for-sale				
- Equities	110,704	-	-	110,704
	<u>110,704</u>	<u>-</u>	<u>-</u>	<u>110,704</u>

There were no transfers between Level 1 and Level 2 during the current financial year and previous financial year for the Group and the Company.

A31. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

Movements in Level 3 financial instruments measured at fair value

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

	Financial investments available -for-sale	Financial investments available -for-sale
	Group	
	31.03.16	31.03.15
	RM'000	RM'000
Balance at beginning of 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 financial year	<u>-</u>	<u>-</u>

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

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

A32. CAPITAL ADEQUACY

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

	31.03.16			Group *
	AmBank	AmBank Islamic	AmInvestment Bank	
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			Group *
	AmBank	AmBank Islamic	AmInvestment Bank	
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:

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.

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 are as follows:

	Transitional arrangements		
	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%

Excluding 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.

A32. CAPITAL ADEQUACY (CONT'D.)

With effect from 1 January 2016, pursuant to BNM's guidelines on Capital Adequacy Framework for Banks (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guidelines remained at 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

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

A32. CAPITAL ADEQUACY (CONT'D.)

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

	31.03.16			
	AmBank	AmBank	AmInvestment	Group *
	Islamic	Islamic	Bank	
	RM'000	RM'000	RM'000	RM'000
<u>CET1 Capital</u>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	5,080,500	982,055	99,023	6,421,500
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	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)
Cash flow hedging reserve	(3,635)	-	-	(3,635)
55% of cumulative gains of AFS financial instruments	(6,573)	-	-	(6,463)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in capital instruments of unconsolidated financial and insurance/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
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	985,000	-	-	985,000
Tier 1 Capital	8,393,122	2,650,904	481,784	11,930,438
<u>Tier 2 Capital</u>				
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

** 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).

A32. CAPITAL ADEQUACY (CONT'D.)

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

	31.03.15			
	AmBank	AmBank	AmInvestment	Group *
	Islamic	Bank		
	RM'000	RM'000	RM'000	RM'000
<u>CET1 Capital</u>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	4,874,087	747,523	82,533	5,953,934
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	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				
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 capital instruments 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
<u>Additional Tier 1 Capital</u>				
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
<u>Tier 2 Capital</u>				
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

** 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).

A33. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	31.03.16	31.03.15
Outstanding credit exposures with connected parties (RM'000)	<u>2,698,316</u>	<u>3,298,414</u>
Percentage of outstanding credit exposures to connected parties (%)		
- as a proportion of total credit exposures	2.61	3.22
- which is non-performing or in default	<u>0.10</u>	<u>0.42</u>

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014.

A34. INSURANCE BUSINESS

(I) STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	General insurance fund		Shareholders' fund		Total *	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000	RM'000	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

A34. INSURANCE BUSINESS (CONT'D.)

(II) INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Group	General insurance fund		Life insurance fund		Family takaful fund		Shareholders' fund		Total*	
	31.03.16	31.03.15	31.03.16 #	31.03.15	31.03.16 ##	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 year	157,992	200,817	-	12,834	-	-	15,489	31,966	190,670	270,519

Previously indirect wholly-owned operation; partial disposal of equity interest during last financial year resulted in closing equity interest of 50% less one share.

Previously indirect wholly-owned operation; partial disposal of equity interest during last financial year resulted in closing equity interest of 50% plus one share.

* after elimination of intercompany balances

A35. OPERATIONS OF ISLAMIC BANKING

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	31.03.16	Group 31.03.15 (Restated)	01.04.14 (Restated)
	RM'000	RM'000	RM'000
ASSETS			
Cash and short-term funds	4,385,587	4,307,281	2,941,329
Deposits and placements with banks and other financial institutions	500,000	750,000	1,118,383
Derivative financial assets	57,272	27,469	7,699
Financial assets held-for-trading	174,550	151,783	64,694
Financial investments available-for-sale	3,177,516	4,109,611	3,854,715
Financial Investments held-to-maturity	1,263,639	1,249,567	1,236,055
Financing and advances	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	296	1	292
Other assets	348,234	378,727	567,242
Property and equipment	368	326	409
Intangible assets	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	1,451,897	1,356,530	2,672,606
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	28,375,395	29,748,968	25,423,364
Investment accounts of customers	18,411	-	-
Investment account due to licensed bank	1,000,000	1,363,442	449,982
Term funding	1,850,000	1,850,000	550,000
Subordinated Sukuk	1,399,528	1,149,384	1,149,302
Deferred tax liabilities	5,883	10,839	7,255
Other liabilities	470,486	446,758	387,526
TOTAL LIABILITIES	35,767,109	37,397,187	32,716,047
Share capital/Capital funds	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	8,372,430	7,557,214	8,467,022

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

**AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016**

Group	Individual Quarter		Cumulative Quarter	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Income derived from investment of depositors' funds and others	399,474	455,996	1,813,111	1,752,730
Income derived from investment of investment account funds	69,554	-	69,554	-
Charge/(Writeback) impairment on financing and advances	24,422	(19,985)	4,174	(131,549)
Writeback of provision for commitments and contingencies	1,678	65	3,818	10,032
Impairment for sundry debtors	-	-	(10)	-
Transfer to profit equalisation reserve	-	(15,358)	(1,406)	(35,379)
Total distributable income	495,128	420,718	1,889,241	1,595,834
Income attributable to the depositors and others	(273,441)	(239,134)	(1,062,427)	(919,464)
Income attributable to investment account holders	(15,289)	(10,053)	(62,224)	(12,206)
Profit attributable to the Group	206,398	171,531	764,590	664,164
Income derived from Islamic Banking Funds	30,328	28,800	123,674	105,165
Total net income	236,726	200,331	888,264	769,329
Operating expenditure	(93,371)	(96,247)	(412,975)	(369,098)
Finance cost	(36,709)	(21,988)	(137,978)	(80,441)
Profit before taxation and zakat	106,646	82,096	337,311	319,790
Taxation and zakat	(25,409)	(17,869)	(84,628)	(71,247)
Profit for the year	81,237	64,227	252,683	248,543

**AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016**

Group	Individual Quarter		Cumulative Quarter	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Profit for the year	81,237	64,227	252,683	248,543
Other comprehensive income/(loss):				
Items that may be reclassified to income statement				
Net change in revaluation of financial investments available-for-sale	16,959	9,205	6,583	15,916
Exchange differences on translation of foreign operations	(1)	(1)	(1)	609
Income tax relating to the components of other comprehensive income	(4,070)	(2,209)	(1,580)	(4,066)
Other comprehensive income for the year, net of tax	12,888	6,995	5,002	12,459
Total comprehensive income for the year	94,125	71,222	257,685	261,002

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

(a) Financing and Advances

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

Group	Bai Bithaman		Musharakah	Al-Ijarah Thummah			
31.03.16	Ajil	Murabahah	Mutanaqisah	Al-Bai (AITAB)	Bai Al-Inah	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 receivables	-	-	-	-	-	13,134	13,134
Credit card receivables	-	-	-	-	-	260,129	260,129
Trust receipts	-	152,071	-	-	-	-	152,071
Claims on customers under acceptance credits	-	1,114,116	-	-	-	130,211	1,244,327
Gross financing and advances*	<u>4,664,934</u>	<u>5,102,888</u>	<u>57,243</u>	<u>9,455,956</u>	<u>8,019,941</u>	<u>483,698</u>	<u>27,784,660</u>
Allowance for impairment on financing and advances							
- Collective allowance							(329,392)
- Individual allowance							(63,715)
Net financing and advances							<u>27,391,553</u>

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

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

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

Group	Bai Bithaman		Musharakah	Al-Ijarah Thummah			
31.03.15	Ajil	Murabahah	Mutanaqisah	Al-Bai (AITAB)	Bai Al-Inah	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 receivables	-	-	-	-	-	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*	<u>4,377,251</u>	<u>4,022,211</u>	<u>40,439</u>	<u>10,950,562</u>	<u>8,175,819</u>	<u>456,052</u>	<u>28,022,334</u>
Allowance for impairment on financing and advances							
- Collective allowance							(458,453)
- Individual allowance							(66,075)
Net financing and advances							<u>27,497,806</u>

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

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

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

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

	Group	
	31.03.16	31.03.15
	RM'000	RM'000
Balance at beginning of financial year	606,455	348,515
Impaired during the 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 financial year	<u>605,201</u>	<u>606,455</u>
Impaired financing and advances as % of total financing and advances	<u>2.2%</u>	<u>2.2%</u>

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

	Group	
	31.03.16	31.03.15
	RM'000	RM'000
Collective allowance		
Balance at beginning of financial year	458,453	534,465
Allowance made during the year	77,975	224,295
Transferred (to)/from conventional commercial banking	17	2,463
Foreign exchange differences	(5)	-
Amount written off and others	(207,048)	(302,770)
Balance at end of financial year	<u>329,392</u>	<u>458,453</u>
Collective allowance as % of gross financing and advances (excluding RIA financing) less individual allowance	<u>1.2%</u>	<u>1.7%</u>
Individual allowance		
Balance at beginning of financial year	66,075	19,470
Allowance made during the year	27,588	46,634
Amount written off	(29,948)	(29)
Balance at end of financial year	<u>63,715</u>	<u>66,075</u>

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

(b) Deposit From Customers

	Group	
	31.03.16	31.03.15
	RM'000	RM'000
Savings deposits		
<i>Wadiah</i>	1,950,534	1,893,135
<i>Mudarabah</i>	-	5,215
Demand deposits		
<i>Wadiah</i>	3,911,360	3,875,971
<i>Mudarabah</i>	-	45,380
Term deposits		
General investment account		
<i>Wakalah</i>	-	314,750
<i>Mudarabah</i>	-	13,846,615
Commodity murabahah	22,507,105	9,761,507
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	6,396	6,395
	<u>28,375,395</u>	<u>29,748,968</u>

(c) Other Liabilities

	Group	
	31.03.16	31.03.15
	RM'000	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 due to head office	77,525	62,642
Lease deposits and advance rental	1,814	3,432
Profit equalisation reserve	-	1,680
	<u>470,486</u>	<u>446,758</u>

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

(d) 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 institutions 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 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) Reconciliation 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) Reconciliation of income statement

	As previously reported RM'000	RM'000	As restated RM'000
Individual Quarter ended 31 March 2015			
Income attributable to the depositors and others	249,187	(10,053)	239,134
Income attributable to investment account holders	-	10,053	10,053
Cumulative Quarter ended 31 March 2015			
Income attributable to the depositors and others	931,670	(12,206)	919,464
Income attributable to investment account holders	-	12,206	12,206

(iii) Reconciliation 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

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

The Group recorded a profit after tax ("PAT") of RM1,399.5 million for the financial year ended 31 March 2016, a reduction of RM645.1 million as compared to corresponding financial year ended 31 March 2015 of RM2,044.6 million. The Group's profit attributable to equity holders of the Company ("PATMI") reduced by RM616.4 million.

Reduction in earnings for current financial year ended 31 March 2016 was mainly due to lower income. Income was lower due to decrease in net interest income by RM343.4 million and decrease in income from Islamic banking business and insurance business by RM58.9 million and RM38.7 million respectively. For the last financial year, the Group had reported a non-recurring significant gain on disposal of subsidiaries of RM475.9 million.

This was cushioned by writeback on impairment on loans, advances and financing, writeback on acquisition and business efficiency expenses, writeback on provision for commitments and contingencies and higher writeback on impairment on financial investments by RM133.6 million, RM71.0 million, RM21.6 million and RM14.5 million respectively. In addition, lower transfer to profit equalisation reserve (PER) by RM34.0 million was reported during current financial year due to cessation of PER mechanism.

Gross loans, advances and financing increased marginally to RM87.9 billion as compared to RM87.8 billion reported for the last financial year ended 31 March 2015. This was mostly due to increase from housing loans, revolving credit, claims on customers under acceptance credits, overdraft and bills receivables set off by decrease in hire-purchase financing.

As at 31 March 2016, the Group's total assets stood at RM133.8 billion. The Total Capital ratio from the aggregation of the consolidated capital positions and risk weighted assets of the regulated banking subsidiaries stood at 16.4%.

Divisional performance for FY2016 compared to FY2015:

Retail Banking

Total income fell 14.2% as a result of margin compression and lower fee income, predominantly credit card related fees. During the financial year, the Retail Banking business was impacted by changes in household spending patterns post GST implementation and weak household sentiments associated with the fall in commodity prices and depreciation of ringgit. Expenses, on the other hand, were relatively stable owing to vigilant cost management.

Profit after tax (PAT) however, increased by 10.4% to RM467.2 million underpinned by lower loan loss allowances as asset quality strengthened from portfolio rebalancing initiatives and intensified collection efforts led to better recoveries.

Excluding the auto finance segment, gross loans grew 6.6% anchored by robust growth of 12.7% in mortgage. Deposits contracted 2.9% amid intense competition, the business will continue to focus on driving growth in low cost deposits.

Wholesale Banking

Against the backdrop of heightened market volatility, cautious business outlook and pressures on net interest margin, total income declined 13.1%. The impact was partially mitigated by a 13.4% reduction in operating expenses, reflecting personnel cost savings from right-sizing initiatives.

PAT was weaker at RM821.3 million or 16.8% decrease amidst challenging operating environment coupled with lower recoveries.

Notwithstanding higher loans extended to the SME sector, gross loans growth was flat due to several large corporate repayments during the year. Overall deposits were down marginally, but low cost deposits registered modest growth of 6.2%.

Insurance

General Insurance

Gross written premium was sustained at RM1,567.4 million despite consumption growth moderated post-GST implementation affecting vehicle sales. Nevertheless, PAT decreased 24.3% to RM194.0 million as investment income was lower during the financial year, aggravated by higher claims and operating expenses.

Life Assurance and Family Takaful

The joint ventures posted a net loss during the financial year largely due to unrealised loss on investments. The business aims to strengthen its core business model, operations and systems to achieve the vision in becoming the preferred insurer in Malaysia.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a lower pre-tax profit of RM341.9 million for the fourth quarter ended 31 March 2016 as compared to RM405.8 million for the previous quarter ended 31 December 2015. This was mainly due to higher other operating expenses and lower writeback for impairment on loans and financing by RM45.6 million and RM32.1 million respectively. Financial investments reported impairment loss of RM1.9 million for current quarter ended 31 March 2016 as compared to writeback of RM10.9 million reported for previous quarter ended 31 December 2015. Lower income was reported for the current quarter from Islamic banking business and net interest income by RM18.0 million and RM7.2 million respectively.

This was mitigated by higher writeback on commitments and contingencies and higher other operating income by RM24.6 million and RM20.8 million. The results of associates and joint ventures resulted in profit of RM3.8 million for current quarter ended 31 March 2016 compared to a loss of RM5.4 million reported for previous quarter ended 31 December 2015. Acquisition and business efficiency expenses reported charge of RM1.6 million for current quarter ended 31 March 2016 compared to a write-back of RM6.5 million for previous quarter ended 31 December 2015.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2017

The Malaysian economy registered a modest growth of 5% in 2015 (2014: 6%), underpinned by continued expansion of private consumption, which grew 6% (2014: 7%) whilst private investment growth moderated to 6.4% (2014: 11%).

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 rise 2% in 2016 on the back of low commodity prices, slower demand and high base effect in 2H2015. Against the backdrop of a challenging and uncertain global environment with downside risk still on the table, domestic 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 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.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Estimated current tax payable	84,898	156,915	378,581	531,888
Deferred tax	(16,185)	(43,493)	(22,588)	29,965
Effect of change in tax rate	-	3,749	-	3,749
	<u>68,713</u>	<u>117,171</u>	<u>355,993</u>	<u>565,602</u>
Under/(Over) provision of current taxation in respect of prior years	(38,688)	934	(26,039)	(7,279)
Taxation	<u>30,025</u>	<u>118,105</u>	<u>329,954</u>	<u>558,323</u>
Zakat	<u>618</u>	<u>240</u>	<u>1,579</u>	<u>1,404</u>
Taxation and zakat	<u>30,643</u>	<u>118,345</u>	<u>331,533</u>	<u>559,727</u>

The total tax charge of the Group for the financial year ended 31 March 2016 and 31 March 2015 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

B6. CORPORATE PROPOSALS

- 1 As at 31 March 2016, the trustee of the ESS held 8,558,150 ordinary shares (net of ESS shares vested to employees) 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.
- 2 On 30 September 2014, a wholly-owned subsidiary, AmSecurities Holding Sdn Bhd ("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 proposed disposal of the Group's 99% shareholding in PT AmCapital Indonesia ("AMCI") (the "Proposed Disposal").

The Disposal involves the sale of 144,724 ordinary shares of Rp1,000,000 each in AMCI for an indicative cash consideration of about Rp83.7 billion (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 Company's consolidated 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 accounts of AMCI, the purchase price for the disposal was fixed at about Rp89.8 billion, compared with the indicative price of Rp83.7 billion announced earlier. The purchase price had been fully settled by Yuanta HK in US Dollar equivalent of about US\$6.99 million.

- 3 With reference to the Company announcement on 25 August 2014 in respect of the disposal of the Group's 100% shareholding in AmFraser Securities Pte Ltd ("AmFraser") to KGI Asia (Holdings) Pte Ltd ("KGI") at an indicative purchase price of S\$38,000,000 (the "Disposal") and the subsequent announcement on 30 January 2015 of the completion of the Disposal.

The Company announced on 1 September 2015 that, based on the finalised audited completion accounts of AmFraser (name changed to KGI Fraser Securities Pte Ltd subsequent to the Disposal), the final purchase price for the Disposal was S\$42,406,507, which had been fully settled in cash by KGI.

- 4 During the current financial year, the Board of directors of the Company has approved the disposal of AmTrustee Berhad. 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. The disposal is in progress as at the reporting date.

B7. BORROWINGS

	Group	
	31.03.16	31.03.15
	RM'000	RM'000
(i) Deposits from customers		
Six months or less	73,711,147	75,448,971
Over 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
	<u>90,358,576</u>	<u>92,130,049</u>
(ii) Deposits and placements of banks and other financial institutions		
Six months or less	1,006,273	559,178
Over six months to one year	165,393	1,464,353
Over one year to three years	70,291	174,881
Over three years to five years	501,812	103,252
	<u>1,743,769</u>	<u>2,301,664</u>
(iii) Term funding (unsecured)		
(a) Senior notes		
Due within one year	324,960	-
More than one year	6,429,641	6,673,039
(b) Credit-Linked Notes		
Due within one year	149,500	-
More than one year	135,363	281,823
(c) Term loans and revolving credits		
Due within one year	401,100	243,036
More than one year	1,167,050	1,104,356
(d) Structured deposit		
Due within one year	-	100
	<u>8,607,614</u>	<u>8,302,354</u>
(iv) Debt capital		
(a) Unsecured notes/sukuk		
More than one year	1,799,077	1,548,785
(b) Medium Term Notes		
More than one year	1,310,000	1,310,000
(c) Hybrid capital		
More than one year	-	736,788
The above hybrid capital includes amount denominated in USD of which		
Principal amount - USD200.0 million		
(d) Non-Innovative Tier 1 Capital Securities		
More than one year	500,000	500,000
(e) Innovative Tier 1 Capital Securities		
More than one year	485,000	485,000
	<u>4,094,077</u>	<u>4,580,573</u>

B8. REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group	
	31.03.16	31.03.15
	RM'000	RM'000
Total retained earnings		
- Realised	8,825,133	8,617,715
- Unrealised	1,965,338	1,553,202
Total share of retained earnings from associates		
- Realised	126,731	86,775
- Unrealised	(6,725)	38,973
Less: Consolidation adjustments	(3,371,385)	(3,466,485)
Total retained earnings as per consolidated financial statements	<u>7,539,092</u>	<u>6,830,180</u>

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

B9. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A29.

B10. DIVIDENDS

- (i) A proposed final single tier ordinary dividend of 10.5% for the financial year ended 31 March 2016 has been recommended by the directors;
- (ii) Amount per share: 10.5 Sen;
- (iii) Previous corresponding period: 15.3 Sen single tier;
- (iv) Payment date: To be determined and announced at a later date; and
- (v) In respect of ordinary share capital, entitlement to the proposed dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

B11. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	280,024	519,224	1,302,206	1,918,630
Weighted average number of ordinary shares in issue	3,005,625	3,000,920	3,005,020	3,005,852
Basic earnings per share (Sen)	9.32	17.30	43.33	63.83

b. Diluted earnings per share

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

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

	Individual Quarter		Cumulative Quarter	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	280,024	519,224	1,302,206	1,918,630
Weighted average number of ordinary shares in issue (as in (a) above)	3,005,625	3,000,920	3,005,020	3,005,852
Effect of executives' share scheme	-	-	108	687
Adjusted weighted average number of ordinary shares in issue/issuable	3,005,625	3,000,920	3,005,128	3,006,539
Fully diluted earnings per share (Sen)	9.32	17.30	43.33	63.82

APPENDIX 2

**UNAUDITED FINANCIAL STATEMENTS FOR
THE SECOND QUARTER ENDED 30 SEPTEMBER 2016**

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

		Group		Company	
	Note	30.09.16	31.03.16	30.09.16	31.03.16
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		5,633,810	11,988,321	1,061	21,033
Deposits and placements with banks and other financial institutions		2,371,120	1,333,630	24,951	5,354
Derivative financial assets	A31	1,084,656	1,884,001	-	-
Financial assets held-for-trading	A8	5,812,042	4,920,618	-	-
Financial investments available-for-sale	A9	8,799,930	11,680,520	111,014	121,860
Financial investments held-to-maturity	A10	3,615,604	4,167,494	-	-
Loans, advances and financing	A11	86,067,769	86,513,254	-	-
Receivables: Investments not quoted in active markets		699,795	565,322	-	-
Statutory deposits with Bank Negara Malaysia	A12	2,731,422	2,590,145	-	-
Deferred tax assets		17,801	66,044	-	-
Investment in subsidiaries and other investments		-	-	9,507,225	9,507,225
Investment in associates and joint ventures		691,452	674,463	-	-
Other assets	A13	2,794,097	3,179,108	3,441	3,716
Reinsurance assets and other insurance receivables	A14	425,793	513,555	-	-
Property and equipment		248,265	292,787	300	377
Intangible assets		3,409,361	3,369,998	-	-
Assets held for sale	A29	20,934	24,740	-	-
TOTAL ASSETS		124,423,851	133,764,000	9,647,992	9,659,565
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	A15	1,749,691	1,743,769	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,908,761	3,935,775	-	-
Derivative financial liabilities	A31	1,051,996	2,022,807	-	-
Deposits from customers	A16	83,241,978	90,358,576	-	-
Investment accounts of customers		21,766	18,411	-	-
Term funding		8,311,694	8,607,614	1,206,000	1,206,000
Debt capital		3,614,229	4,094,077	-	-
Redeemable cumulative convertible preference share		206,392	204,760	-	-
Deferred tax liabilities		194,245	83,050	-	-
Other liabilities	A17	2,933,266	3,809,943	25,126	37,259
Insurance contract liabilities and other insurance payables	A18	2,622,508	2,761,460	-	-
Liabilities directly associated with assets held for sale	A29	-	4,370	-	-
Total Liabilities		107,856,526	117,644,612	1,231,126	1,243,259
Share capital		3,014,185	3,014,185	3,014,185	3,014,185
Reserves		12,552,115	12,154,293	5,402,681	5,402,121
Equity attributable to equity holders of the Company		15,566,300	15,168,478	8,416,866	8,416,306
Non-controlling interests		1,001,025	950,910	-	-
Total Equity		16,567,325	16,119,388	8,416,866	8,416,306
TOTAL LIABILITIES AND EQUITY		124,423,851	133,764,000	9,647,992	9,659,565
COMMITMENTS AND CONTINGENCIES	A30	117,837,157	125,037,110	-	-
NET ASSETS PER SHARE (RM)		5.16	5.03	2.79	2.79

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016.

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Operating revenue	A25	2,099,746	2,088,141	4,162,679	4,197,244
Interest income	A19	972,983	1,035,787	1,978,954	2,051,992
Interest expense	A20	(599,680)	(604,016)	(1,213,319)	(1,196,685)
Net interest income		373,303	431,771	765,635	855,307
Net income from Islamic banking business		201,406	200,158	398,568	407,079
Income from insurance business		363,745	359,768	717,643	739,291
Insurance claims and commissions		(279,591)	(258,960)	(491,302)	(529,072)
Net income from insurance business	A21	84,154	100,808	226,341	210,219
Other operating income	A22	284,335	198,319	499,244	422,017
Share in results of associates and joint ventures		11,049	3,856	15,678	4,108
Net income		954,247	934,912	1,905,466	1,898,730
Other operating expenses	A23	(524,969)	(500,274)	(1,059,744)	(984,487)
Acquisition and business efficiency income/(expenses)		471	757	(301)	(2,345)
Operating profit		429,749	435,395	845,421	911,898
Writeback for impairment on loans, advances and financing	A24	36,962	63,595	73,205	52,872
Net impairment (loss)/writeback on:					
Financial investments		3,925	2,900	2,806	2,900
Doubtful sundry receivables-net		(1,870)	(578)	(2,077)	(1,063)
Foreclosed properties		(146)	(22)	(288)	(106)
Intangible assets		-	(659)	-	(659)
Writeback of provision for commitments and contingencies		689	59	19,898	18,183
Transfer to profit equalisation reserve		-	-	-	(1,406)
Recoveries of other receivables		2,847	287	12,571	754
Profit before taxation and zakat		472,156	500,977	951,536	983,373
Taxation and zakat	B5	(96,955)	(93,068)	(216,890)	(206,802)
Profit for the period		375,201	407,909	734,646	776,571
Attributable to:					
Equity holders of the Company		352,626	382,518	675,626	722,029
Non-controlling interests		22,575	25,391	59,020	54,542
Profit for the period		375,201	407,909	734,646	776,571
EARNINGS PER SHARE (SEN)	B11				
Basic		11.73	12.73	22.47	24.03
Fully diluted		11.73	12.73	22.47	24.03

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016.

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

UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Profit for the period	375,201	407,909	734,646	776,571
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss				
Translation of foreign operations	13,751	88,411	30,921	96,326
Net movement on cash flow hedge	(2,132)	13,532	(4,455)	20,281
Net movement on financial investments available-for-sale	51,852	(119,612)	47,830	(91,528)
Income tax effect	(9,981)	20,164	(16,194)	15,849
Other comprehensive income for the period, net of tax	53,490	2,495	58,102	40,928
Total comprehensive income for the period	428,691	410,404	792,748	817,499
Total comprehensive income for the period attributable to:				
Equity holders of the Company	405,851	385,570	734,878	764,248
Non-controlling interests	22,840	24,834	57,870	53,251
	428,691	410,404	792,748	817,499

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016.

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

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

Company	Note	Individual Quarter		Cumulative Quarter	
		30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Operating revenue		374,563	446,372	375,478	447,379
Interest income	A19	502	755	544	976
Interest expense	A20	(14,126)	(14,110)	(28,111)	(28,091)
Net interest expense		(13,624)	(13,355)	(27,567)	(27,115)
Other operating income	A22	374,061	445,617	374,934	446,403
Net income		360,437	432,262	347,367	419,288
Other operating expenses	A23	(6,148)	(11,596)	(10,311)	(21,754)
Profit before taxation		354,289	420,666	337,056	397,534
Taxation		(123)	(244)	(123)	(244)
Profit for the period representing total					
comprehensive income for the period		354,166	420,422	336,933	397,290

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016.

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

Group	Attributable to Equity Holders of the Company												Total	Non-controlling interests	Total equity
	Non-Distributable										Distributable				
	Ordinary share capital	Share premium	Statutory reserve	Regulatory reserve	Profit equalisation reserve	AFS reserve/ (deficit)	Cash flow hedging reserve/ (deficit)	Foreign currency translation reserve	Executives' share scheme reserve	Shares held in trust for ESS	Retained Earnings				
							Non-participating funds								
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 01.04.15	3,014,185	2,537,372	1,938,849	2,800	3,904	21,822	(481)	68,456	69,993	(86,110)	54,175	6,830,180	14,455,145	1,052,279	15,507,424
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	722,029	722,029	54,542	776,571
Other comprehensive income/(loss), net	-	-	-	-	-	(69,531)	15,414	96,336	-	-	-	-	42,219	(1,291)	40,928
Total comprehensive income/(loss) for the period	-	-	-	-	-	(69,531)	15,414	96,336	-	-	-	722,029	764,248	53,251	817,499
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	-	-	-	-	-	-	(3,004)	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	1,458	-	-	-	1,458	-	1,458
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(29,674)	32,200	-	-	2,526	-	2,526
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(231)	(231)	(33)	(264)
Net utilisation of profit equalisation reserve	-	-	-	-	(3,904)	-	-	-	-	-	-	3,904	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	426	(426)	-	-	-
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,036)	(1,036)
Arising from disposal of equity interests in subsidiaries	-	-	-	-	-	(457)	-	21,328	-	-	-	(20,566)	305	(305)	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(461,170)	(461,170)	(122,500)	(583,670)
Transactions with owners and other equity movements	-	-	-	-	(3,904)	(457)	-	21,328	(28,216)	29,196	426	(478,489)	(460,116)	(123,874)	(583,990)
At 30.09.15	3,014,185	2,537,372	1,938,849	2,800	-	(48,166)	14,933	186,120	41,777	(56,914)	54,601	7,073,720	14,759,277	981,656	15,740,933

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

Group	Attributable to Equity Holders of the Company										Distributable			
	Non-Distributable													
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	AFS reserve RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained Earnings		Total RM'000	Non- controlling interests RM'000	Total equity RM'000
										Non- partici- pating funds RM'000	RM'000			
At 01.04.16	3,014,185	2,537,372	1,938,849	2,800	8,635	3,636	84,299	49,738	(55,843)	45,715	7,539,092	15,168,478	950,910	16,119,388
Profit for the period	-	-	-	-	-	-	-	-	-	-	675,626	675,626	59,020	734,646
Other comprehensive income/(loss), net	-	-	-	-	31,902	(3,571)	30,921	-	-	-	-	59,252	(1,150)	58,102
Total comprehensive income/(loss) the period	-	-	-	-	31,902	(3,571)	30,921	-	-	-	675,626	734,878	57,870	792,748
Share-based payment under ESS, net	-	-	-	-	-	-	-	(20,586)	-	-	-	(20,586)	-	(20,586)
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	(7,135)	7,706	-	-	571	-	571
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	(552)	(552)	(14)	(566)
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	8,313	(8,313)	-	-	-
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,470)	(3,470)
Arising from disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,863)	(1,863)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(316,489)	(316,489)	(2,408)	(318,897)
Transactions with owners and other equity movements	-	-	-	-	-	-	-	(27,721)	7,706	8,313	(325,354)	(337,056)	(7,755)	(344,811)
At 30.09.16	3,014,185	2,537,372	1,938,849	2,800	40,537	65	115,220	22,017	(48,137)	54,028	7,889,364	15,566,300	1,001,025	16,567,325

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016.

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

Company	Attributable to Equity Holders of the Company					
	Non-Distributable			Distributable		Total equity RM'000
	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	
At 01.04.15	3,014,185	2,536,065	69,993	(86,110)	2,895,435	8,429,568
Profit for the period	-	-	-	-	397,290	397,290
Total comprehensive income for the period	-	-	-	-	397,290	397,290
Purchase of shares pursuant to ESS [^]	-	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	1,458	-	-	1,458
ESS shares vested to employees of subsidiaries	-	-	(29,674)	32,200	942	3,468
Dividends paid	-	-	-	-	(461,170)	(461,170)
Transactions with owners and other equity movements	-	-	(28,216)	29,196	(460,228)	(459,248)
At 30.09.15	3,014,185	2,536,065	41,777	(56,914)	2,832,497	8,367,610

Company	Attributable to Equity Holders of the Company					
	Non-Distributable			Distributable		Total equity RM'000
	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	
At 01.04.16	3,014,185	2,536,065	49,738	(55,843)	2,872,161	8,416,306
Profit for the period	-	-	-	-	336,933	336,933
Total comprehensive income for the period	-	-	-	-	336,933	336,933
Share-based payment under ESS, net	-	-	(20,586)	-	-	(20,586)
ESS shares vested to employees of subsidiaries	-	-	(7,135)	7,706	131	702
Dividends paid	-	-	-	-	(316,489)	(316,489)
Transactions with owners and other equity movements	-	-	(27,721)	7,706	(316,358)	(336,373)
At 30.09.16	3,014,185	2,536,065	22,017	(48,137)	2,892,736	8,416,866

[^] 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 unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016.

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

	Group		Company	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	951,536	983,373	337,056	397,534
Add/(Less) adjustments for:				
Accretion of discount less amortisation of premium for securities	(59,204)	(68,893)	-	-
Allowance for losses on loans, advances and financing	225,690	269,514	-	-
Dividend income from investments	(21,170)	(18,772)	(26,549)	(446,253)
Net gain on revaluation of derivatives	(180,394)	(64,781)	-	-
Net (gain)/loss on revaluation of financial assets held-for-trading	(19,804)	37,613	-	-
Net gain on sale of financial investments available-for-sale	(29,199)	(17,192)	-	-
Net (gain)/loss on sale of financial assets held-for-trading	(110,913)	10,525	-	-
Other non-operating and non-cash items	174,735	39,383	87	80
Operating profit/(loss) before working capital changes	931,277	1,170,770	310,594	(48,639)
<i>Decrease/(Increase) in operating assets:</i>				
Securities purchased under resale agreements	-	(56,732)	-	-
Deposits and placements with banks and other financial institutions	648,626	296,670	-	-
Financial assets held-for-trading	(750,224)	361,543	-	-
Loans, advances and financing	219,796	633,726	-	-
Statutory deposits with Bank Negara Malaysia	(141,277)	196,606	-	-
Other assets	452,506	(1,731,518)	(19,758)	31,236
Reinsurance assets and other insurance receivables	86,730	(12,476)	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits and placements of banks and other financial institutions	5,922	937,027	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	(26,089)	(817,407)	-	-
Deposits from customers	(7,116,598)	(3,227,050)	-	-
Investment accounts of customers	3,355	-	-	-
Term funding	(474,899)	705,605	-	-
Other liabilities	(833,631)	1,768,680	(11,803)	(28,230)
Insurance contract liabilities and other insurance payables	(138,952)	41,111	-	-
Cash generated from/(used in) operations	(7,133,458)	266,555	279,033	(45,633)
Taxation and zakat paid, net	(118,715)	(857,538)	(304)	4,120
Net cash generated from/(used in) operating activities	(7,252,173)	(590,983)	278,729	(41,513)
<i>Cash flows from investing activities</i>				
Purchase of shares for ESS by the appointed trustee	-	(3,004)	-	(3,004)
Dividends received from investments	26,803	18,556	-	444,786
Net cash outflow from disposal of subsidiaries	(3,894)	(40,221)	-	-
Proceeds from disposal of property and equipment	445	7,092	-	-
Disposal/(Purchase) of financial investments - net	3,554,546	(1,843,553)	37,395	34,119
Purchase of property and equipment and intangible assets	(94,794)	(133,331)	(10)	(7)
(Purchase)/Sale of receivables: investments not quoted in active markets	(130,000)	16,922	-	-
Proceeds from disposal of asset held for sale (net)	29,394	-	-	-
Net cash generated from/(used in) investing activities	3,382,500	(1,977,539)	37,385	475,894

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016 (CONT'D.)

	Group		Company	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
Dividends paid by Company to its shareholders	(316,489)	(461,170)	(316,489)	(461,170)
Dividends paid to non-controlling interests by subsidiaries	(2,408)	(122,500)	-	-
Redemption of shares in subsidiary by non-controlling interests	(3,470)	(1,036)	-	-
Repayment for Subordinated Sukuk	(480,000)	-	-	-
Net cash used in financing activities	<u>(802,367)</u>	<u>(584,706)</u>	<u>(316,489)</u>	<u>(461,170)</u>
Net decrease in cash and cash equivalents	(4,672,040)	(3,153,228)	(375)	(26,789)
Cash and cash equivalents at beginning of the financial year	12,625,221	13,629,676	26,387	37,595
Effect of exchange rate changes	276	(262)	-	-
Cash and cash equivalents at end of the financial period	<u>7,953,457</u>	<u>10,476,186</u>	<u>26,012</u>	<u>10,806</u>

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

	Group		Company	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	5,633,810	8,748,807	1,061	4,658
Deposits and placements with banks and other financial institutions	2,371,120	2,651,878	24,951	6,148
Less: Deposits with original maturity more than 3 months	(51,473)	(924,499)	-	-
Cash and cash equivalents	<u>7,953,457</u>	<u>10,476,186</u>	<u>26,012</u>	<u>10,806</u>

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016.

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

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Company for the financial year ended 31 March 2016 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

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

A1.1 Significant Accounting Policies

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

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

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

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

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

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

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

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operation which constitutes a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. These amendments do not result in any impact as the Group and the Company did not acquire any interest in joint operations during the six months ended 30 September 2016.

A1. BASIS OF PREPARATION (CONT'D.)

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

Amendments to MFRS 127 Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Pursuant to Paragraph 9.4 of Bank Negara Malaysia's Policy Document on Financial Reporting, however, the Company is prohibited from measuring its investments in joint ventures and associates using the equity method in its separate financial statements. In addition, the Company has also elected not to change the basis of measurement for its investments in subsidiaries. Accordingly, the Company continues to measure its investments in subsidiaries, joint ventures and associates in its separate financial statements at cost.

Amendments to MFRS 101 Disclosure Initiative

The amendments introduce five narrow-focus improvements to the disclosure requirements and ensure that entities are able to apply professional judgement in determining the extent of information to be disclosed in the financial statements. The amendments also clarify the requirements for presenting an entity's share of items of other comprehensive income of associates and joint ventures, whereby they are required to be grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Since the amendments only affect disclosures, the adoption of these amendments did not have any financial impact on the Group and the Company.

Annual Improvements to MFRSs 2012-2014 Cycle

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

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

The amendment clarifies that a reclassification of an asset directly from being held for sale to being held for distribution to owners (or vice versa) is not a change to the disposal plan and shall be treated as a continuation of the original plan, and the change in disposal method does not change the date of classification as held for sale or held for distribution to owners. This amendment does not result in any impact as there is no reclassification of asset between held for sale and held for distribution during the six months ended 30 September 2016.

(ii) MFRS 7 Financial Instruments: Disclosures

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

(iii) MFRS 119 Employee Benefits

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

(iv) MFRS 134 Interim Financial Reporting

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

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards issued but not yet effective

Description	Effective for financial year ending
- Amendments to MFRS 107 Disclosure Initiative	31 March 2018
- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	31 March 2018
- MFRS 15 Revenue from Contracts with Customers	31 March 2019
- MFRS 9 Financial Instruments	31 March 2019
- Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	31 March 2019
- MFRS 16 Leases	31 March 2020
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by MASB

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

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

Amendments to MFRS 107 Disclosure Initiative

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

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

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.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

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

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

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

MFRS 16 Leases

MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations.

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

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

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

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

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

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

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

The amendments clarify that:

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

A1. BASIS OF PREPARATION (CONT'D.)

A1.2 Significant Accounting Judgements, Estimates and Assumptions

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

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

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

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

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 30 September 2016.

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

Repayment of debt securities by its wholly-owned subsidiaries:

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

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

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

A7. DIVIDENDS PAID

During the financial period ended 30 September 2016, a final single tier dividend of 10.5% for the financial year ended 31 March 2016 amounting to approximately RM316,489,420 was paid on 9 September 2016 to shareholders whose names appear in the record of Depositors on 26 August 2016.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Securities	410,621	287,528
Government Investment Issues	1,397,588	382,004
Foreign government Investment Certificates	22,350	-
Cagamas bonds	-	113,352
	<u>1,830,559</u>	<u>782,884</u>
Quoted Securities:		
In Malaysia:		
Shares	66,096	67,560
Unit trusts	111,344	131,961
Warrants	-	80
Private debt securities	38,885	38,962
Outside Malaysia:		
Shares	118,311	102,101
	<u>334,636</u>	<u>340,664</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,646,847	3,760,660
Outside Malaysia:		
Private debt securities	-	36,410
	<u>3,646,847</u>	<u>3,797,070</u>
Total	<u>5,812,042</u>	<u>4,920,618</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	30.09.16	31.03.16	30.09.16	31.03.16
	RM'000	RM'000	RM'000	RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Government Securities	67,390	384,777	-	-
Government Investment Issues	915,729	1,048,494	-	-
Negotiable instruments of deposits	979,673	2,049,644	-	-
Islamic negotiable instruments of deposit	648,078	1,984,615	-	-
Islamic Treasury Bills	-	28,723	-	-
	<u>2,610,870</u>	<u>5,496,253</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	48,468	50,776	-	-
Unit trusts	1,062,203	1,041,844	111,014	121,860
Outside Malaysia:				
Shares	49	5,148	-	-
	<u>1,110,720</u>	<u>1,097,768</u>	<u>111,014</u>	<u>121,860</u>
Unquoted Securities:				
In Malaysia:				
Unit trusts	1,430	33,725	-	-
Private debt securities	4,761,515	4,620,364	-	-
Outside Malaysia:				
Private debt securities	215,717	312,739	-	-
	<u>4,978,662</u>	<u>4,966,828</u>	<u>-</u>	<u>-</u>
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	99,489	119,489	-	-
Outside Malaysia:				
Shares	189	182	-	-
	<u>99,678</u>	<u>119,671</u>	<u>-</u>	<u>-</u>
Total	<u>8,799,930</u>	<u>11,680,520</u>	<u>111,014</u>	<u>121,860</u>

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

As at 30 September 2016, the fair value gain that would have been recognised in other comprehensive income for the current period if the securities had not been reclassified amounted to RM2,407,000 (31 March 2016: RM4,607,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Foreign Treasury Bills	206,668	780,153
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,411,944	3,390,349
	3,618,612	4,170,502
Less: Accumulated impairment losses	(3,008)	(3,008)
Total	3,615,604	4,167,494

A11. LOANS, ADVANCES AND FINANCING

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans	22,787,688	23,516,466
Revolving credit	11,763,664	12,705,796
Housing loans/financing	19,742,968	17,834,206
Hire-purchase receivables	21,190,212	22,289,047
Credit card receivables	1,565,532	1,565,150
Overdraft	3,446,320	3,362,823
Claims on customers under acceptance credits	4,026,997	4,068,149
Trust receipts	1,449,373	1,266,807
Bills receivables	981,587	948,127
Staff loans	115,345	117,824
Others	189,505	217,878
Gross loans, advances and financing	87,259,191	87,892,273
Allowance for impairment on loans, advances and financing:		
Individual allowance	(139,044)	(317,269)
Collective allowance	(1,052,378)	(1,061,750)
	(1,191,422)	(1,379,019)
Net loans, advances and financing	86,067,769	86,513,254

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

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Domestic banking institutions	157,596	160,533
Domestic non-bank financial institutions	1,945,886	2,136,480
Domestic business enterprises:		
Small and medium enterprises	12,641,899	12,433,469
Others	23,933,651	25,353,208
Government and statutory bodies	922,147	937,533
Individuals	46,282,357	45,384,258
Other domestic entities	123,117	152,388
Foreign individuals and entities	1,252,538	1,334,404
	87,259,191	87,892,273

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
In Malaysia	86,747,985	87,257,253
Outside Malaysia	511,206	635,020
	87,259,191	87,892,273

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Fixed rate:		
Housing loans/financing	552,143	581,597
Hire purchase receivables	19,559,481	20,842,691
Other loans/financing	9,088,512	9,312,703
	29,200,136	30,736,991
Variable rate:		
Base rate and lending/financing rate plus	31,717,847	29,915,438
Cost plus	23,231,220	24,467,953
Other variable rates	3,109,988	2,771,891
	58,059,055	57,155,282
	87,259,191	87,892,273

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

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Agriculture	3,916,776	4,127,749
Mining and quarrying	2,868,792	2,994,710
Manufacturing	8,753,840	9,002,061
Electricity, gas and water	437,451	496,654
Construction	3,993,480	4,148,298
Wholesale and retail trade and hotels and restaurants	4,659,321	4,348,936
Transport, storage and communication	1,601,662	1,791,661
Finance and insurance	2,103,482	2,336,283
Real estate	8,200,764	8,761,700
Business activities	1,260,356	1,285,646
Education and health	1,954,604	2,102,987
Household of which:	47,003,569	46,062,330
Purchase of residential properties	19,496,739	17,636,684
Purchase of transport vehicles	20,238,931	21,231,382
Others	7,267,899	7,194,264
Others	505,094	433,258
	87,259,191	87,892,273

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Maturing within one year	24,359,996	24,074,634
Over one year to three years	8,357,542	10,009,904
Over three years to five years	13,078,028	13,085,051
Over five years	41,463,625	40,722,684
	87,259,191	87,892,273

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Gross		
Balance at beginning of the financial year	1,700,855	1,572,730
Impaired during the period	526,835	1,417,669
Reclassified as non-impaired	(73,495)	(75,246)
Recoveries	(289,772)	(549,849)
Amount written off	(443,490)	(664,449)
Foreign exchange differences	5,930	-
Balance at end of the financial period/year	1,426,863	1,700,855
 Gross impaired loans, advances and financing as % of gross loans, advances and financing	 1.6%	 1.9%
 Loan loss coverage	 83.5%	 81.1%

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

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
In Malaysia	1,321,884	1,599,569
Outside Malaysia	104,979	101,286
	1,426,863	1,700,855

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Agriculture	1,124	2,422
Mining and quarrying	94,878	88,437
Manufacturing	34,614	185,051
Electricity, gas and water	9,286	16,498
Construction	22,328	50,433
Wholesale and retail trade and hotels and restaurants	35,625	33,682
Transport, storage and communication	11,244	25,270
Finance and insurance	460	477
Real estate	511,025	571,936
Business activities	8,909	10,751
Education and health	7,487	7,043
Household of which:	679,133	701,960
Purchase of residential properties	328,604	326,824
Purchase of transport vehicles	232,394	268,258
Others	118,135	106,878
Others	10,750	6,895
	1,426,863	1,700,855

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Individual allowance		
Balance at beginning of the financial year	317,269	235,823
Allowance made during the financial period/year, net	377	138,929
Amount written off	(179,102)	(57,483)
Foreign exchange differences	500	-
Balance at end of the financial period/year	139,044	317,269
Collective allowance		
Balance at beginning of the financial year	1,061,750	1,413,424
Allowance made during the financial period/year, net	225,313	264,121
Amount written off	(235,859)	(617,070)
Foreign exchange differences	1,174	1,275
Balance at end of the financial period/year	1,052,378	1,061,750
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	1.2%	1.2%

A12. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

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

A13. OTHER ASSETS

	Group		Company	
	30.09.16 RM'000	31.03.16 RM'000	30.09.16 RM'000	31.03.16 RM'000
Trade receivables	347,307	604,589	-	-
Other receivables, deposits and prepayments	716,434	662,685	2,654	2,873
Interest receivable	275,520	283,151	51	12
Fee receivable	35,268	36,114	-	-
Amount due from originators	406,495	432,594	-	-
Amount due from agents, brokers and reinsurers	47,201	26,443	-	-
Foreclosed properties	52,530	52,808	-	-
Tax recoverable (Note 1)	525,449	467,857	736	831
Collateral pledged for derivative transactions	445,337	670,715	-	-
	<u>2,851,541</u>	<u>3,236,956</u>	<u>3,441</u>	<u>3,716</u>
Allowance for impairment	(57,444)	(57,848)	-	-
	<u>2,794,097</u>	<u>3,179,108</u>	<u>3,441</u>	<u>3,716</u>

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

Note 1 (Group)

In financial year ended 31 March 2015, the Inland Revenue Board ("IRB") had issued notice of income tax assessments for the year of assessment 2008 and 2009 to AmBank. AmBank had appealed against the said notices by filing an application to the High Court for judicial review of the notice of assessment for the year of assessment 2008 and to the Special Commissioners of Income Tax for the notice of assessment for the year of assessment 2009. Included in the tax recoverable is the tax paid of approximately RM203,500,700 as the Group is of the opinion that it has strong grounds to succeed in its appeals. AmBank was successful in its appeals for the majority of the tax matters under dispute and had received Notice of Reduced Assessment for year of assessment 2008 from the IRB. For year of assessment 2009, the next case management scheduled is on 8 November 2016.

A14. REINSURANCE ASSETS AND OTHER INSURANCE RECEIVABLES

		Group	
	Note	30.09.16 RM'000	31.03.16 RM'000
Reinsurance assets from general insurance business		357,058	423,931
Other insurance receivables	(i)	<u>68,735</u>	<u>89,624</u>
		<u>425,793</u>	<u>513,555</u>
(i) Other insurance receivables			
Due premiums including agents/brokers and co-insurers balances		84,675	85,967
Amount owing by reinsurance and cedants		18,969	20,719
Reinsurance deposit		-	16,815
Allowance for impairment		<u>(34,909)</u>	<u>(33,877)</u>
		<u>68,735</u>	<u>89,624</u>

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Licensed banks	99,979	334,831
Bank Negara Malaysia	43,303	44,411
Other financial institutions	1,606,409	1,364,527
	1,749,691	1,743,769

A16. DEPOSITS FROM CUSTOMERS

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Demand deposits	12,830,363	13,448,089
Savings deposits	5,429,038	5,268,017
Term/Investment deposits	64,982,325	71,635,826
Negotiable instruments of deposits	252	6,644
	83,241,978	90,358,576

The deposits are sourced from the following types of customers:

Government and statutory bodies	8,654,999	11,335,303
Business enterprises	36,001,318	40,455,179
Individuals	34,003,275	34,889,340
Others	4,582,386	3,678,754
	83,241,978	90,358,576

A17. OTHER LIABILITIES

	Group		Company	
	30.09.16	31.03.16	30.09.16	31.03.16
	RM'000	RM'000	RM'000	RM'000
Trade payables	375,758	698,583	-	-
Other payables and accruals	1,488,006	1,568,877	14,685	21,427
Interest payable on deposits and borrowings	837,163	933,303	7,274	6,878
Lease deposits and advance rental	10,177	10,146	-	-
Provision for commitments and contingencies	72,472	116,161	-	-
Amount due to subsidiaries	-	-	3,167	8,954
Provision for taxation	23,721	13,843	-	-
Collateral received for derivative transactions	125,969	469,030	-	-
	2,933,266	3,809,943	25,126	37,259

A18. INSURANCE CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	30.09.16 RM'000	31.03.16 RM'000
Insurance contract liabilities	(i)	2,549,788	2,643,896
Other insurance payables	(ii)	72,720	117,564
		<u>2,622,508</u>	<u>2,761,460</u>
 (i) Insurance contract liabilities			
		30.09.16	31.03.16
	Gross contract liabilities RM'000	Reinsurance assets RM'000	Net contract liabilities RM'000
General insurance business	2,549,788	(357,058)	2,192,730
 (ii) Other insurance payables			
		30.09.16	31.03.16
	Gross contract liabilities RM'000	Reinsurance assets RM'000	Net contract liabilities RM'000
General insurance business	2,643,896	(423,931)	2,219,965
		30.09.16	31.03.16
		RM'000	RM'000
Amount due to agents and intermediaries		27,104	25,270
Amounts due to reinsurers and cedants		45,616	92,294
		<u>72,720</u>	<u>117,564</u>

A19. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Short-term funds and deposits and placements with banks and other financial institutions	21,771	43,661	49,356	92,271
Financial assets held-for-trading	51,772	32,464	100,915	70,441
Financial investments available-for-sale	66,299	87,908	143,823	149,176
Financial investments held-to-maturity	24,968	24,782	50,119	49,220
Loans and advances	796,033	825,204	1,604,449	1,659,790
Impaired loans and advances	1,673	3,213	3,814	4,624
Others	10,467	18,555	26,478	26,470
	<u>972,983</u>	<u>1,035,787</u>	<u>1,978,954</u>	<u>2,051,992</u>
 Company				
Short-term funds and deposits and placements with banks and other financial institutions	502	755	544	976
	<u>502</u>	<u>755</u>	<u>544</u>	<u>976</u>

A20. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits from customers	458,714	469,044	927,397	931,911
Deposit and placements of banks and other financial institutions	6,721	6,602	16,484	13,361
Senior notes	47,075	52,219	95,094	102,081
Credit-Linked Notes	2,320	4,019	5,802	7,988
Recourse obligation on loans sold to Cagamas Berhad	27,035	10,235	53,867	20,371
Term loans and revolving credit	9,528	8,222	18,859	15,488
Subordinated bonds	5,282	5,280	10,478	10,502
Medium term notes	17,416	17,416	34,642	34,642
Tier 1 capital securities	21,428	27,374	42,623	53,036
Others	4,161	3,605	8,073	7,305
	<u>599,680</u>	<u>604,016</u>	<u>1,213,319</u>	<u>1,196,685</u>
Company				
Senior notes	11,090	11,091	22,060	22,060
Term loans and revolving credit	3,036	3,019	6,051	6,031
	<u>14,126</u>	<u>14,110</u>	<u>28,111</u>	<u>28,091</u>

A21. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		363,745	359,768	717,643	739,291
		<u>363,745</u>	<u>359,768</u>	<u>717,643</u>	<u>739,291</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		36,794	34,512	72,524	65,356
General insurance claims		242,797	224,448	418,778	463,716
		<u>279,591</u>	<u>258,960</u>	<u>491,302</u>	<u>529,072</u>
Total income from insurance business, net		<u>84,154</u>	<u>100,808</u>	<u>226,341</u>	<u>210,219</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		384,677	378,214	768,659	763,887
- change in unearned premium provision		3,347	13,307	12,398	43,605
		<u>388,024</u>	<u>391,521</u>	<u>781,057</u>	<u>807,492</u>
Premium ceded					
- insurance contract		(30,553)	(28,122)	(63,597)	(62,140)
- change in unearned premium provision		6,274	(3,631)	183	(6,061)
		<u>(24,279)</u>	<u>(31,753)</u>	<u>(63,414)</u>	<u>(68,201)</u>
		<u>363,745</u>	<u>359,768</u>	<u>717,643</u>	<u>739,291</u>
(b) Insurance claims					
- gross benefits and claims paid		276,547	220,283	575,240	430,515
- claims ceded to reinsurers		(61,217)	(30,195)	(141,807)	(45,825)
- change in contract liabilities - insurance contract		29,015	36,477	(81,713)	90,194
- change in contract liabilities ceded to reinsurers					
- insurance contract		(1,548)	(2,117)	67,058	(11,168)
		<u>242,797</u>	<u>224,448</u>	<u>418,778</u>	<u>463,716</u>

¹ Net of bancassurance commission paid/payable to subsidiaries of the Group of RM6,884,000 (30 September 2015: RM7,866,000) eliminated upon consolidation.

A22. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Fee and commission income:				
Fees on loans and securities	34,594	33,847	84,628	72,909
Corporate advisory	1,455	5,708	4,105	8,790
Guarantee fees	15,577	13,408	30,445	27,085
Underwriting commission	-	472	3,067	2,274
Portfolio management fees	8,170	9,339	16,498	17,912
Unit trust management fees	22,828	24,781	44,772	50,278
Property trust management fees	1,806	1,521	3,626	3,018
Brokerage fees and commission	9,976	12,671	20,467	26,846
Bancassurance commission	1,398	2,930	6,046	6,695
Wealth management fees	9,212	6,538	17,031	12,691
Remittances	4,471	5,308	10,123	10,936
Fees, service and commission charges	7,424	7,909	14,557	15,443
Other fee and commission income	7,990	8,188	16,571	16,308
	<u>124,901</u>	<u>132,620</u>	<u>271,936</u>	<u>271,185</u>
Investment and trading income:				
Net gain/(loss) from sale of financial assets held-for-trading	89,088	(10,417)	105,693	(10,028)
Net gain/(loss) from sale of financial investments available-for-sale	21,249	(2,839)	26,973	18,045
Net gain on redemption of financial investments held-to-maturity	47	-	47	-
Net gain/(loss) on revaluation of financial assets held-for-trading	14,260	(57,014)	17,947	(35,421)
Net foreign exchange gain/(loss) ¹	5,822	9,237	392	54,969
Net (loss)/gain on derivatives	(10,987)	95,480	12,367	64,247
Gain/(Loss) on disposal of equity interests in subsidiaries ²	(19)	10,412	1,662	8,754
Dividend income from:				
Financial assets held-for-trading	40	474	1,014	1,413
Financial investments available-for-sale	8,497	6,864	20,156	17,359
Others	4,974	(2,184)	5,397	(1,886)
	<u>132,971</u>	<u>50,013</u>	<u>191,648</u>	<u>117,452</u>
Other income:				
Net non-trading foreign exchange gain/(loss)	2,619	1,069	(1,629)	596
Net gain/(loss) on disposal of property and equipment ³	11,895	(996)	11,881	(991)
Rental income	1,250	997	2,387	2,087
Profit from sale of goods and services	5,343	8,934	13,848	18,584
Others	5,356	5,682	9,173	13,104
	<u>26,463</u>	<u>15,686</u>	<u>35,660</u>	<u>33,380</u>
	<u>284,335</u>	<u>198,319</u>	<u>499,244</u>	<u>422,017</u>

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

² Current period gain of RM1.7 million arose from disposal of subsidiary, AmTrustee Berhad. In prior year, the net gain of RM8.7 million was mainly due to additional gain of RM9.0 million arising from adjustment to sales proceeds pursuant to the finalisation of completion audit in connection with disposal of subsidiary, AmFraser Securities Pte Ltd in financial year ended 31 March 2015 and net loss of RM0.3 million related to the disposal of PT. AmCapital Indonesia and its subsidiary.

³ Included gain of RM11.9 million upon completion of disposal for properties and investment property classified as Assets held for sale as at 31 March 2016 (Note A29).

A22. OTHER OPERATING INCOME (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Fee and commission income:				
Other fee and commission income	21	150	21	150
	<u>21</u>	<u>150</u>	<u>21</u>	<u>150</u>
Investment and trading income:				
Dividend income from:				
Subsidiaries	373,334	444,786	373,334	444,786
Financial investments available-for-sale	700	681	1,564	1,467
	<u>374,034</u>	<u>445,467</u>	<u>374,898</u>	<u>446,253</u>
Other income:				
Others	6	-	15	-
	<u>6</u>	<u>-</u>	<u>15</u>	<u>-</u>
	<u>374,061</u>	<u>445,617</u>	<u>374,934</u>	<u>446,403</u>

A23. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Personnel costs:				
Salaries, allowances and bonuses	230,646	210,445	456,822	404,747
Share/options granted under ESS				
- charge/(writeback)	(19,651)	(2,028)	(20,111)	2,009
Contributions to EPF	36,656	33,136	72,836	64,893
Social security cost	2,050	1,632	3,796	3,262
Others	23,357	27,273	55,477	53,314
	<u>273,058</u>	<u>270,458</u>	<u>568,820</u>	<u>528,225</u>
Establishment costs:				
Depreciation of property and equipment	14,197	12,452	28,563	24,986
Amortisation of intangible assets	25,409	22,544	49,788	43,618
Computerisation costs	48,405	48,699	96,673	94,628
Rental of premises	27,567	25,817	55,517	52,253
Cleaning, maintenance and security	7,176	9,654	14,543	17,000
Others	9,395	10,036	21,163	20,599
	<u>132,149</u>	<u>129,202</u>	<u>266,247</u>	<u>253,084</u>
Marketing and communication expenses:				
Sales commission	4,698	3,221	8,392	5,175
Advertising, promotional and other marketing activities	19,987	14,008	33,567	26,239
Telephone charges	4,447	6,461	8,974	12,180
Postage	3,125	4,645	6,220	8,388
Travel and entertainment	4,135	3,869	7,989	7,502
Others	5,333	7,008	10,189	12,484
	<u>41,725</u>	<u>39,212</u>	<u>75,331</u>	<u>71,968</u>
Administration and general expenses:				
Professional services	30,960	21,503	55,086	57,630
Travelling	1,520	1,870	3,735	3,476
Others	45,557	38,029	90,525	70,104
	<u>78,037</u>	<u>61,402</u>	<u>149,346</u>	<u>131,210</u>
	<u>524,969</u>	<u>500,274</u>	<u>1,059,744</u>	<u>984,487</u>

A23. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Personnel costs:				
Salaries, allowances and bonuses	3,652	4,807	6,714	8,091
Contributions to EPF	382	701	798	1,066
Social security cost	1	-	1	-
Others	187	94	349	288
	<u>4,222</u>	<u>5,602</u>	<u>7,862</u>	<u>9,445</u>
Establishment costs:				
Depreciation of property and equipment	44	42	87	80
Others	3	5	9	8
	<u>47</u>	<u>47</u>	<u>96</u>	<u>88</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	357	41	384	54
Telephone charges	12	3	37	6
Postage	-	19	-	20
Travel and entertainment	41	11	87	32
Others	157	141	157	141
	<u>567</u>	<u>215</u>	<u>665</u>	<u>253</u>
Administration and general expenses:				
Professional services	1,049	19	1,106	1,415
Travelling	110	15	130	15
Others	843	1,546	1,723	3,002
	<u>2,002</u>	<u>1,580</u>	<u>2,959</u>	<u>4,432</u>
Service transfer pricing (income from)/expense to related companies, net	(690)	4,152	(1,271)	7,536
	<u>6,148</u>	<u>11,596</u>	<u>10,311</u>	<u>21,754</u>

A24. WRITEBACK FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Allowance/(writeback) for loans, advances and financing:				
Individual allowance, net	(14,930)	19,446	377	13,549
Collective allowance, net	116,399	112,906	225,313	255,965
Impaired loans, advances and financing:				
Recovered, net	(138,431)	(195,947)	(298,895)	(322,386)
	<u>(36,962)</u>	<u>(63,595)</u>	<u>(73,205)</u>	<u>(52,872)</u>

A25. BUSINESS SEGMENT ANALYSIS

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

- (a) **Retail Banking**
Retail Banking 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)
 - (iv) Fund Management comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.
- (c) **Insurance**
Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and takaful products namely wealth protection/ savings, health and medical protection and family takaful solutions provided through our joint venture operations.
- (d) **Group Funding and Others**
Group Funding and Others comprises activities to maintain the liquidity of the Group as well as support operations of its main business units and non-core operations of the Group.

Notes to the business segment analysis:

- (i) The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except AmCapital (B) Sdn Bhd, AmSecurities (H.K.) Limited and AmTrade Services Limited, activities of which are principally conducted in Brunei and Hong Kong respectively. These activities are not significant in relation to the Group's activities in Malaysia.
- (ii) Certain comparative figures have been restated to conform with current period's presentation.

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.09.16	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
External revenue	1,440,315	1,103,040	293,354	160,095	61,246	836,324	268,305	4,162,679
Revenue from other segments	(145,764)	124,416	(137,506)	(15,464)	-	-	174,318	-
Total operating revenue	1,294,551	1,227,456	155,848	144,631	61,246	836,324	442,623	4,162,679
Net interest income	561,784	360,382	33,083	19,871	1,282	67,362	70,851	1,114,615
Other income	117,739	89,656	97,665	124,546	59,928	250,766	33,211	773,511
Gain on disposal of subsidiaries	-	-	-	-	-	-	1,662	1,662
Income	679,523	450,038	130,748	144,417	61,210	318,128	105,724	1,889,788
Share in results of associates and joint ventures	1,930	-	-	-	-	10,678	3,070	15,678
Other operating expenses	(463,787)	(128,897)	(39,349)	(66,966)	(35,174)	(170,387)	(155,485)	(1,060,045)
of which:								
Depreciation of property and equipment	(12,126)	(786)	(434)	(796)	(177)	(6,609)	(7,700)	(28,628)
Amortisation of intangible assets	(8,996)	(1,270)	(3,220)	(457)	(649)	(4,532)	(31,039)	(50,163)
Profit/(Loss) before impairment losses	217,666	321,141	91,399	77,451	26,036	158,419	(46,691)	845,421
(Allowance)/Writeback for impairment losses on loan, advances and financing	13,263	81,601	-	3,404	-	127	(25,190)	73,205
(Allowance)/Writeback for impairment losses on other assets	(3)	(288)	-	1,371	-	(593)	(46)	441
(Allowance)/Writeback of provision for commitments and contingencies	1,937	13,672	-	(1,917)	-	-	6,206	19,898
Recoveries of other receivables	2	12,068	-	-	-	-	501	12,571
Profit/(Loss) before taxation and zakat	232,865	428,194	91,399	80,309	26,036	157,953	(65,220)	951,536
Taxation and zakat	(55,073)	(98,722)	(21,936)	(19,582)	(6,233)	(28,066)	12,722	(216,890)
Profit/(Loss) for the period	177,792	329,472	69,463	60,727	19,803	129,887	(52,498)	734,646
Other information								
Total segment assets	47,939,090	38,956,068	7,677,267	2,432,478	130,543	5,449,942	21,838,463	124,423,851
Total segment liabilities	40,927,944	46,267,353	1,725,706	618,545	18,953	3,400,902	14,897,123	107,856,526
Cost to income ratio	68.1%	28.6%	30.1%	46.4%	57.5%	51.8%	142.9%	55.6%
Gross loans, advances and financing	47,200,000	38,619,549	-	1,414,340	-	2,601	22,701	87,259,191
Net loans, advances and financing	46,740,178	38,355,641	-	1,405,682	-	2,491	(436,223)	86,067,769
Impaired loans, advances and financing	719,253	705,399	-	2,211	-	-	-	1,426,863
Total deposits	40,252,965	43,589,576	405,838	-	-	-	743,290	84,991,669
Additions to:								
Property and equipment	10,645	259	25	1,244	222	3,367	15,636	31,398
Intangible assets	11,892	5,711	47	388	95	12,188	33,075	63,396

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 30.09.15 (Restated)	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
External revenue	1,515,018	1,130,111	204,114	113,320	69,695	804,015	360,971	4,197,244
Revenue from other segments	(118,793)	178,023	(133,759)	(9,814)	-	-	84,343	-
Total operating revenue	1,396,225	1,308,134	70,355	103,506	69,695	804,015	445,314	4,197,244
Net interest income	633,011	412,569	20,337	19,899	1,192	66,150	79,551	1,232,709
Other income	138,355	79,624	32,308	74,368	68,503	194,449	65,552	653,159
Gain/(Loss) on disposal of subsidiaries	-	-	-	9,030	-	-	(276)	8,754
Income	771,366	492,193	52,645	103,297	69,695	260,599	144,827	1,894,622
Share in results of associates and joint ventures	2,445	-	-	-	-	(2,596)	4,259	4,108
Other operating expenses of which:	(443,069)	(108,191)	(36,174)	(67,352)	(36,237)	(140,222)	(155,587)	(986,832)
<i>Depreciation of property and equipment</i>	(11,447)	(894)	(458)	(849)	(199)	(5,479)	(7,941)	(27,267)
<i>Amortisation of intangible assets</i>	(8,921)	(1,443)	(3,570)	(399)	(717)	(3,642)	(25,778)	(44,470)
Profit/(Loss) before impairment losses and provisions	330,742	384,002	16,471	35,945	33,458	117,781	(6,501)	911,898
(Allowance)/Writeback for impairment losses on loan, advances and financing	(54,250)	74,349	-	630	-	-	32,143	52,872
(Allowance)/Writeback for impairment losses on other assets	(31)	(106)	(209)	(1,195)	-	(2,519)	5,132	1,072
(Allowance)/Writeback of provision for commitments and contingencies	(3,156)	9,424	-	329	-	-	11,586	18,183
Transfer to profit equalisation reserve	-	-	-	-	-	-	(1,406)	(1,406)
Recoveries of other receivables	-	-	-	-	-	-	754	754
Profit before taxation and zakat	273,305	467,669	16,262	35,709	33,458	115,262	41,708	983,373
Taxation and zakat	(64,910)	(106,109)	(3,903)	(5,358)	(10,795)	(7,516)	(8,211)	(206,802)
Profit for the period	208,395	361,560	12,359	30,351	22,663	107,746	33,497	776,571
Other information								
Total segment assets	46,276,110	39,559,753	9,669,755	4,149,830	154,021	5,401,709	28,190,896	133,402,074
Total segment liabilities	42,263,872	50,928,633	6,065,219	644,981	31,642	3,420,256	14,306,538	117,661,141
Cost to income ratio	57.3%	22.0%	68.7%	65.2%	52.0%	54.3%	104.4%	52.0%
Gross loans, advances and financing	45,767,563	39,435,801	-	1,600,927	-	7,929	28,821	86,841,041
Net loans, advances and financing	45,154,363	38,948,910	-	1,594,111	-	7,380	(434,539)	85,270,225
Impaired loans, advances and financing	874,867	819,622	-	2,283	-	-	-	1,696,772
Total deposits	41,417,424	47,931,593	628,617	-	-	-	2,164,056	92,141,690
Additions to:								
Property and equipment	9,061	489	77	577	2,275	25,209	29,369	67,057
Intangible assets	6,494	1,210	95	860	130	9,673	47,812	66,274

A26. VALUATION OF PROPERTY AND EQUIPMENT

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

A27. EVENTS SUBSEQUENT TO REPORTING DATE

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

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

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

- (i) On 30 June 2016, AmBank had fully withdrawn its investment in a collective investment scheme, AmCash Premium. Accordingly, AmCash Premium is no longer consolidated as part of the Group.
- (ii) AmBank's wholly owned dormant subsidiary, Everflow Credit & Leasing Corporation Sdn Bhd had been dissolved by way of member's voluntary winding-up ("MVWU") pursuant to Section 254(1)(b) of the Companies Act, 1965 on 13 September 2016.

Other than as disclosed above and in Note B6, there were no material changes in the composition of the Group and the Company for the current financial quarter and period.

A29. ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

		Group	
		30.09.16	31.03.16
		RM'000	RM'000
<u>Assets held for sale</u>			
Proposed disposal of property and equipment	Note (a)	19,906	11,647
Proposed disposal of investment property	Note (a)	-	7,713
Proposed disposal of AmTrustee	Note (b)	-	5,380
Proposed disposal of property obtained from garnishee proceedings	Note (c)	1,028	-
		<u>20,934</u>	<u>24,740</u>
<u>Liabilities directly associated with assets held for sale</u>			
Proposed disposal of AmTrustee	Note (b)	-	4,370
		<u>-</u>	<u>4,370</u>
Net assets held for sale		20,934	20,370

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

As at 31 March 2016, one of the Company's subsidiary, AmGeneral Insurance Berhad ("AmGeneral Insurance") had entered into Sale and Purchase agreements for the proposed disposal of certain property and equipment (3 units) and single unit of investment property. During the current financial quarter, the disposal for 2 units of property and single unit of investment property with total carrying value of approximately RM17.5 million as at 31 March 2016 was completed, which resulted in a gain on disposal of approximately RM11.9 million (Note A22). As at 30 September, 2016, AmGeneral Insurance had also entered into Sale and Purchase agreements for the proposed disposal of certain properties with carrying value (inclusive of incidental costs incurred to date for the proposed disposal) of RM18.0 million.

- (b) Proposed disposal of AmTrustee

As at 30 September 2016, the above disposal was completed as disclosed in Note B6.

- (c) Proposed disposal of property obtained from garnishee proceedings

This relates to properties obtained from garnishee proceedings initiated by AmBank. As at 30 September 2016, AmBank had received earnest deposit from the purchaser.

A30. COMMITMENTS AND CONTINGENCIES

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

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

	Group	
	30.09.16	31.03.16
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	16,465,627	14,691,791
over one year	5,125,893	4,703,052
Unutilised credit card lines	3,207,329	2,846,456
Forward asset purchases	630,350	866,986
	<u>25,429,199</u>	<u>23,108,285</u>
Contingent Liabilities		
Direct credit substitutes	2,398,898	2,267,415
Transaction related contingent items	5,763,935	5,047,478
Obligations under underwriting agreements	30,000	73,348
Short term self liquidating trade related contingencies	698,955	649,520
	<u>8,891,788</u>	<u>8,037,761</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	46,960,966	47,352,541
One year or less	5,755,881	8,175,391
Over one year to five years	33,104,573	30,103,999
Over five years	8,100,512	9,073,151
Foreign exchange related contracts:	35,937,775	45,631,935
One year or less	32,990,341	42,525,684
Over one year to five years	1,042,343	1,125,881
Over five years	1,905,091	1,980,370
Credit related contracts:	347,520	673,394
One year or less	-	337,027
Over one year to five years	347,520	336,367
Equity and commodity related contracts:	269,909	233,194
One year or less	191,934	159,622
Over one year to five years	77,975	73,572
	<u>83,516,170</u>	<u>93,891,064</u>
	<u>117,837,157</u>	<u>125,037,110</u>

A30. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

- (a) The Company has given an unsecured guarantee amounting to RM150,000,000 (31 March 2016: RM150,000,000) on behalf of AmFutures Sdn Bhd ("AmFutures") for the payment and discharge of all monies due on trading accounts maintained by Morgan Stanley & Co. International Plc.

On 15 August 2016, the business of AmFutures was transferred to AmInvestment Bank Berhad pursuant to the Group's internal restructuring plans to achieve operational efficiencies.

- (b) Since the last financial year end until the reporting date, AmMetLife had received complaints from 48 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. The Company and MetLife are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

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

A31. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	30.09.16			31.03.16		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Interest/Profit rate related contracts:	40,755,966	338,609	382,857	41,047,541	276,216	288,903
- One year or less	4,975,881	2,516	3,576	7,825,391	3,517	2,438
- Over one year to three years	14,726,818	56,304	56,119	14,806,859	45,475	45,109
- Over three years	21,053,267	279,789	323,162	18,415,291	227,224	241,356
Foreign exchange related contracts:	35,937,775	677,777	596,086	45,631,935	1,544,842	1,674,274
- One year or less	32,990,341	300,454	256,370	42,525,684	1,224,960	1,399,483
- Over one year to three years	377,074	3,829	34,299	459,391	9,692	10,746
- Over three years	2,570,360	373,494	305,417	2,646,860	310,190	264,045
Credit related derivative contracts:	347,520	13,401	3,247	673,394	19,978	9,679
- One year or less	-	-	-	337,027	485	176
- Over three years	347,520	13,401	3,247	336,367	19,493	9,503
Equity and commodity related contracts:	269,909	1,077	144	233,194	3,014	2,959
- One year or less	191,934	933	-	159,622	1,881	1,826
- Over one year to three years	77,975	144	144	-	-	-
- Over three years	-	-	-	73,572	1,133	1,133
	<u>77,311,170</u>	<u>1,030,864</u>	<u>982,334</u>	<u>87,586,064</u>	<u>1,844,050</u>	<u>1,975,815</u>
Hedging derivatives						
Interest rate related contracts -						
Interest rate swaps:						
Cash flow hedge	5,855,000	53,792	53,910	5,955,000	39,951	35,705
- One year or less	780,000	-	1,620	350,000	222	304
- Over one year to three years	2,305,000	12,596	9,570	2,435,000	6,129	3,762
- Over three years	2,770,000	41,196	42,720	3,170,000	33,600	31,639
Fair value hedge	350,000	-	15,752	350,000	-	11,287
- Over three years	350,000	-	15,752	350,000	-	11,287
Total	<u>83,516,170</u>	<u>1,084,656</u>	<u>1,051,996</u>	<u>93,891,064</u>	<u>1,884,001</u>	<u>2,022,807</u>

Purpose of engaging in financial derivatives

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

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

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

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

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

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

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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

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

General disclosure for derivatives and counterparty credit risk

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

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

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

Liquidity risk of derivatives

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

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

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

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

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

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

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

A32. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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

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

For assets and liabilities measured at fair value that are recognised on a recurring basis, the Group and the Company determines 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 periods.

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

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

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

Group

30.09.16	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	246	1,084,410	-	1,084,656
Financial assets held-for-trading				
- Money market securities	-	1,830,559	-	1,830,559
- Equities	293,805	-	-	293,805
- Quoted private debt securities	38,885	-	-	38,885
- Unquoted private debt securities	-	3,646,847	-	3,646,847
Financial investments available-for-sale				
- Money market securities	-	2,610,870	-	2,610,870
- Equities	1,110,720	1,430	-	1,112,150
- Unquoted private debt securities	-	4,977,232	-	4,977,232
	<u>1,443,656</u>	<u>14,151,348</u>	<u>-</u>	<u>15,595,004</u>
Derivative financial liabilities	2,215	1,049,781	-	1,051,996

A32. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

30.09.16	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
Financial investments available-for-sale				
- Equities	111,014	-	-	111,014
	<u>111,014</u>	<u>-</u>	<u>-</u>	<u>111,014</u>

31.03.16

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	33	1,883,968	-	1,884,001
Financial assets held-for-trading				
- Money market securities	-	782,884	-	782,884
- Equities	301,702	-	-	301,702
- Quoted 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
	<u>1,438,465</u>	<u>16,927,003</u>	<u>-</u>	<u>18,365,468</u>
Derivative financial liabilities	1,992	2,020,815	-	2,022,807

Company

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

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

	Group	
	30.09.16 RM'000	31.03.16 RM'000

Financial investments available-for-sale:

Total gains included in:		
- impairment writeback	-	10,956
- other comprehensive income	-	-
	<u>-</u>	<u>-</u>

There were no transfers between Level 1 and Level 2 during the current financial period and previous financial year for the Group and the Company.

Impact on fair value of Level 3 financial instruments measured at fair value arising from changes to key assumptions.

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

A32. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

Movements in Level 3 financial instruments measured at fair value

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

	Financial investments available -for-sale	Financial investments available -for-sale
	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Balance at beginning of the financial year	-	-
Total gains recognised in profit or loss:		
- other operating income	-	1,235
- impairment writeback	-	10,956
Settlements	-	(12,191)
Balance at end of financial period/year	<u>-</u>	<u>-</u>

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

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

A33. CAPITAL ADEQUACY

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

	30.09.16			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
Before deducting proposed dividends:				
CET1 Capital ratio	11.482%	10.547%	33.169%	12.068%
Tier 1 Capital ratio	12.946%	10.547%	33.169%	13.113%
Total Capital ratio	16.196%	15.072%	33.169%	16.699%
After deducting proposed dividends:				
CET1 Capital ratio	11.227%	10.547%	33.005%	11.883%
Tier 1 Capital ratio	12.690%	10.547%	33.005%	12.928%
Total Capital ratio	15.940%	15.072%	33.005%	16.514%

	31.03.16			
	AmBank (Restated) Note (4)(a)	AmBank Islamic	AmInvestment Bank (Restated) Note (4)(b)	Group * (Restated) Note (4)(c)
Before deducting proposed dividends:				
CET1 Capital ratio	11.108%	9.846%	34.341%	11.605%
Tier 1 Capital ratio	12.580%	9.846%	34.341%	12.640%
Total Capital ratio	15.792%	15.320%	34.341%	16.467%
After deducting proposed dividends:				
CET1 Capital ratio	10.667%	9.846%	32.026%	11.259%
Tier 1 Capital ratio	12.139%	9.846%	32.026%	12.294%
Total Capital ratio	15.351%	15.320%	32.026%	16.121%

Notes:

- (1) Group* figures presented in this Report represent an **aggregation** of the capital positions and risk weighted assets ("RWA") of our three regulated banking institutions (consolidated for AmBank (M) Berhad ("AmBank") and AmInvestment Bank Berhad ("Aminvestment Bank")). The positions of each entity and group (where applicable) are published at www.ambankgroup.com.
- (2) The Group has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.
- (3) With effect from 1 January 2016, pursuant to BNM's guidelines on Capital Adequacy Framework for Banks (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guidelines are at 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:
 - (a) a Capital Conservation Buffer ("CCB") of 2.5%; and
 - (b) a Countercyclical Capital Buffer ("CCyB") determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the banking institution has credit exposures.

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

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

The Company being a financial holding company ("FHC") will be required to comply with the above BNM's guideline issued on 13 October 2015 on minimum capital adequacy ratios at the consolidated level for FHC effective 1 January 2019.

A33. CAPITAL ADEQUACY (CONT'D.)

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

(4) The restated comparative capital adequacy ratios were due to the effect of the pooling of interests method arising from :

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

b) the transfer of future broking business from AmFuture Sdn Bhd ("AmFuture") to AmInvestment Bank during the current financial period. AmFuture is a wholly owned subsidiary of AmInvestment Bank.

c) acquisition of 100% equity interest in AmFunds Management Berhad ("AFMB"), and Amlslamic Funds Management Sdn Bhd ("AIFM") by AmInvestment Bank from a related company, AmInvestment Group Berhad. AmInvestment Bank, AmFuture, AFMB and AIFM are all under common control. Accordingly the abovementioned transfer of business and acquisition had been accounted for via the pooling of interests method.

Under the pooling of interests method, the results and financial position of the abovementioned transfer of business and acquisition are included in the financial statements of AmInvestment Bank as it the merger had been effected prior to and throughout the current financial period.

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

	30.09.16			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
	RM'000	RM'000	RM'000	RM'000
<u>CET1 Capital</u>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	5,246,699	1,091,562	70,395	6,668,578
Available-for-sale reserve	54,041	9,595	-	63,085
Foreign exchange translation reserve	86,765	-	-	93,836
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	186,264
Cash flow hedging reserve	65	-	-	65
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(370,501)	(202)	(2,463)	(375,337)
Deferred tax assets	-	-	(4,668)	(6,812)
Cash flow hedging reserve	(65)	-	-	(65)
55% of cumulative gains of AFS financial instruments	(29,723)	(5,277)	-	(34,696)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in capital instruments of unconsolidated financial and insurance entities	(5,106)	-	(38,206)	-
Deduction in excess of Tier 2 capital**	-	-	(21,793)	-
CET1 Capital	7,726,352	2,766,130	403,265	11,375,920
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	985,000	-	-	985,000
Qualifying CET1, Additional Tier 1 capital instruments held by third parties	-	-	-	5
Tier 1 Capital	8,711,352	2,766,130	403,265	12,360,925
<u>Tier 2 Capital</u>				
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	320,000	-	1,500,680
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	609,413	266,712	3,678	879,825
Less: Regulatory adjustments applied on Tier 2 Capital	(3,404)	-	(3,678)	-
Tier 2 Capital	2,186,689	1,186,712	-	3,380,506
Total Capital	10,898,041	3,952,842	403,265	15,741,431

A33. CAPITAL ADEQUACY (CONT'D.)

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

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

	30.09.16			
	AmBank	AmBank	AmInvestment	Group *
	Islamic	Islamic	Bank	
	RM'000	RM'000	RM'000	RM'000
Credit RWA	60,602,425	25,628,383	902,329	86,349,601
Less: Credit RWA absorbed by Restricted Investment Account	-	(1,003,656)	-	(1,003,656)
Total Credit RWA	60,602,425	24,624,727	902,329	85,345,945
Market RWA	2,250,775	130,857	17,814	2,416,344
Operational RWA	4,434,991	1,470,038	295,635	6,501,605
Total Risk Weighted Assets	67,288,191	26,225,622	1,215,778	94,263,894

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

	31.03.16			
	AmBank	AmBank	AmInvestment	Group *
	(Restated)	Islamic	Bank	(Restated)
	RM'000	RM'000	(Restated)	(Restated)
	RM'000	RM'000	RM'000	RM'000
<u>CET1 Capital</u>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	5,080,500	982,055	99,023	6,421,500
Available-for-sale reserve/(deficit)	11,951	(1,589)	-	10,162
Foreign exchange translation reserve	61,296	-	-	65,471
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Capital reserve	-	-	-	2,815
Merger reserve	30,043	-	22,622	253,788
Cash flow hedging reserve	3,635	-	-	3,635
Qualifying non-controlling interests	-	-	-	2
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(36,442)
Other intangible assets	(350,750)	(14)	(2,582)	(356,071)
Deferred tax assets	(115,179)	-	(4,899)	(123,697)
Cash flow hedging reserve	(3,635)	-	-	(3,635)
55% of cumulative gains of AFS financial instruments	(6,573)	-	-	(6,463)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in capital instruments of unconsolidated financial and insurance entities	(23,106)	-	(8,321)	-
Deduction in excess of Tier 2 Capital**	-	-	(1,477)	-
CET1 Capital	7,432,359	2,650,904	504,366	11,045,694
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	985,000	-	-	985,000
Tier 1 Capital	8,417,359	2,650,904	504,366	12,030,694

A33. CAPITAL ADEQUACY (CONT'D.)

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

	31.03.16			
	AmBank (Restated) RM'000	AmBank Islamic RM'000	AmInvestment Bank (Restated) RM'000	Group * (Restated) RM'000
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	600,000	-	1,000,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,180,680	600,000	-	1,780,680
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	-	-	-	1
Collective allowance and regulatory reserve	583,675	273,963	4,072	861,734
Less: Regulatory adjustments applied on Tier 2 capital	(15,404)	-	(4,072)	-
Tier 2 Capital	2,148,951	1,473,963	-	3,642,415
Total Capital	10,566,310	4,124,867	504,366	15,673,109

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

Credit RWA	60,047,250	26,112,657	1,123,172	86,496,390
Less: Credit RWA absorbed by Restricted Investment Account	-	(1,003,979)	-	(1,003,979)
Total Credit RWA	60,047,250	25,108,678	1,123,172	85,492,411
Market RWA	2,231,172	296,231	35,866	2,579,935
Operational RWA	4,629,614	1,519,148	309,658	7,108,472
Total Risk Weighted Assets	66,908,036	26,924,057	1,468,696	95,180,818

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

A34. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	30.09.16	31.03.16
Outstanding credit exposures with connected parties (RM'000)	4,221,239	2,698,316
Percentage of outstanding credit exposures to connected parties (%)		
- as a proportion of total credit exposures	4.10	2.61
- which is non-performing or in default	0.00	0.10

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

A35. INSURANCE BUSINESS

AmGeneral Holdings Berhad and its subsidiary

(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	General insurance fund		Shareholders' fund and Others		Total	
	30.09.16 RM'000	31.03.16 RM'000	30.09.16 RM'000	31.03.16 RM'000	30.09.16* RM'000	31.03.16* RM'000
ASSETS						
Cash and short-term funds	102,155	273,201	313,815	347,891	415,970	621,093
Deposits and placements with banks and other financial institutions	11,435	10,098	434,550	224,503	445,985	234,602
Financial assets held-for-trading	2,301,950	2,886,136	3,358,826	2,873,953	2,853,252	2,873,953
Financial investments available-for-sale	5,028	37,354	844,718	554,058	52,012	85,356
Loans and advances	2,491	5,065	-	-	2,491	5,065
Deferred tax assets	11,390	21,326	-	-	11,390	21,326
Investment in subsidiary	-	-	2,108,733	2,108,733	-	-
Other assets	570,598	157,816	48,305	470,923	237,135	194,247
Reinsurance assets and other insurance receivables	425,793	513,555	-	-	425,793	513,555
Property and equipment	62,128	98,992	3,672	4,607	65,800	103,599
Intangible assets	54,814	28,323	76,944	78,960	910,684	886,210
Assets held for sale	18,876	18,398	1,029	961	19,906	19,359
TOTAL ASSETS	3,566,658	4,050,264	7,190,592	6,664,589	5,440,418	5,558,365
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	421,209	417,878	421,209	417,878
Deferred tax liabilities	-	-	84,328	89,060	83,617	89,144
Other liabilities	248,779	697,409	406,557	104,281	273,568	367,203
Insurance contract liabilities and other insurance payables	2,622,508	2,761,460	-	-	2,622,508	2,761,460
Total Liabilities	2,871,287	3,458,869	912,094	611,219	3,400,902	3,635,685
Share capital	-	-	4,741,532	4,540,874	499,148	499,148
Reserves	695,371	591,395	1,536,966	1,512,496	1,540,368	1,423,532
Total Equity	695,371	591,395	6,278,498	6,053,370	2,039,516	1,922,680
TOTAL LIABILITIES AND EQUITY	3,566,658	4,050,264	7,190,592	6,664,589	5,440,418	5,558,365

* after elimination on consolidation

Note: Shareholders' funds and Others comprise the immediate investment holding company and collective investment schemes of the insurance subsidiary.

A35. INSURANCE BUSINESS (CONT'D.)

AmGeneral Holdings Berhad and its subsidiary

(II) CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

Group	General insurance fund		Shareholders' fund and Others		Total	
	30.09.16	30.09.15	30.09.16	30.09.15	30.09.16*	30.09.15*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	2,704	2,002	73,989	73,210	76,693	75,211
Interest expense	-	-	(9,331)	(9,061)	(9,331)	(9,061)
Net interest income	2,704	2,002	64,658	64,149	67,362	66,150
Income from insurance business	717,643	739,291	-	-	717,643	739,291
Insurance claims and commissions**	(498,186)	(536,938)	-	-	(498,186)	(536,938)
Net income from insurance business	219,457	202,353	-	-	219,457	202,353
Other operating income	77,730	54,380	59,940	277,984	31,310	(7,903)
Net income	299,891	258,735	124,598	342,133	318,129	260,600
Other operating expenses	(164,762)	(129,977)	(5,625)	(5,919)	(170,387)	(135,895)
Acquisition and business efficiency expenses	-	(4,327)	-	-	-	(4,327)
Operating profit	135,129	124,431	118,973	336,214	147,742	120,378
Allowances for impairment on loans and financing	127	-	-	-	127	-
Net impairment loss on:						
Doubtful sundry receivables	(593)	(2,519)	-	-	(593)	(2,519)
Profit before taxation	134,663	121,912	118,973	336,214	147,276	117,859
Taxation	(28,959)	(28,964)	892	21,448	(28,067)	(7,516)
Profit for the period	105,704	92,948	119,865	357,662	119,209	110,343

* after elimination on consolidation

** Includes commission paid/payable to related companies of the Group of RM6,884,000 (30 September 2015:RM7,866,000)

A36. OPERATIONS OF ISLAMIC BANKING

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,591,786	4,385,587
Deposits and placements with banks and other financial institutions	395,000	500,000
Derivative financial assets	28,258	57,272
Financial assets held-for-trading	287,580	174,550
Financial investments available-for-sale	1,653,730	3,177,516
Financial Investments held-to-maturity	1,270,882	1,263,639
Financing and advances	26,312,823	27,391,553
Receivables: Investments not quoted in active markets	472,614	468,141
Statutory deposit with Bank Negara Malaysia	850,000	842,000
Deferred tax assets	312	296
Other assets	214,786	348,234
Property and equipment	344	368
Intangible assets	202	14
TOTAL ASSETS	34,078,317	38,609,170
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	1,638,431	1,443,510
Recourse obligation on financing sold to Cagamas Berhad	1,122,909	1,127,824
Derivative financial liabilities	43,349	67,685
Deposits from customers	24,010,002	28,383,782
Investment accounts of customers	21,765	18,411
Investment account due to a licensed bank	1,000,000	1,000,000
Term funding	1,850,000	1,850,000
Subordinated Sukuk	919,603	1,399,528
Deferred tax liabilities	11,173	5,883
Other liabilities	491,968	470,486
TOTAL LIABILITIES	31,109,200	35,767,109
Share capital/Capital funds	492,922	492,922
Reserves	2,476,195	2,349,139
TOTAL ISLAMIC BANKING FUNDS	2,969,117	2,842,061
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	34,078,317	38,609,170
COMMITMENTS AND CONTINGENCIES	8,980,477	8,372,430

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

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Income derived from investment of depositors' funds and others	421,265	445,675	859,618	893,206
Income derived from investment of investment account funds	14,427	17,804	29,076	34,566
Charge for impairment on financing and advances	(2,361)	(9,051)	(11,687)	(45,019)
(Provision for)/writeback of provision for commitments and contingencies	(2,959)	(141)	987	2,448
Impairment for sundry debtors	-	-	-	(10)
Transfer to profit equalisation reserve	-	-	-	(1,406)
Total distributable income	430,372	454,287	877,994	883,785
Income attributable to the depositors and others	(231,402)	(258,586)	(482,829)	(509,927)
Income attributable to the investment account holders	(12,850)	(15,893)	(25,897)	(30,896)
Profit attributable to the Group	186,120	179,808	369,268	342,962
Income derived from Islamic Banking Funds	31,921	27,184	63,178	52,401
Total net income	218,041	206,992	432,446	395,363
Other operating expenses	(103,757)	(81,546)	(210,182)	(170,698)
Finance cost	(37,035)	(33,745)	(73,727)	(67,122)
Profit before taxation and zakat	77,249	91,701	148,537	157,543
Taxation and zakat	(16,231)	(19,921)	(32,665)	(33,662)
Profit for the period	61,018	71,780	115,872	123,881

**UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Profit for the period	61,018	71,780	115,872	123,881
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss				
Net change in revaluation of financial investments available-for-sale	10,557	(18,247)	14,716	(15,439)
Income tax relating to the components of other comprehensive income	(2,534)	4,379	(3,532)	3,705
Other comprehensive income/(loss) for the period, net of tax	8,023	(13,868)	11,184	(11,734)
Total comprehensive income for the period	69,041	57,912	127,056	112,147

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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

Group	Non-Distributable				Distributable		Total Equity RM'000
	Share capital/ Capital funds RM'000	Share premium RM'000	Statutory reserve RM'000	Profit equalisation reserve RM'000	Available- for- sale reserve/ (deficit) RM'000	Retained earnings RM'000	
At 1 April 2015	492,922	724,185	483,345	3,904	(6,592)	886,620	2,584,384
Profit for the period	-	-	-	-	-	123,881	123,881
Other comprehensive loss, net	-	-	-	-	(11,734)	-	(11,734)
Total comprehensive income/(loss) for the period	-	-	-	-	(11,734)	123,881	112,147
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 30 September 2015	492,922	724,185	483,345	-	(18,326)	1,014,395	2,696,521
At 1 April 2016	492,922	724,185	483,345	-	(1,589)	1,143,198	2,842,061
Profit for the period	-	-	-	-	-	115,872	115,872
Other comprehensive income, net	-	-	-	-	11,184	-	11,184
Total comprehensive income for the period	-	-	-	-	11,184	115,872	127,056
At 30 September 2016	492,922	724,185	483,345	-	9,595	1,259,070	2,969,117

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

(a) Financing and Advances

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

Group 30.09.16	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai' (AITAB) RM'000	Bai' Al-Inah RM'000	Others RM'000	Total RM'000
At amortised cost:							
Cash lines	-	-	-	-	1,048,719	-	1,048,719
Term financing	2,143,355	2,618,675	11,235	-	3,655,515	76,879	8,505,659
Revolving credit	72,647	1,593,949	-	-	2,653,591	-	4,320,187
Housing financing	2,648,998	3,792	53,205	-	-	-	2,705,995
Hire purchase receivables	4	-	-	8,463,289	-	-	8,463,293
Bills receivables	-	-	-	-	-	4,317	4,317
Credit card receivables	-	-	-	-	-	266,618	266,618
Trust receipts	-	168,291	-	-	-	-	168,291
Claims on customers under acceptance credits	-	1,080,405	-	-	-	124,457	1,204,862
Gross financing and advances*	4,865,004	5,465,112	64,440	8,463,289	7,357,825	472,271	26,687,941
Allowance for impairment on financing and advances							
- Individual allowance							(59,541)
- Collective allowance							(315,577)
Net financing and advances							26,312,823

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

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

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

Group	Bai' Bithaman		Musharakah	Al-Ijarah Thummah			
31.03.16	Ajil	Murabahah	Mutanaqisah	Al-Bai' (AITAB)	Bai' Al-Inah	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost:							
Cash lines	-	-	-	-	1,048,140	-	1,048,140
Term financing	2,359,827	2,251,556	9,987	-	3,925,881	80,224	8,627,475
Revolving credit	191,617	1,585,145	-	-	3,045,921	-	4,822,683
Housing financing	2,113,486	-	47,256	-	-	-	2,160,742
Hire purchase receivables	4	-	-	9,455,955	-	-	9,455,959
Bills receivables	-	-	-	-	-	13,134	13,134
Credit card receivables	-	-	-	-	-	260,129	260,129
Trust receipts	-	152,071	-	-	-	-	152,071
Claims on customers under acceptance credits	-	1,114,116	-	-	-	130,211	1,244,327
Gross financing and advances*	<u>4,664,934</u>	<u>5,102,888</u>	<u>57,243</u>	<u>9,455,955</u>	<u>8,019,942</u>	<u>483,698</u>	<u>27,784,660</u>
Allowance for impairment on financing and advances							
- Individual allowance							(63,715)
- Collective allowance							(329,392)
Net financing and advances							<u>27,391,553</u>

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

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

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

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Balance at beginning of the financial year	605,200	606,455
Impaired during the period/year	173,417	414,127
Reclassification to non-impaired financing	(35,274)	(59,820)
Recoveries	(79,063)	(126,010)
Amount written off	(90,032)	(229,552)
Balance at end of the financial period/year	<u>574,248</u>	<u>605,200</u>
Gross impaired financing and advances as % of total gross financing and advances	<u>2.2%</u>	<u>2.2%</u>

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Individual allowance		
Balance at beginning of the financial year	63,715	66,075
Allowance made during the period/year	3,407	27,588
Amount written off	(7,581)	(29,948)
Balance at end of the financial period/year	<u>59,541</u>	<u>63,715</u>
Collective allowance		
Balance at beginning of the financial year	329,392	458,453
Allowance made during the period/year	68,267	77,975
Transferred from conventional commercial banking*	-	17
Foreign exchange differences	4	(5)
Amount written off	(82,086)	(207,048)
Balance at end of the financial period/year**	<u>315,577</u>	<u>329,392</u>
Collective allowance as % of gross financing and advances (excluding RIA financing) less individual allowance	<u>1.2%</u>	<u>1.2%</u>

* On 31 December 2015, AmBank Islamic entered into a RIA contract for the sum of RM300.0 million with AmBank. Arising from this contract, AmBank Islamic transferred collective allowance of approximately RM2.46 million for the financing funded to AmBank. On 15 March 2016, AmBank early redeemed the RIA and derecognised the collective allowance previously recognised in its financial statements of RM2.48 million.

** As at 30 September 2016, the gross exposure and collective allowance relating to the RIA financing amounted to RM1,003.7 million and RM1.5 million respectively (31 March 2016: RM1,004.0 million and RM1.5 million respectively).

There was no individual allowance provided for the RIA financing.

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

(b) Deposits From Customers

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Savings deposits		
<i>Wadiah</i>	2,038,936	1,950,534
Demand deposits		
<i>Wadiah</i>	3,927,533	3,911,360
Term deposits		
Commodity Murabahah	17,064,867	22,515,492
Qard	923,666	-
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	-	6,396
Structured deposits		
<i>Murabahah</i>	55,000	-
	<u>24,010,002</u>	<u>28,383,782</u>

(c) Investment Accounts Of Customers

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Without maturity:		
- Wakalah	21,765	18,411
	<u>21,765</u>	<u>18,411</u>
Investment asset:		
Interbank placement	21,765	18,411
Total investment	<u>21,765</u>	<u>18,411</u>

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

	Investment account holder			
	30.09.16		31.03.16	
	Average rate of return (%)	Average Performance incentive fee (%)	Average rate of return (%)	Average Performance incentive fee (%)
Maturity:				
less than 3 months	0.05	3.12	0.05	3.18

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

(d) Investment Account Due to Licensed Bank

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
<u>Restricted investment account</u>		
- Mudarabah Muqayyadah	1,000,000	1,000,000
Investment asset:		
Financing	1,000,000	1,000,000
Total investment	1,000,000	1,000,000

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

	Investment account holder		
	30.09.16	31.03.16	
	RM'000	RM'000	
Profit sharing ratio (%)	Average rate of return (%)	Average rate of return (%)	
Maturity:			
between 2 to 5 years	90	5.17	4.56

(e) Other Liabilities

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Other payables and accruals	373,547	343,221
Taxation and zakat payable	44,752	36,323
Provision for commitments and contingencies	10,568	11,603
Amount due to head office	61,362	77,525
Lease deposits and advance rental	1,739	1,814
	491,968	470,486

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

(f) Restatement of Comparatives

During the last quarter of financial year ended 31 March 2016, the Islamic banking subsidiary had restated the placement received from a related company, previously classified as Deposits and placements of banks and other financial institutions to Investment account due to a licensed bank as the placement was not principal guaranteed and both parties did not enter into a new investment account contract upon expiry of the transition period until 30 June 2015 to comply with IFSA and BNM standards on Shariah and policy document on Investment Account. The non-principal guaranteed placement by the same related company as at 31 March 2015 and 1 April 2014 was also reclassified to Investment account to provide more meaningful information.

Arising from the above, the comparatives were restated as follows:

(i) Statement of profit or loss

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Individual Quarter ended 30 September 2015			
Income derived from investment of depositors' funds and others	463,479	(17,804)	445,675
Income derived from investment of investment account funds	-	17,804	17,804
	<hr/>	<hr/>	<hr/>
Income attributable to the depositors and others	(274,479)	15,893	(258,586)
Income attributable to investment account holders	-	(15,893)	(15,893)
	<hr/>	<hr/>	<hr/>
Cumulative Quarter ended 30 September 2015			
Income derived from investment of depositors' funds and others	927,772	(34,566)	893,206
Income derived from investment of investment account funds	-	34,566	34,566
	<hr/>	<hr/>	<hr/>
Income attributable to the depositors and others	(540,823)	30,896	(509,927)
Income attributable to investment account holders	-	(30,896)	(30,896)
	<hr/>	<hr/>	<hr/>

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

Second Quarter Ended 30 September 2016 Year-on-Year (yoy) Performance

The Group recorded profit after tax ("PAT") of RM734.6 million for the period ended 30 September 2016, a reduction of RM42.0 million (5.4%) as compared to the corresponding period ended 30 September 2015 of RM776.6 million. The Group's profit attributable to equity holders of the Company ("PATMI") reduced RM46.4 million to RM675.6 million.

The reduction is primarily due to higher other operating expenses and decrease in net interest income and Islamic banking business by RM73.2 million, RM89.7 million and RM8.5 million respectively.

This was mitigated by writeback on impairment on loans, advances and financing of RM73.2 million for the period ended 30 September 2016 compared to RM52.9 million in the corresponding period ended 30 September 2015 and higher other operating income, income from insurance business, share in results of associates and joint ventures and recoveries (other receivables) by RM77.2 million, RM16.1 million, RM11.6 million and RM11.8 million respectively. No transfer was made to profit equalisation reserve ("PER") in current period due to cessation of PER mechanism.

Gross loans, advances and financing decreased marginally to RM87.3 billion compared to RM87.9 billion reported for the last financial year ended 31 March 2016 due to decrease in term loans, hire-purchase financing and revolving credit balance increases in mortgages, overdrafts and trade facilities.

As at 30 September 2016, the Group's total assets stood at RM124.4 billion. The Total Capital ratio (before deducting proposed dividends) from the aggregation of the capital positions and risk weighted assets of the regulated banking subsidiaries stood at 16.699%.

Retail Banking

Total income fell 11.9% yoy as a result of margin compression while fee income was lower due to cards. Other operating expenses increased by 4.7% yoy on higher personnel and computerisation costs. PAT decreased 14.7% yoy to RM177.8 million.

Wholesale Banking

Total income increased 9.5% yoy to RM788.7 million as non-interest income increased by 40.9%. Driven by higher investment income. The cautious business outlook and pressures on net interest margin has resulted in net interest income declining 8.6% yoy to RM416.9 million.

Other operating expenses increased 9.0% yoy to RM270.4 million from higher personnel and computerisation costs. Consequently, PAT grew 12.3% to RM479.5 million.

Insurance

General Insurance

PAT increased 8.1% yoy to RM119.2 million on lower claims and release of prior year claims reserves. Softer motor sales has resulted in lower motor premium, offset by higher non motor insurance.

Life Assurance and Family Takaful

The joint ventures have registered a PAT of RM10.7million ytd on higher trading income attributed to MGS movement.

Second Quarter Ended 30 September 2016 Quarter-on-Quarter (qoq) Performance

The Group reported a lower PAT of RM375.2 million as compared to RM407.9 million for the corresponding quarter ended 30 September 2015. PATMI declined by RM29.9million to RM352.6 million.

Total income increased 2.1% qoq to RM954.3 million as other operating income increased by 46.2%. This was partially offset by lower net interest income, down 14.8% qoq to RM367.7 million and net income from insurance business of RM84.2 million, down 16.5% qoq.

Total expenses increased by 5.0% qoq to RM524.5 million due to higher personnel, depreciation, marketing and professional services.

Writeback for impairments declined by 35.0% qoq to RM42.4 million mainly due to a reduction in bad debt recoveries.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a marginal lower profit before taxation of RM472.2 million for the second quarter ended 30 September 2016 as compared to RM479.4 million for the previous quarter ended 30 June 2016.

The reduction in profit before taxation for current quarter ended 30 September 2016 was mainly due to lower net interest income and net income from insurance business by RM19.0 million and RM58.0 million respectively. Lower recoveries of other receivables and writeback of provision for commitments and contingencies by RM6.9 million and RM18.5 million also contributed to the reduction in profit before taxation.

This was partially offset by higher net income from Islamic Banking business, other operating income and share in results of associates and joint ventures by RM4.2 million, RM69.4 million and RM6.4 million respectively. In addition, lower other operating expenses by RM11.0 million was reported for current reporting quarter.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2017

In the second quarter of 2016, the Malaysian economy registered 4.0% growth (1Q2016: 4.2%) supported by private consumption, which grew by 6.3% (1Q2016: 5.3%) driven by wage inflation, employment growth as well as additional disposable income from several Government initiatives. Private investment grew moderately by 5.6% (1Q2016: 2.2%) led by capital spending in services and manufacturing services.

For the calendar year 2016, the Gross Domestic Product has been forecasted to grow at between 4.0% - 4.5% (2015: 5.0%) supported by healthy government spending, relief from the stabilisation of oil prices and private expenditure. These are expected to cushion weaker exports clouded by subdued global growth and weak private consumption. Inflation is projected between 2.0% - 2.5% for 2016. In the short term, the banking system's net interest margin is expected to contract given the timing difference between the downward adjustment in floating interest rates and re-pricing of fixed deposit rates before normalising.

Loans and deposits are expected to grow at a moderate pace as business outlook is improving among various business activities. We expect credit costs to normalise from lower recoveries, while some sectors may experience stress in asset quality.

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

Our asset quality remains well positioned with loans growing at system or less as we continue to uphold the Group's disciplined risk-based pricing framework and underwriting strategies targeting growth in better quality assets.

For Retail Banking, the Group will continue to focus on the secondary and primary mortgage markets via strategic business partnerships and improvement of sales productivity. For our credit cards business, we aim to increase the issuance of cards to preferred segments, grow receivables and expand acquiring merchant business through new focused solutions. Branches and sales teams will focus more on sales especially on bancassurance and wealth management.

Growing deposits focusing on CASA continues to be a core agenda for FY2017 as we tap into our existing and new customer base to ensure our customers "bank" with AmBank. Ongoing process simplification initiatives will support this growth as we look towards enhancing the customer experience with online deposit functionality as part of our virtual banking aspirations.

Wholesale Banking continues to focus on building and developing strong relationships with clients and continuously strives for excellence in offering innovative, quality and differentiated products solutions and services. The continued support for SMEs to expand as demonstrated in the Budget 2017 paves the way for higher market penetration opportunities for our new core segment. We have built up new capabilities and have 70 liability led SME ready branches and 12 full fledged SME ready branches.

We have kept and will continue to keep a tighter rein on costs as we strive to operate more efficiently through our "running the bank better" and "changing the bank" initiatives. The Group remains focused on our 4 year strategic growth themes.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Estimated current tax payable	33,563	71,759	78,690	141,681
Deferred tax	62,985	20,926	133,889	64,276
	<u>96,548</u>	<u>92,685</u>	<u>212,579</u>	<u>205,957</u>
Under provision of current taxation in respect of prior years	1	23	3,433	67
Taxation	<u>96,549</u>	<u>92,708</u>	<u>216,012</u>	<u>206,024</u>
Zakat	406	360	878	778
Taxation and zakat	<u>96,955</u>	<u>93,068</u>	<u>216,890</u>	<u>206,802</u>

The total tax charge of the Group for the financial period ended 30 September 2016 and 2015 reflects an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

B6. CORPORATE PROPOSALS

- As at 30 September 2016, the trustee of the ESS held 7,448,900 ordinary shares (net of ESS shares vested to employees) representing 0.25% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM48,137,313.
- On 23 June 2016, the Board of Directors of the Company announced that its wholly owned subsidiaries, AmBank, AmInvestment Bank, AmCard Services Berhad and AmSecurities Holding Sdn Bhd (collectively "the Vendors") have completed the disposal of the Group's entire 80% shareholding in AmTrustee Berhad ("AmTrustee").

The disposal involves the Vendors each disposing of their respective 20% equity stake in AmTrustee (classified as part of Assets held for sale and Liabilities directly associated with assets held for sale as at 31 March 2016 in Note A29) to the purchasers for a total cash consideration of RM9,132,302. The consideration for the disposal was arrived at on a "willing-buyer willing seller" basis after taking into account, inter alia, precedent transactions and financials of AmTrustee. With the completion of the disposal, AmTrustee has ceased to be a subsidiary of the Group.

The disposal had the following effects on the financial position of the Group:

	RM'000
Cash and short-term funds	12,911
Deposits and placements with banks and other financial institutions	100
Deferred tax assets	353
Other assets	1,176
Property and equipment	118
Intangible assets	56
Other liabilities	(5,395)
Net assets of subsidiary disposed	<u>9,319</u>
Group's share of net assets of subsidiary disposed	7,455
Proceeds received net of incidental costs of disposal	<u>9,117</u>
Gain on disposal of subsidiary (Note A22)	<u>1,662</u>

B7. BORROWINGS

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
(i) Deposits from customers		
Six months or less	69,521,893	73,711,147
Over six months to one year	9,415,108	12,365,791
Over one year to three years	3,766,080	3,774,420
Over three years to five years	538,897	507,218
	<u>83,241,978</u>	<u>90,358,576</u>
(ii) Deposits and placements of banks and other financial institutions		
Six months or less	1,498,403	1,006,273
Over six months to one year	46,587	165,393
Over one year to three years	20,438	70,291
Over three years to five years	184,263	501,812
	<u>1,749,691</u>	<u>1,743,769</u>
(iii) Term funding (unsecured)		
(a) Senior notes		
More than one year	6,523,979	6,754,601
(b) Credit-Linked Notes		
More than one year	136,069	284,863
(c) Term loans and revolving credits		
Due within one year	1,651,547	401,100
More than one year	-	1,167,050
(d) Structured deposit		
Due within one year	99	-
	<u>8,311,694</u>	<u>8,607,614</u>
(iv) Debt capital		
(a) Unsecured notes/sukuk		
More than one year	1,319,229	1,799,077
(b) Medium Term Notes		
More than one year	1,310,000	1,310,000
(c) Non-Innovative Tier 1 Capital Securities		
More than one year	500,000	500,000
(d) Innovative Tier 1 Capital Securities		
More than one year	485,000	485,000
	<u>3,614,229</u>	<u>4,094,077</u>

B8. REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group	
	30.09.16	31.03.16
	RM'000	RM'000
Total retained earnings		
- Realised	10,144,185	8,825,133
- Unrealised	1,027,287	1,965,338
Total share of retained earnings from associates		
- Realised	125,514	126,731
- Unrealised	4,542	(6,725)
Less: Consolidation adjustments	(3,412,164)	(3,371,385)
Total retained earnings as per consolidated financial statements	<u>7,889,364</u>	<u>7,539,092</u>

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

B9. MATERIAL LITIGATION

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

B10. DIVIDENDS

- (i) A proposed interim ordinary cash dividend of 5.0% for the financial year ending 31 March 2017 has been recommended by the directors;
- (ii) Amount per share: 5.0 Sen;
- (iii) Previous corresponding period: 5.0 Sen;
- (iv) Payment date: To be determined and announced at a later date; and
- (v) In respect of ordinary share capital, entitlement to the proposed dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

B11. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15	30.09.16	30.09.15
Net profit attributable to equity holders of the Company (RM'000)	352,626	382,518	675,626	722,029
Weighted average number of ordinary shares in issue (RM'000)	3,006,736	3,005,463	3,006,541	3,004,436
Basic earnings per share (Sen)	11.73	12.73	22.47	24.03

b. Diluted earnings per share

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

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

	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15	30.09.16	30.09.15
Net profit attributable to equity holders of the Company (RM'000)	352,626	382,518	675,626	722,029
Weighted average number of ordinary shares in issue (as in (a) above) (RM'000)	3,006,736	3,005,463	3,006,541	3,004,436
Effect of executives' share scheme (RM'000)	-	290	-	722
Adjusted weighted average number of ordinary shares in issue/issuable (RM'000)	3,006,736	3,005,753	3,006,541	3,005,158
Fully diluted earnings per share (Sen)	11.73	12.73	22.47	24.03

THE ISSUER

AMMB Holdings Berhad
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

PRINCIPAL ADVISER, LEAD ARRANGER, LEAD MANAGER & FACILITY AGENT

AmInvestment Bank Berhad
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

TRUSTEE

Malaysian Trustees Berhad
Level 11, Tower 1
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

LEGAL COUNSEL FOR THE PRINCIPAL ADVISER

Adnan Sundra & Low
Level 11, Menara Olympia
No. 8 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

RATING AGENCY

RAM Rating Services Berhad
Suite 20.01, Level 20
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

CENTRAL DEPOSITORY AND PAYING AGENT

Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
Malaysia