

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

Condensed Interim Financial Statements
For the Financial Period
1 April 2016 to
30 June 2016
(In Ringgit Malaysia)

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Group		Bank	
		30.06.16 RM'000	31.03.16 RM'000	30.06.16 RM'000	31.03.16 RM'000
ASSETS					
Cash and short-term funds		510,352	465,737	478,683	436,104
Derivative financial assets		-	2	-	2
Financial assets held-for-trading	8	486	532	486	532
Financial investments available-for-sale	9	11,720	11,720	11,720	11,720
Financial investments held-to-maturity	10	75,100	75,100	75,100	75,100
Loans and advances	11	291,076	301,897	291,076	301,897
Statutory deposit with Bank Negara Malaysia		1,153	2,591	1,153	2,591
Deferred tax assets		5,246	4,542	5,246	4,542
Investment in subsidiaries		-	-	19,131	19,131
Other assets	12	558,011	729,250	501,172	702,471
Property and equipment		21,508	21,356	21,500	21,348
Intangible assets		2,491	2,583	2,456	2,542
Assets held for sale		-	1,719	-	100
TOTAL ASSETS		1,477,143	1,617,029	1,407,723	1,578,080
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	13	450,000	400,000	450,000	400,000
Derivative financial liabilities		23	4	23	4
Other liabilities	14	505,586	697,890	452,313	676,253
TOTAL LIABILITIES		955,609	1,097,894	902,336	1,076,257
Share capital		200,000	200,000	200,000	200,000
Reserves		321,534	319,135	305,387	301,823
Equity attributable to equity holder of the Bank		521,534	519,135	505,387	501,823
TOTAL LIABILITIES AND EQUITY		1,477,143	1,617,029	1,407,723	1,578,080
COMMITMENTS AND CONTINGENCIES	22	426,145	235,153	426,145	235,153
NET ASSETS PER ORDINARY SHARE (RM)		2.61	2.59	2.53	2.51

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

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

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.16	30.06.15	30.06.16	30.06.15
		RM'000	RM'000	RM'000	RM'000
Operating revenue		48,506	47,649	48,506	47,649
Interest income	15	7,818	12,819	7,818	12,819
Interest expense	16	(4,123)	(10,178)	(4,123)	(10,178)
Net interest income		3,695	2,641	3,695	2,641
Net income from Islamic banking business		4,436	4,464	4,436	4,464
Other operating income	17	42,885	40,137	42,885	40,137
Direct costs	18	(6,797)	(9,930)	(6,797)	(9,930)
Share of results of an associate		-	159	-	159
Net income		44,219	37,471	44,219	37,471
Other operating expenses	19	(29,908)	(26,364)	(29,908)	(26,364)
Operating Profit		14,311	11,107	14,311	11,107
Writeback of/(Allowances for) impairment on:					
Loans and advances	20	387	(80)	387	(80)
Doubtful receivables, net		148	(333)	148	(333)
(Allowance for)/Writeback of provision for commitments and contingencies		(6,225)	128	(6,225)	128
Profit before taxation		8,621	10,822	8,621	10,822
Taxation		(6,432)	(2,832)	(6,432)	(2,832)
Profit for the period		2,189	7,990	2,189	7,990
Basic earnings per share (sen)		1.09	4.00	1.09	4.00

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

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

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,189	7,990	2,189	7,990
Other comprehensive income/(loss):				
Items that are or may be reclassified to the statement of profit or loss				
Currency translation on foreign operations	330	4,208	330	4,208
Net loss on financial investments available-for-sale	-	(372)	-	(372)
Income tax relating to the components of other comprehensive loss	-	89	-	89
Other comprehensive income for the period, net of tax	330	3,925	330	3,925
Total comprehensive income for the period attributable to equity holder of the Bank	2,519	11,915	2,519	11,915

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

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

UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.06.16 RM'000	30.06.15 RM'000	30.06.16 RM'000	30.06.15 RM'000
Operating revenue		48,724	45,890	48,724	45,890
Interest income	15	7,259	12,340	7,259	12,340
Interest expense	16	(4,010)	(10,128)	(4,010)	(10,128)
Net interest income		3,249	2,212	3,249	2,212
Net income from Islamic banking business		4,436	4,464	4,436	4,464
Other operating income	17	43,424	38,779	43,424	38,779
Direct costs	18	(6,559)	(9,693)	(6,559)	(9,693)
Net income		44,550	35,762	44,550	35,762
Other operating expenses	19	(28,886)	(24,672)	(28,886)	(24,672)
Operating Profit		15,664	11,090	15,664	11,090
Writeback of/(Allowances for) impairment on:					
Loans and advances	20	387	(80)	387	(80)
Doubtful receivables, net		148	(335)	148	(335)
(Allowance for)/Writeback of provision for commitments and contingencies		(6,225)	127	(6,225)	127
Profit before taxation		9,974	10,802	9,974	10,802
Taxation		(6,290)	(2,719)	(6,290)	(2,719)
Profit for the period		3,684	8,083	3,684	8,083
Basic earnings per share (sen)		1.84	4.04	1.84	4.04

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

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

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

Bank	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Profit for the period	3,684	8,083	3,684	8,083
Other comprehensive income/(loss):				
Items that are or may be reclassified to the statement of profit or loss				
Net loss on financial investments available-for-sale	-	(372)	-	(372)
Income tax relating to the components of other comprehensive loss	-	89	-	89
Other comprehensive loss for the period, net of tax	-	(283)	-	(283)
Total comprehensive income for the period attributable to equity holder of the Bank	3,684	7,800	3,684	7,800

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

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016

Group	Attributable to equity holder of the Bank								Total equity RM'000
	Non-distributable					Distributable			
	Share capital RM'000	Capital reserve RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve/ (deficit) RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	
At 1 April 2015	200,000	2,815	200,000	2,800	7,656	1,076	37,445	58,511	510,303
Profit for the period	-	-	-	-	-	-	-	7,990	7,990
Other comprehensive income/(loss)	-	-	-	-	-	(283)	4,208	-	3,925
Total comprehensive income/(loss) for the period	-	-	-	-	-	(283)	4,208	7,990	11,915
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(26)	(26)
Transactions with owner and other equity movements	-	-	-	-	-	-	-	(26)	(26)
At 30 June 2015	200,000	2,815	200,000	2,800	7,656	793	41,653	66,475	522,192
At 1 April 2016	200,000	2,815	200,000	2,800	7,656	-	2,165	103,699	519,135
Profit for the period	-	-	-	-	-	-	-	2,189	2,189
Other comprehensive income	-	-	-	-	-	-	330	-	330
Total comprehensive income for the period	-	-	-	-	-	-	330	2,189	2,519
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(120)	(120)
Transactions with owner and other equity movements	-	-	-	-	-	-	-	(120)	(120)
At 30 June 2016	200,000	2,815	200,000	2,800	7,656	-	2,495	105,768	521,534

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

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016

	←-----Attributable to equity holder of the Bank----->					
	Non-distributable				Distributable	
	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available-for- sale reserve/ (deficit) RM'000	Retained earnings RM'000	Total equity RM'000
Bank						
At 1 April 2015	200,000	200,000	2,800	1,024	82,533	486,357
Profit for the period	-	-	-	-	8,083	8,083
Other comprehensive loss	-	-	-	(283)	-	(283)
Total comprehensive income/(loss) for the period	-	-	-	(283)	8,083	7,800
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(26)	(26)
Transactions with owner and other equity movements	-	-	-	-	(26)	(26)
At 30 June 2015	200,000	200,000	2,800	741	90,590	494,131
At 1 April 2016	200,000	200,000	2,800	-	99,023	501,823
Profit for the period	-	-	-	-	3,684	3,684
Total comprehensive income for the period	-	-	-	-	3,684	3,684
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(120)	(120)
Transactions with owner and other equity movements	-	-	-	-	(120)	(120)
At 30 June 2016	200,000	200,000	2,800	-	102,587	505,387

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

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Group		Bank	
	30.06.16	30.06.15 (Restated)	30.06.16	30.06.15 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	8,621	10,822	9,974	10,802
Adjustments for non-operating and non cash items	3,377	(748)	3,376	(570)
Operating profit before working capital changes	11,998	10,074	13,350	10,232
Decrease/(Increase) in operating assets	181,369	(24,609)	210,744	125,746
(Decrease)/Increase in operating liabilities	(155,857)	73,896	(180,265)	(119,556)
Cash generated from operations	37,510	59,361	43,829	16,422
Tax paid	(3,622)	(13,734)	(3,496)	(3,157)
Net cash generated from operating activities	33,888	45,627	40,333	13,265
Net cash generated from/(used in) investing activities	3,171	(32,416)	2,246	(800)
Net increase in cash and cash equivalents	37,059	13,211	42,579	12,465
Cash and cash equivalents at beginning of the financial year	465,737	952,491	436,104	829,505
Effect of exchange rate changes	7,556	4,143	-	-
Cash and cash equivalents at end of the financial period	510,352	969,845	478,683	841,970

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

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

EXPLANATORY NOTES :

1. BASIS OF PREPARATION

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

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

The condensed consolidated interim financial statements incorporate those activities relating to Islamic banking business which have been undertaken by the Bank. Islamic banking business 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 interim financial statements are consistent with those of the most recent audited annual financial statements for the financial year ended 31 March 2016 except for the adoption of the following new standards and amendments to published standards which became effective for the first time for the Group and the Bank on 1 April 2016.

1.1 Standards effective for financial year ending 31 March 2017:

- 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 nature of the new standards relevant to the Group and the Bank is described below:

(a) 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.

1. BASIS OF PREPARATION (Cont'd.)

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

(b) 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 do not result in any impact as the Group and the Company did not acquire any interest in joint operation during the financial quarter ended 30 June 2016.

(c) 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.

(d) 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 is no reclassification of asset between held for sale and held for distribution during the financial quarter ended 30 June 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.

1. BASIS OF PREPARATION (Cont'd.)

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

(d) Annual Improvements to MFRSs 2012-2014 Cycle (Cont'd.)

(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.

1.2 Standards issued but not yet effective

The following are standards issued but not yet effective up to the date of issuance of the Group's and Bank's financial statements. The Group and the Bank intend to adopt the relevant standards when they become effective.

Description	Effective from 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 9 Financial Instruments	31 March 2019
MFRS 15 Revenue from Contracts with Customers	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 relevant to the Group and the Bank that are issued but not yet effective are described below. The Group and the Bank are assessing the financial effects of their adoption.

Standards effective for financial year ending 31 March 2018

(a) 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.

1. BASIS OF PREPARATION (Cont'd.)

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

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

(b) 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.

Standards effective for financial year ending 31 March 2019

(a) 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.

(b) 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.

1. BASIS OF PREPARATION (Cont'd.)

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

Standards effective for financial year ending 31 March 2020

(a) 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.

Standard effective on a date to be determined by MASB

(a) 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.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after the effective date with earlier application being permitted.

2. AUDIT QUALIFICATION

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

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

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

5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect for the financial quarter ended 30 June 2016.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

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

7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the current financial quarter and no dividends were paid in the current financial quarter.

8. FINANCIAL ASSETS HELD-FOR-TRADING

Group and Bank	
30.06.16	31.03.16
RM'000	RM'000

At Fair Value

Quoted Securities in Malaysia:

Unit trusts

486	532
-----	-----

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

Group and Bank	
30.06.16	31.03.16
RM'000	RM'000

At Cost

Unquoted Securities:

In Malaysia:

Shares

11,714	11,714
--------	--------

Outside Malaysia:

Shares

6	6
---	---

11,720	11,720
--------	--------

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

Group and Bank	
30.06.16	31.03.16
RM'000	RM'000

At Amortised Cost:

Unquoted Securities in Malaysia:

Private debt securities

75,100	75,100
--------	--------

11. LOANS AND ADVANCES

	Group and Bank	
	30.06.16	31.03.16
	RM'000	RM'000
At Amortised Cost		
Share margin financing	235,086	247,016
Revolving credits	56,611	55,725
Staff loans	2,515	2,679
Gross loans and advances	<u>294,212</u>	<u>305,420</u>
Less:		
Allowance for impairment on loans and advances		
Individual allowance	(2,235)	(2,251)
Collective allowance	(901)	(1,272)
	<u>(3,136)</u>	<u>(3,523)</u>
Net loans and advances	<u>291,076</u>	<u>301,897</u>

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

	Group and Bank	
	30.06.16	31.03.16
	RM'000	RM'000
Domestic business enterprises:		
Small medium enterprises	5,837	4,685
Others	41,605	43,965
Individuals	246,770	256,770
	<u>294,212</u>	<u>305,420</u>

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

	Group and Bank	
	30.06.16	31.03.16
	RM'000	RM'000
In Malaysia	<u>294,212</u>	<u>305,420</u>

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

	Group and Bank	
	30.06.16	31.03.16
	RM'000	RM'000
Fixed rate		
Staff housing loans	1,961	2,046
Staff hire purchase receivables	555	633
Other fixed rate loans	235,085	247,016
	<u>237,601</u>	<u>249,695</u>
Variable rate:		
Cost-plus	56,611	55,725
	<u>294,212</u>	<u>305,420</u>

11. LOANS AND ADVANCES (CONT'D.)

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

	Group and Bank	
	30.06.16	31.03.16
	RM'000	RM'000
Agriculture	860	860
Real estate	5,386	4,233
Business activities	41,196	43,557
Household, of which:		
Purchase of residential properties	1,961	2,046
Purchase of transport vehicles	555	633
Others	244,254	254,091
	<u>294,212</u>	<u>305,420</u>

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

	Group and Bank	
	30.06.16	31.03.16
	RM'000	RM'000
Maturing within one year	291,716	302,780
One to three years	367	428
Three to five years	266	282
Over five years	1,863	1,930
	<u>294,212</u>	<u>305,420</u>

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

	Group		Bank	
	30.06.16	31.03.16	30.06.16	31.03.16
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	2,251	2,291	2,251	2,291
Recoveries	(16)	(40)	(16)	(40)
Balance at end of the financial year/period	<u>2,235</u>	<u>2,251</u>	<u>2,235</u>	<u>2,251</u>
Gross impaired loans and advances as % of gross loans and advances	<u>0.76%</u>	<u>0.74%</u>	<u>0.76%</u>	<u>0.74%</u>
Loan loss coverage	<u>140.31%</u>	<u>156.51%</u>	<u>140.31%</u>	<u>156.51%</u>

11. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30.06.16	31.03.16	30.06.16	31.03.16
	RM'000	RM'000	RM'000	RM'000
Individual allowance				
Balance at beginning of the financial year	2,251	2,291	2,251	2,291
Allowance written back during the financial year/period	(16)	(40)	(16)	(40)
Balance at end of the financial year/period	<u>2,235</u>	<u>2,251</u>	<u>2,235</u>	<u>2,251</u>
Collective allowance				
Balance at beginning of the financial year	1,272	1,311	1,272	1,311
Allowance written back during the financial year/period	(371)	(39)	(371)	(39)
Balance at end of the financial year/period	<u>901</u>	<u>1,272</u>	<u>901</u>	<u>1,272</u>
Collective allowance (including regulatory reserve) as % of gross loans and advances less individual allowance	<u>1.27%</u>	<u>1.34%</u>	<u>1.27%</u>	<u>1.34%</u>

12. OTHER ASSETS

	Group		Bank	
	30.06.16	31.03.16	30.06.16	31.03.16
	RM'000	RM'000	RM'000	RM'000
Trade receivables	409,826	622,192	409,826	622,192
Other receivables, deposits and prepayments	46,135	35,158	36,909	25,512
Interest receivable	1,468	489	1,498	449
Tax recoverable	51,870	55,156	51,656	55,156
Margin Deposits	52,350	21,539	113	26
Amount due from:				
Holding company	-	682	-	682
Subsidiaries	-	-	1,913	1,269
Related companies	3,006	2,920	3,004	3,174
	<u>564,655</u>	<u>738,136</u>	<u>504,919</u>	<u>708,460</u>
Less:				
Accumulated impairment loss	(6,644)	(8,886)	(3,747)	(5,989)
	<u>558,011</u>	<u>729,250</u>	<u>501,172</u>	<u>702,471</u>

13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

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

14. OTHER LIABILITIES

	Group		Bank	
	30.06.16	31.03.16	30.06.16	31.03.16
	RM'000	RM'000	RM'000	RM'000
Trade payables	453,911	617,560	401,841	596,296
Other payables and accruals	32,531	67,310	32,107	67,225
Interest payable	3,019	2,564	3,019	2,564
Provision for commitments and contingencies	6,626	402	6,626	402
Amount due to:				
Related companies	9,499	10,054	8,720	9,766
	<u>505,586</u>	<u>697,890</u>	<u>452,313</u>	<u>676,253</u>

15. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,647	5,461	1,647	5,461
Financial investments available-for-sale	-	824	-	824
Financial investments held-to-maturity	780	779	780	779
Loans and advances	5,134	5,606	5,134	5,606
Others	257	149	257	149
	7,818	12,819	7,818	12,819

Bank	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,235	4,994	1,235	4,994
Financial investments available-for-sale	-	824	-	824
Financial investments held-to-maturity	780	779	780	779
Loans and advances	5,134	5,606	5,134	5,606
Others	110	137	110	137
	7,259	12,340	7,259	12,340

16. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	4,010	10,128	4,010	10,128
Others	113	50	113	50
	4,123	10,178	4,123	10,178

Bank	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	4,010	10,128	4,010	10,128

17. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	16,705	21,636	16,705	21,636
Corporate advisory	2,650	3,082	2,650	3,082
Fees on loans and securities	5,809	1,167	5,809	1,167
Guarantee fees	32	49	32	49
Portfolio management fees	119	144	119	144
Underwriting commission	3,067	1,802	3,067	1,802
Wealth management fees	7,819	7,649	7,819	7,649
Other fee and commission income	3,594	2,036	3,594	2,036
	<u>39,795</u>	<u>37,565</u>	<u>39,795</u>	<u>37,565</u>
Investment and trading income:				
Gross dividend income from:				
Financial investments available-for-sale	883	883	883	883
Net foreign exchange gain	741	680	741	680
Net (loss)/gain from sale of financial assets held-for-trading	(2)	1	(2)	1
Net gain/(loss) from sale of financial investments available-for-sale	295	(49)	295	(49)
Net (loss)/gain on revaluation of derivatives	(8)	30	(8)	30
Net loss on revaluation of financial assets held-for-trading	(24)	(36)	(24)	(36)
	<u>1,885</u>	<u>1,509</u>	<u>1,885</u>	<u>1,509</u>
Other income:				
Net loss on disposal of property and equipment	(26)	(79)	(26)	(79)
Rental income	594	548	594	548
Gain on disposal of an associate	560	-	560	-
Others	77	594	77	594
	<u>1,205</u>	<u>1,063</u>	<u>1,205</u>	<u>1,063</u>
	<u>42,885</u>	<u>40,137</u>	<u>42,885</u>	<u>40,137</u>

17. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	15,690	20,785	15,690	20,785
Corporate advisory	2,650	3,082	2,650	3,082
Fees on loans and securities	5,809	1,167	5,809	1,167
Guarantee fees	32	49	32	49
Portfolio management fees	119	144	119	144
Underwriting commission	3,067	1,802	3,067	1,802
Wealth management fees	7,819	7,649	7,819	7,649
Other fee and commission income	3,533	1,987	3,533	1,987
	<u>38,719</u>	<u>36,665</u>	<u>38,719</u>	<u>36,665</u>
Investment and trading income:				
Gross dividend income from:				
financial investments available-for-sale	883	883	883	883
Net foreign exchange gain	737	674	737	674
Net (loss)/gain from sale of financial assets held-for-trading	(2)	1	(2)	1
Net gain/(loss) from sale of financial investments available-for-sale	295	(49)	295	(49)
Net (loss)/gain on revaluation of derivatives	(8)	30	(8)	30
Net loss on revaluation of financial assets held-for-trading	(24)	(36)	(24)	(36)
	<u>1,881</u>	<u>1,503</u>	<u>1,881</u>	<u>1,503</u>
Other income:				
Net loss on disposal of property and equipment	(26)	(79)	(26)	(79)
Rental income	594	548	594	548
Gain on disposal of an associate	2,179	-	2,179	-
Others	77	142	77	142
	<u>2,824</u>	<u>611</u>	<u>2,824</u>	<u>611</u>
	<u>43,424</u>	<u>38,779</u>	<u>43,424</u>	<u>38,779</u>

18. DIRECT COSTS

Group	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	946	1,413	946	1,413
Brokerage commission	3,420	4,996	3,420	4,996
Others	2,431	3,521	2,431	3,521
	<u>6,797</u>	<u>9,930</u>	<u>6,797</u>	<u>9,930</u>
Bank	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	946	1,413	946	1,413
Brokerage commission	3,182	4,759	3,182	4,759
Others	2,431	3,521	2,431	3,521
	<u>6,559</u>	<u>9,693</u>	<u>6,559</u>	<u>9,693</u>

19. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Contributions to EPF	2,547	1,702	2,547	1,702
- Salaries, allowances and bonuses	15,912	10,859	15,912	10,859
- Scheme shares and options granted under AMMB ESS	(76)	689	(76)	689
- Social security costs	82	76	82	76
- Others	1,734	1,938	1,734	1,938
	<u>20,199</u>	<u>15,264</u>	<u>20,199</u>	<u>15,264</u>
Establishment costs				
- Amortisation of intangible assets	230	206	230	206
- Cleaning, maintenance and security	389	226	389	226
- Computerisation costs	2,772	1,324	2,772	1,324
- Depreciation of property and equipment	682	685	682	685
- Rental of premises	2,033	1,981	2,033	1,981
- Others	975	540	975	540
	<u>7,081</u>	<u>4,962</u>	<u>7,081</u>	<u>4,962</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	29	112	29	112
- Sales commission	51	80	51	80
- Travel and entertainment	434	516	434	516
- Communication expenses	681	548	681	548
- Others	362	301	362	301
	<u>1,557</u>	<u>1,557</u>	<u>1,557</u>	<u>1,557</u>
Administration and general expenses				
- Professional fees	1,078	1,093	1,078	1,093
- Travelling	123	81	123	81
- Others	1,510	1,741	1,510	1,741
	<u>2,711</u>	<u>2,915</u>	<u>2,711</u>	<u>2,915</u>
Service transfer pricing, net	(1,640)	1,666	(1,640)	1,666
	<u>29,908</u>	<u>26,364</u>	<u>29,908</u>	<u>26,364</u>

19. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Contributions to EPF	2,526	1,488	2,526	1,488
- Salaries, allowances and bonuses	15,781	9,423	15,781	9,423
- Scheme shares and options granted under AMMB ESS	(76)	659	(76)	659
- Social security costs	81	73	81	73
- Others	1,729	1,654	1,729	1,654
	<u>20,041</u>	<u>13,297</u>	<u>20,041</u>	<u>13,297</u>
Establishment costs				
- Amortisation of intangible assets	226	198	226	198
- Cleaning, maintenance and security	370	222	370	222
- Computerisation costs	2,539	1,186	2,539	1,186
- Depreciation of property and equipment	681	677	681	677
- Rental of premises	2,008	1,887	2,008	1,887
- Others	967	527	967	527
	<u>6,791</u>	<u>4,697</u>	<u>6,791</u>	<u>4,697</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	29	112	29	112
- Sales commission	51	80	51	80
- Travel and entertainment	428	511	428	511
- Communication expenses	671	527	671	527
- Others	361	298	361	298
	<u>1,540</u>	<u>1,528</u>	<u>1,540</u>	<u>1,528</u>
Administration and general expenses				
- Professional fees	794	628	794	628
- Travelling	124	79	124	79
- Others	1,430	1,670	1,430	1,670
	<u>2,348</u>	<u>2,377</u>	<u>2,348</u>	<u>2,377</u>
Service transfer pricing, net	(1,834)	2,773	(1,834)	2,773
	<u>28,886</u>	<u>24,672</u>	<u>28,886</u>	<u>24,672</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Writeback of/(Allowance for) impairment on loans and advances:				
Individual allowance	16	-	16	-
Collective allowance	371	(80)	371	(80)
	<u>387</u>	<u>(80)</u>	<u>387</u>	<u>(80)</u>
Bank				
Writeback of/(Allowance for) impairment on loans and advances:				
Individual allowance	16	-	16	-
Collective allowance	371	(80)	371	(80)
	<u>387</u>	<u>(80)</u>	<u>387</u>	<u>(80)</u>

21. BUSINESS SEGMENT ANALYSIS

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

(a) Wholesale banking

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

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

(b) Group Funding and Others

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

21. BUSINESS SEGMENT ANALYSIS (CONT'D.)

30.06.2016 Group	Wholesale Banking					Group Funding and Others		Total RM'000
	Equity Markets RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Market RM'000	Others RM'000	RM'000	RM'000	
External revenue	16,963	8,627	8,499	7,287	(10)	7,140	48,506	
Revenue from other segments	186	(504)	1	(23)	(7)	347	-	
Revenue	17,149	8,123	8,500	7,264	(17)	7,487	48,506	
Net interest income/(expense)	5,172	174	1	(24)	(5)	341	5,659	
Other operating income (net of direct costs)	11,864	7,949	8,499	7,288	(12)	2,412	38,000	
Gain on disposal of an associate	-	-	-	-	-	560	560	
Income	17,036	8,123	8,500	7,264	(17)	3,313	44,219	
Other operating expenses	(14,912)	(4,463)	(4,424)	(2,009)	(1,195)	(2,905)	(29,908)	
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(269)	(61)	(14)	(9)	(121)	(208)	(682)	
<i>Amortisation of intangible assets</i>	(201)	(5)	(2)	-	(22)	-	(230)	
Profit/(Loss) before impairment losses	2,124	3,660	4,076	5,255	(1,212)	408	14,311	
(Allowance)/Writeback for impairment losses on loan & advances	378	39	-	-	5	(35)	387	
(Allowance)/Writeback for impairment losses other assets	10	-	138	-	-	-	148	
Writeback of provision for commitments and contingencies	(155)	(66)	-	-	(4)	(6,000)	(6,225)	
Profit/(loss) before taxation	2,357	3,633	4,214	5,255	(1,211)	(5,627)	8,621	
Taxation	(629)	(872)	(1,011)	(1,261)	290	(2,949)	(6,432)	
Profit/(loss) for the period	1,728	2,761	3,203	3,994	(921)	(8,576)	2,189	
Other information:								
Total segment assets	910,814	60,190	6,139	17,635	2,274	480,091	1,477,143	
Total segment liabilities	614,532	3,703	1,961	8,024	2,783	324,606	955,609	
Cost to income ratio	87.5%	54.9%	52.0%	27.7%	>-100%	87.7%	67.6%	
Gross loans and advances	235,086	56,611	-	-	-	2,515	294,212	
Net loans and advances	232,177	56,485	-	-	-	2,414	291,076	
Impaired loans and advances	2,235	-	-	-	-	-	2,235	
Total deposits & placements	-	-	-	-	-	450,000	450,000	
Additions to:								
Property and equipment	500	4	6	4	475	32	1,021	
Intangible assets	139	-	-	-	-	-	139	

21. BUSINESS SEGMENT ANALYSIS (CONT'D.)

30.06.2015 Group	Wholesale Banking				Group Funding and Others		Total RM'000
	Equity Markets RM'000	Private Banking RM'000	Corporate Finance RM'000	Capital Market RM'000	Others RM'000	RM'000	
External revenue	20,802	6,980	6,501	2,160	874	10,332	47,649
Revenue from other segments	79	(479)	16	(94)	14	464	-
Revenue	20,881	6,501	6,517	2,066	888	10,796	47,649
Net interest income/(expenses)	5,542	199	16	(93)	13	(1,331)	4,346
Other operating income (net of direct costs)	15,289	6,302	6,501	2,159	875	1,840	32,966
Income	20,831	6,501	6,517	2,066	888	509	37,312
Share in results of an associate	-	-	-	-	-	159	159
Other operating expenses	(16,372)	(4,105)	(4,337)	(3,668)	7,606	(5,488)	(26,364)
<i>of which:</i>							
<i>Depreciation of property and equipment</i>	(233)	(64)	(14)	(8)	(169)	(197)	(685)
<i>Amortisation of intangible assets</i>	(166)	(7)	(2)	(1)	(30)	-	(206)
Profit/(Loss) before impairment losses (Allowance)/Writeback for impairment losses	4,459	2,396	2,180	(1,602)	8,494	(4,820)	11,107
on loan & advances	(92)	9	-	-	-	3	(80)
Allowance for impairment losses other assets	(3)	-	(319)	(10)	(1)	-	(333)
Writeback of provision for commitments and contingencies	115	8	-	-	5	-	128
Profit/(loss) before taxation	4,479	2,413	1,861	(1,612)	8,498	(4,817)	10,822
Taxation	(1,221)	(579)	(447)	387	(2,040)	1,068	(2,832)
Profit/(loss) for the period	3,258	1,834	1,414	(1,225)	6,458	(3,749)	7,990
Other information:							
Total segment assets	968,410	55,997	3,435	9,993	3,532	904,637	1,946,004
Total segment liabilities	541,581	8,067	3,897	4,477	(4,532)	870,321	1,423,811
Cost to income ratio	78.6%	63.1%	66.5%	>100%	>-100%	>100%	70.4%
Gross loans and advances	259,929	53,059	-	-	-	3,280	316,268
Net loans and advances	256,431	52,945	-	-	-	3,211	312,587
Impaired loans and advances	2,291	-	-	-	-	-	2,291
Total deposits & placements	-	-	-	-	-	979,694	979,694
Additions to:							
Property and equipment	222	37	14	12	39	-	324
Intangible assets	830	-	-	-	-	-	830

22. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

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

Group and Bank	30.06.16	31.03.16
	RM'000	RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	182,508	202,519
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
Others	-	100
	<u>182,527</u>	<u>202,638</u>
Contingent Liabilities		
Direct credit substitutes	14,654	17,319
Obligations under an on-going underwriting agreement	226,690	13,348
	<u>241,344</u>	<u>30,667</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	560	1,332
Equity related contracts:		
- One year or less	1,714	516
	<u>2,274</u>	<u>1,848</u>
	<u>426,145</u>	<u>235,153</u>

22. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

Legal suits:

- Zurich Insurance Malaysia Bhd ("Zurich") (formerly known as Malaysian Assurance Alliance Berhad) -V- AmTrustee Bhd ("AmTrustee") & Meridian Asset Management S/B ("Meridian") ("Zurich Suit")
- Meridian Asset Management S/B -V-AmTrustee Bhd ("Meridian Suit")
(Currently pending before the Federal Court)

Nature of Claim

Zurich Suit:

Zurich claims on 25 January 2006 for breach of trust for losses suffered by it amounting to RM27.6 million 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 on 12 December 2005 for losses suffered by it amounting to RM19.6 million arising from the custodian services provided by AmTrustee to Meridian. The losses are funds invested by Zurich and Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP"), with Meridian.

Status:

High Court Decision on 11 April 2013

Zurich Suit:

High Court dismissed Zurich's claim against AmTrustee. Meridian was found to be fully liable to Zurich.

Meridian Suit:

High Court held AmTrustee liable to contribute to Meridian for 40% of the sum amount that Meridian pays Zurich and KWAP. Until Meridian pays Zurich and KWAP, there is no liability on AmTrustee to contribute (reimburse).

Parties then appealed to the Court of Appeal on 8 and 9 May 2013.

Court of Appeal Decision on 19 May 2014

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 on 28 May 2014.

Federal Court

Due to the winding up of Meridian on 7 August 2015 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. 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. On 24 March, 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.

22. COMMITMENTS AND CONTINGENCIES (CONT'D.)

On 29 June 2016, the Federal Court heard and dismissed AmTrustee's leave application. Therefore, the Court of Appeal's decision of 20 May 2014 (that AmTrustee and Meridian are severally liable to Zurich) stands. Pursuant to the Court of Appeal decision of 20 May 2014, Zurich had on 4 July 2016 made a claim against AmTrustee for the payment of the judgement sum of RM19,602,119.23, together with interest on the judgement sum from the date of filing of the writ to the date of realization and costs related thereto, amounting to an aggregate of RM30,035,670.61 (the "Settlement Sum"). On 15 July 2016, the Group had fully settled its share (based on shareholding) of the Settlement Sum under the indemnity to the purchaser in relation to the sale of the Group's shareholding in AmTrustee.

Pursuant to the High Court decision on 11 April 2013, AmTrustee is also liable to pay 40% of any amount that Meridian has paid to KWAP as ordered by the High Court (the "Contribution"). However, as Meridian has been wound up, AmTrustee's solicitors are of the view that AmTrustee is therefore not likely to have to pay the Contribution.

23. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Group and the Bank 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 Bank 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 period.

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

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

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

Determination of fair value and fair value hierarchy

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following tables show the Group's and the Bank's financial instruments that are measured at the reporting date analysed by

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

	< ----- Group and Bank ----- >			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2016				
Assets measured at fair value				
Financial assets held-for-trading				
- Quoted securities in Malaysia	486	-	-	486
	486	-	-	486
Liabilities measured at fair value				
Derivative financial liabilities	23	-	-	23
	23	-	-	23
31 March 2016				
Assets measured at fair value				
Derivative financial assets	2	-	-	2
Financial assets held-for-trading				
- Quoted securities in Malaysia	532	-	-	532
	534	-	-	534
Liabilities measured at fair value				
Derivative financial liabilities	4	-	-	4
	4	-	-	4

24. CAPITAL ADEQUACY

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

	Group		Bank	
	30.06.16	31.03.16	30.06.16	31.03.16
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital Ratio	32.279%	34.669%	31.572%	33.574%
Tier 1 Capital Ratio	32.279%	34.669%	31.572%	33.574%
Total Capital Ratio	32.514%	34.946%	31.572%	33.574%
After deducting proposed dividends:				
CET 1 Capital Ratio	30.121%	32.352%	29.339%	31.204%
Tier 1 Capital Ratio	30.121%	32.352%	29.339%	31.204%
Total Capital Ratio	30.356%	32.630%	29.339%	31.204%

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

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

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

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

	CCB
Calendar year 2016	0.625%
Calendar year 2017	1.25%
Calendar year 2018	1.875%
Calendar year 2019 onwards	2.50%

24. CAPITAL ADEQUACY (CONT'D.)

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

	Group		Bank	
	30.06.16	31.03.16	30.06.16	31.03.16
	RM'000	RM'000	RM'000	RM'000
CET 1 Capital				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	69,699	103,699	65,023	99,023
Exchange fluctuation reserve	2,495	2,165	-	-
Statutory reserve	200,000	200,000	200,000	200,000
Regulatory reserve	2,800	2,800	2,800	2,800
Capital reserve	2,815	2,815	-	-
Merger reserve	7,656	7,656	-	-
Less : Regulatory adjustments applied on CET1 capital:				
Other intangibles	(2,491)	(2,583)	(2,456)	(2,542)
Deferred tax assets	(5,645)	(4,899)	(5,645)	(4,899)
Regulatory reserve	(2,800)	(2,800)	(2,800)	(2,800)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	-	-	(8,321)	(8,321)
Deduction in excess of Tier 2 *	-	-	(1,847)	(1,477)
CET1 capital/Tier 1 Capital	474,529	508,853	446,754	481,784
Tier 2 ("T2") capital				
Collective impairment provisions and regulatory reserves	3,701	4,072	3,701	4,072
Less : Regulatory adjustments applied on Tier 2 capital	-	-	(3,701)	(4,072)
Tier 2 capital	3,701	4,072	-	-
Total Capital	478,230	512,925	446,754	481,784

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

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

	Group		Bank	
	30.06.16	31.03.16	30.06.16	31.03.16
	RM'000	RM'000	RM'000	RM'000
Credit risk	888,158	1,068,131	890,964	1,096,673
Market risk	341,825	46,347	331,152	35,738
Operational risk	345,420	353,281	300,619	302,599
	1,575,403	1,467,759	1,522,735	1,435,010

25. ISLAMIC BANKING BUSINESS

The financial position as at 30 June 2016 and the results for the financial period ended 30 June 2016 of the Islamic banking business of the Group and of the Bank are included in the financial statements, after elimination of intercompany transactions and balances, and are summarised as follows:

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Group and Bank	
		30.06.16	31.03.16
		RM'000	RM'000
ASSETS			
Cash and short-term funds		282,653	287,034
Other receivables, deposits and prepayments		10,179	18,413
Deferred tax assets		386	296
Property and equipment		14	16
TOTAL ASSETS		<u>293,232</u>	<u>305,759</u>
LIABILITIES AND ISLAMIC BANKING FUNDS			
Other liabilities	25a	99,299	114,616
TOTAL LIABILITIES		<u>99,299</u>	<u>114,616</u>
ISLAMIC BANKING FUNDS			
Capital funds		30,000	30,000
Reserves		163,933	161,143
Islamic Banking Funds		<u>193,933</u>	<u>191,143</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		<u>293,232</u>	<u>305,759</u>
COMMITMENTS AND CONTINGENCIES		<u>3,998</u>	<u>6,663</u>

25. ISLAMIC BANKING BUSINESS (CONT'D.)

UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016

Group and Bank	Individual Quarter		Cumulative Quarter	
	30.06.16 RM'000	30.06.15 RM'000	30.06.16 RM'000	30.06.15 RM'000
Income derived from investment of depositors' funds and others	720	691	720	691
Income attributable to depositors	(164)	-	(164)	-
Profit attributable to the Group and the Bank	556	691	556	691
Income derived from investment of Islamic banking funds	3,912	3,795	3,912	3,795
Direct costs	(32)	(22)	(32)	(22)
Total net income	4,436	4,464	4,436	4,464
Other operating expenses	(765)	(2,828)	(765)	(2,828)
Impairment on doubtful sundry receivables, net	-	(10)	-	(10)
Profit before taxation	3,671	1,626	3,671	1,626
Taxation	(881)	(399)	(881)	(399)
Profit after taxation	2,790	1,227	2,790	1,227

25. ISLAMIC BANKING BUSINESS (CONT'D.)

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

	<u>Non-distributable</u>	<u>Distributable</u>	
	Capital Funds RM'000	Retained Earnings RM'000	Total RM'000
Group and Bank			
At 1 April 2015	30,000	141,506	171,506
Profit for the financial period	-	1,227	1,227
At 30 June 2015	<u>30,000</u>	<u>142,733</u>	<u>172,733</u>
At 1 April 2016	30,000	161,143	191,143
Profit for the financial period	-	2,790	2,790
At 30 June 2016	<u>30,000</u>	<u>163,933</u>	<u>193,933</u>

25a. OTHER LIABILITIES

	Group and Bank	
	30.06.16	31.03.16
	RM'000	RM'000
Trade payables	11,248	1,105
Other payables and accruals	1,409	1,006
Amount due to head office	50,691	77,525
Provision for taxation and zakat	35,951	34,980
	<u>99,299</u>	<u>114,616</u>

25. ISLAMIC BANKING BUSINESS (CONT'D.)

25b. CAPITAL ADEQUACY

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

	30.06.16	31.03.16
CET 1 capital ratio	177.969%	162.361%
Tier 1 capital ratio	177.969%	162.361%
Total capital ratio	177.969%	162.361%

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

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

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

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

	CCB
Calendar year 2016	0.625%
Calendar year 2017	1.25%
Calendar year 2018	1.875%
Calendar year 2019 onwards	2.50%

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

	30.06.16	31.03.16
	RM'000	RM'000
<u>CET1 Capital</u>		
Capital Funds	30,000	30,000
Retained earnings	161,143	161,143
Less : Regulatory adjustments applied on CET1 Capital		
Deferred tax assets	(386)	(296)
CET1 capital/ Tier 1 capital/ Total capital	190,757	190,847

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

	30.06.16	31.03.16
	RM'000	RM'000
Credit risk	67,513	77,154
Operational risk	39,672	40,392
Total risk weighted assets	107,185	117,546

26. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2016

The Group reported a pretax profit of RM8.6 million (RM10.8 million for the period ended 30 June 2015). The results are analysed as follows:

- (i) Higher net interest income of RM3.7 million (RM2.6 million for the period ended 30 June 2015), due to lower interest expense from interbank borrowing.
- (ii) Higher fee income of RM39.8 million (RM37.6 million for the period ended 30 June 2015), due to higher arrangement fees.
- (iii) Higher investment and trading income of RM1.9 million (Investment and trading income RM1.5 million for the period ended 30 June 2015), due to gain on disposal of financial investments available for sale.
- (iv) Writeback of allowance for impairment on loans and advances of RM0.3 million for the Group (Allowance for impairment on loans and advances of RM0.1 million for the period ended 30 June 2015) was due to writeback of collective allowance in the current period.

Net income from Islamic banking business of RM4.4 million for the Group (RM4.5 million for the period ended 30 June 2015 for the Group) slightly lower due to lower guarantee fees.

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

27. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2017

In the first quarter of 2016, the Malaysian economy registered growth of 4.2% (4Q2015: 4.5%) supported by private consumption which grew 5.3% (4Q2015: 4.9%) driven by wage and employment growth. Private investment growth moderated to 2.2% (4Q2015: 4.9%) on cautious business sentiments and lower investments in upstream mining sector.

For calendar year 2016, the Group forecasts a moderate annual Gross Domestic Product growth of circa 4.0% (2015: 5.0%) driven by domestic demand mainly from private expenditure and complemented by exports stemming from lower commodity prices.

Inflation is projected at 2.0% in 2016 as the weak ringgit fuel import costs and from adjustments in government controlled and administered prices (toll rate hikes, train fares and cigarette excise duties). This will be partly mitigated by weak commodity prices, softer demand and high base effect in 2H2016.

Following the recent BNM overnight policy rate ("OPR") cut by 25 bps to 3% we believe there is room for monetary easing should consumer confidence and business sentiments take a dip due to uncertainties and challenges going forward. Overall, the OPR cut is mildly negative to the banking sector, but is slightly positive to the consumer, auto and property sectors.

Business and economic conditions are expected to be challenging in the near and medium term against the backdrop of increasingly stringent compliance requirements and poor market sentiment. The banking sector is expected to experience slower growth and moderated net interest margins while asset quality may come under pressure.

Despite the potential headwinds in the economy, there are still some bright spots and opportunities such as the SME sector which has consistently outpaced GDP growth since 2005, and 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.

28. VALUATION OF PROPERTY AND EQUIPMENT

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

29. SUBSEQUENT EVENTS

On 21 July 2016, the Bank acquired 100% equity interest in AmFunds Management Berhad and AmIslamic Funds Management Sdn Bhd pursuant to the realignment of all capital markets related activities of AmBank Group, which are under the purview of Securities Commission Malaysia, under the Bank. The equity interest in these subsidiaries are acquired at their book values.

There were no material events subsequent to the reporting date other than as disclosed above.

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

On 23 June 2016, the Group completed the disposal of its 20% shareholding in AmTrustee Berhad, previously classified as Asset Held for Sale, for a total cash consideration of RM2,283,076. The disposal resulted in a gain of RM0.5 million and RM2.2 million to the Group and Bank, respectively.

Other than disclosed as above, there are no other significant changes in the composition of the Group for the financial period ended 30 June 2016.

31. RESTATEMENT OF COMPARATIVE INFORMATION

The following comparative figures have been restated arising from the adoption of Amendment to MFRS 132 Offsetting Financial Assets and Financial Liabilities in the financial year ended 31 March 2016.

- (i) Reconciliation of statements of cash flow of the Group and of the Bank for the financial period ended 30 June 2015.

	As previously reported RM'000	Restatement RM'000	As restated RM'000
As at 30 June 2015			
Group			
(Decrease)/increase in operating assets	(268,082)	243,473	(24,609)
Decrease/(increase) in operating liabilities	317,370	(243,473)	73,897
Bank			
(Decrease)/increase in operating assets	(117,727)	243,473	125,746
Decrease/(increase) in operating liabilities	123,917	(243,473)	(119,556)