AmInvestment Bank Berhad

(23742-V)(Incorporated in Malaysia)

And Its Subsidiaries

Condensed Interim Financial Statements
For the Financial Period
1 April 2017 to
30 June 2017

(In Ringgit Malaysia)

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Group		Bank	
	Note	**30 June 2017**	**31 March 2017**	**30 June 2017**	**31 March 2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
ASSETS					
Cash and short-term funds		701,689	584,391	578,886	471,568
Financial assets held-for-trading	8	942	955	942	955
Financial investments available-for-sale	9	11,720	11,720	11,720	11,720
Financial investments held-to-maturity	10	134,748	104,643	134,748	104,643
Loans and advances	11	295,558	291,825	295,558	291,825
Statutory deposit with Bank Negara Malaysia		4,544	5,330	4,544	5,330
Deferred tax assets		10,742	8,868	8,353	6,863
Investment in subsidiaries		-	-	68,927	68,927
Other assets	12	707,035	514,363	673,090	485,083
Property and equipment		21,088	21,446	20,042	20,338
Intangible assets		40,255	40,612	2,376	2,513
TOTAL ASSETS		1,928,321	1,584,153	1,799,186	1,469,765
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	13	650,000	550,000	650,000	550,000
Derivative financial liabilities		7	12	7	12
Other liabilities	14	676,329	448,124	656,587	428,010
TOTAL LIABILITIES		1,326,336	998,136	1,306,594	978,022
Share capital		200,000	200,000	200,000	200,000
Reserves		401,985	386,017	292,592	291,743
Equity attributable to equity holder of the Bank		601,985	586,017	492,592	491,743
TOTAL LIABILITIES AND EQUITY		1,928,321	1,584,153	1,799,186	1,469,765
COMMITMENTS AND CONTINGENCIES	22	209,713	207,844	209,713	207,844
NET ASSETS PER ORDINARY SHARE (RM)		3.01	2.93	2.46	2.46

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 2017.

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

		Individual Quarter		Cumulative Quarter	
Group	**Note**	**30 June 2017**	**30 June 2016 (Restated)**	**30 June 2017**	**30 June 2016 (Restated)**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Operating revenue		83,142	78,501	83,142	78,501
Interest income	15	8,753	8,390	8,753	8,390
Interest expense	16	(5,205)	(4,123)	(5,205)	(4,123)
Net interest income		3,548	4,267	3,548	4,267
Net income from Islamic banking		8,959	4,436	8,959	4,436
Other operating income	17	92,167	86,028	92,167	86,028
Direct costs	18	(27,115)	(20,517)	(27,115)	(20,517)
Net income		77,559	74,214	77,559	74,214
Other operating expenses	19	(59,542)	(48,392)	(59,542)	(48,392)
Operating Profit		18,017	25,822	18,017	25,822
Net writeback of impairment on:					
Loans and advances	20	93	387	93	387
Doubtful receivables		770	148	770	148
(Allowance for)/Writeback of provision for commitments and contingencies		13	(6,225)	13	(6,225)
Profit before taxation		18,893	20,132	18,893	20,132
Taxation		(2,293)	(8,635)	(2,293)	(8,635)
Profit for the financial period		16,600	11,497	16,600	11,497
Basic earnings per share (sen)		8.30	5.75	8.30	5.75

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 2017.

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

Group	**Individual Quarter**		**Cumulative Quarter**	
	30 June 2017	**30 June 2016 (Restated)**	**30 June 2017**	**30 June 2016 (Restated)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the financial period	16,600	11,497	16,600	11,497
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss				
Currency translation on foreign operations	(74)	330	(74)	330
Other comprehensive income/(loss) for the period	(74)	330	(74)	330
Total comprehensive income for the period attributable to equity holder of the Bank	16,526	11,827	16,526	11,827

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 2017.

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

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

		Individual Quarter		Cumulative Quarter	
Bank	**Note**	**30 June 2017**	**30 June 2016 (Restated)**	**30 June 2017**	**30 June 2016 (Restated)**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Operating revenue		46,298	50,040	46,298	50,040
Interest income	15	8,140	7,797	8,140	7,797
Interest expense	16	(5,114)	(4,123)	(5,114)	(4,123)
Net interest income		3,026	3,674	3,026	3,674
Net income from Islamic banking		8,959	4,436	8,959	4,436
Other operating income	17	41,285	44,440	41,285	44,440
Direct costs	18	(12,464)	(6,797)	(12,464)	(6,797)
Net income		40,806	45,753	40,806	45,753
Other operating expenses	19	(39,639)	(29,607)	(39,639)	(29,607)
Operating Profit		1,167	16,146	1,167	16,146
(Allowances for)/Writeback of impairment on:					
Loans and advances	20	93	387	93	387
Doubtful receivables, net		(3)	148	(3)	148
(Allowance for)/Writeback of provision for commitments and contingencies		13	(6,225)	13	(6,225)
Profit before taxation		1,270	10,456	1,270	10,456
Taxation		17	(6,405)	17	(6,405)
Profit for the financial period representing total comprehensive income		1,287	4,051	1,287	4,051
Basic earnings per share (sen)		0.64	2.03	0.64	2.03

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 2017.

AmInvestment Bank Berhad
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

	<----------Attributable to equity holder of the Bank---------->							
		Non-distributable					Distributable	
Group	**Share capital RM'000**	**Capital reserve RM'000**	**Statutory reserve RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Exchange fluctuation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2016	200,000	2,815	200,000	2,800	149,637	2,165	103,699	661,116
Profit for the financial period	-	-	-	-	-	-	11,497	11,497
Other comprehensive income	-	-	-	-	-	330	-	330
Total comprehensive income for the period	-	-	-	-	-	330	11,497	11,827
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(120)	(120)
Effect arising from the pooling of interests	-	-	-	-	9,263	-	(9,308)	(45)
Transactions with owner and other equity movements	-	-	-	-	9,263	-	(9,428)	(165)
At 30 June 2016	200,000	2,815	200,000	2,800	158,900	2,495	105,768	672,778
At 1 April 2017	200,000	2,815	200,000	2,800	82,115	3,035	95,252	586,017
Profit for the financial period	-	-	-	-	-	-	16,600	16,600
Other comprehensive income	-	-	-	-	-	(74)	-	(74)
Total comprehensive income for the period	-	-	-	-	-	(74)	16,600	16,526
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(558)	(558)
Transfer to regulatory reserve	-	-	-	118	-	-	(118)	-
Transfer to retained earnings	-	-	(200,000)	-	-	-	200,000	-
Transactions with owner and other equity movements	-	-	(200,000)	118	-	-	199,324	(558)
At 30 June 2017	200,000	2,815	-	2,918	82,115	2,961	311,176	601,985

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 2017.

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

	<----------Attributable to equity holder of the Bank---------->					
		Non-distributable			Distributable	
Bank	**Share capital RM'000**	**Statutory reserve RM'000**	**Regulatory reserve RM'000**	**Merger reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 April 2016	200,000	200,000	2,800	22,621	99,023	524,444
Profit for the financial period	-	-	-	-	4,051	4,051
Total comprehensive income for the period	-	-	-	-	4,051	4,051
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(120)	(120)
Effect arising from the pooling of interests	-	-	-	367	(367)	-
Transactions with owner and other equity movements	-	-	-	367	(487)	(120)
At 30 June 2016	200,000	200,000	2,800	22,988	102,587	528,375
At 1 April 2017	200,000	200,000	2,800	-	88,943	491,743
Profit for the financial period	-	-	-		1,287	1,287
Total comprehensive income for the period	-	-	-	-	1,287	1,287
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(438)	(438)
Transfer to regulatory reserve	-	-	118	-	(118)	-
Transfer to retained earnings	-	(200,000)	-	-	200,000	-
Transactions with owner and other equity movements	-	(200,000)	118	-	199,444	(438)
At 30 June 2017	200,000	-	2,918	-	289,674	492,592

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 2017.

AmInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Group		Bank	
	30 June 2017	**30 June 2016 (Restated)**	**30 June 2017**	**30 June 2016 (Restated)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before taxation	18,893	20,132	1,270	10,456
Adjustments for non-operating and non cash items	2,851	7,504	2,307	5,523
Operating profit before working capital changes	21,744	27,636	3,577	15,979
(Increase)/decrease in operating assets	(201,385)	177,323	(195,019)	177,771
Increase/(decrease) in operating liabilities	327,692	(144,948)	328,145	(148,690)
Cash generated from operations	148,051	60,011	136,703	45,060
Tax paid, net	(1,119)	(6,824)	-	(3,496)
Net cash generated from operating activities	146,932	53,187	136,703	41,564
Net cash (used in)/generated from investing activities	(29,524)	2,419	(29,385)	2,417
Net increase in cash and cash equivalents	117,408	55,606	107,318	43,981
Cash and cash equivalents at beginning of the financial year	584,391	560,305	471,568	458,535
Effect of exchange rate changes	(110)	173	-	-
Cash and cash equivalents at end of the financial period	701,689	616,084	578,886	502,516

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 2017.

EXPLANATORY NOTES :

1. BASIS OF PREPARATION

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

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2017.

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

1.1 Significant Accounting Policies

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

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

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

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

Disclosure Initiative (Amendments to MFRS 107)

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

1. BASIS OF PREPARATION (CONT'D.)

1.1 Significant Accounting Policies (Cont'd.)

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

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

Annual Improvements to MFRSs 2014-2016 Cycle

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

(i) MFRS 12 Disclosure of Interests in Other Entities

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

1.2 Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
- Annual Improvements to MFRSs 2014-2016 Cycle - amendments to MFRS 1 and MFRS 128	1 January 2018
- MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
- MFRS 9 *Financial Instruments*	1 January 2018
- Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)	1 January 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
- Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
- MFRS 16 *Leases*	1 January 2019
- IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
- MFRS 17 Insurance Contracts	1 January 2021
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

1. BASIS OF PREPARATION (CONT'D.)

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

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

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

Annual Improvements to MFRSs 2014-2016 Cycle

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

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

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

MFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

The Group and the Bank are in the process of assessing the financial implication for adopting MFRS 15.

1. BASIS OF PREPARATION (CONT'D.)

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

(a) Standards effective for financial year ending 31 March 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. Retrospective application is required, but comparative information is not compulsory.

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

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

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

The initial assessment and analysis stage was completed in the previous financial year. As the initial assessment was based on currently available information, the outcome is subject to changes arising from further analysis or additional information being made available in the future.

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

- the majority of loans and advances that are classified as loans and receivables under MFRS 139 are expected to be measured at amortised cost under MFRS 9;
- the majority of the investments in debt securities classified as held to maturity under MFRS 139 are expected to be measured at FVOCI;
- the majority of the available for sale securities under MFRS 139 are expected to be measured at FVTPL;
- financial assets held for trading are expected to continue to be measured at FVTPL.

1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 9 *Financial Instruments (Cont'd.)*

The impairment requirements are expected to result in a higher allowance for impairment losses. The Group and the Bank will perform a detailed assessment in the financial year ending 31 March 2018 to determine the extent of the impact.

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

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

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

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

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

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

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases* and the related interpretations.

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

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

1. BASIS OF PREPARATION (CONT'D.)

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

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

MFRS 16 *Leases (Cont'd.)*

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

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

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

IC Interpretation 23 Uncertainty over Income Tax Treatments

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

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

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

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

The amendments clarify that:

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

- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

1.3 Bank Negara Malaysia ("BNM") Policy Document

BNM Policy Document on capital funds

On 3 May 2017, BNM issued a revised policy document, Capital Funds. The key change in the revised policy document is the removal of the requirement for banking institutions to maintain a reserve fund. The Group and the Bank had previously maintained the reserve fund via transfer from retained earnings to Statutory Reserve. Arising from this change, during the current financial quarter, the Group and the Bank had reclassified balances in Statutory Reserve to Retained earnings.

1. BASIS OF PREPARATION (CONT'D.)

1.4 Significant Accounting Judgements, Estimates and Assumptions

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

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

2. AUDIT QUALIFICATION

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

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.

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

There were no unusual items during the current financial quarter.

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 2017.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

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.

7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the current financial quarter ended 30 June 2017 and no dividends were paid in the current financial quarter.

8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	30 June 2017 RM'000	**31 March 2017 RM'000**
At Fair Value		
Quoted Securities in Malaysia:		
Unit trusts	942	955

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group and Bank	
	30 June 2017 RM'000	**31 March 2017 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 June 2017 RM'000	**31 March 2017 RM'000**
At Amortised Cost:		
Money Market Securities:		
Treasury Bills	29,864	-
Islamic Treasury Bills	29,784	29,543
	59,648	29,543
Unquoted Securities in Malaysia:		
Corporate Bonds	75,100	75,100
	134,748	104,643

11. LOANS AND ADVANCES

	Group and Bank	
	30 June 2017 RM'000	**31 March 2017 RM'000**
At Amortised Cost		
Share margin financing	247,860	239,865
Revolving credits	48,441	52,694
Staff loans	2,032	2,134
Gross loans and advances	298,333	294,693
Less:		
Allowance for impairment on loans and advances		
Individual allowance	(2,139)	(2,163)
Collective allowance	(636)	(705)
	(2,775)	(2,868)
Net loans and advances	295,558	291,825

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

	Group and Bank	
	30 June 2017 RM'000	**31 March 2017 RM'000**
Domestic business enterprises:		
Small medium enterprises	3,456	3,455
Others	49,885	51,764
Individuals	244,992	239,474
	298,333	294,693

(b) All loans and advances reside in Malaysia.

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

	Group and Bank	
	30 June 2017 RM'000	**31 March 2017 RM'000**
Fixed rate		
Staff housing loans	1,740	1,785
Staff hire purchase receivables	293	349
Other fixed rate loans	247,859	239,865
	249,892	241,999
Variable rate:		
Cost-plus	48,441	52,694
	298,333	294,693

11. LOANS AND ADVANCES (CONT'D.)

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

	Group and Bank	
	30 June 2017 RM'000	**31 March 2017 RM'000**
Agriculture	861	861
Real estate	3,807	3,806
Business activities	48,673	50,552
Household, of which:		
Purchase of residential properties	1,740	1,785
Purchase of transport vehicles	293	349
Purchase of securities	242,959	237,340
	298,333	294,693

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

	Group and Bank	
	30 June 2017 RM'000	**31 March 2017 RM'000**
Maturing within one year	296,345	292,606
Over one year to three years	195	248
Over three years to five years	146	154
Over five years	1,647	1,685
	298,333	294,693

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

	Group and Bank	
	30 June 2017 RM'000	**31 March 2017 RM'000**
Balance at beginning of the financial year	2,163	2,251
Recoveries	(24)	(88)
Balance at end of the financial period/year	2,139	2,163
Gross impaired loans and advances as % of gross loans and advances	0.72%	0.73%
Loan loss coverage (including Regulatory Reserve)	266.2%	262.0%

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 and Bank	
	30 June 2017 RM'000	**31 March 2017 RM'000**
Individual allowance		
Balance at beginning of the financial year	2,163	2,251
Allowance written back during the financial period/year	(24)	(88)
Balance at end of the financial period/year	2,139	2,163
Collective allowance		
Balance at beginning of the financial year	705	1,272
Written back during the financial period/year	(69)	(567)
Balance at end of the financial period/year	636	705
Collective allowance (including regulatory reserve) as % of gross loans and advances less individual allowance	1.20%	1.24%

12. OTHER ASSETS

	Group		Bank	
	30 June 2017 RM'000	**31 March 2017 RM'000**	**30 June 2017 RM'000**	**31 March 2017 RM'000**
Trade receivables	552,236	392,311	551,396	391,575
Other receivables, deposits and prepayments	31,614	24,718	12,736	12,876
Fee receivable	32,252	32,398	12,921	11,755
Interest receivable	1,649	721	1,647	719
Tax recoverable	25,631	51,550	22,002	46,359
Margin deposits	44,341	21,330	44,341	21,330
Amount due from:				
Holding company	4,266	76	3,195	-
Subsidiaries	-	-	4,690	3,226
Related companies	23,956	1,032	23,955	1,032
	715,945	524,136	676,883	488,872
Less:				
Accumulated impairment loss	(8,910)	(9,773)	(3,793)	(3,789)
	707,035	514,363	673,090	485,083

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 June 2017 RM'000	**31 March 2017 RM'000**	**30 June 2017 RM'000**	**31 March 2017 RM'000**
Trade payables	570,493	376,535	570,493	376,535
Other payables and accruals	77,125	53,979	62,194	39,670
Interest payable	4,437	3,773	4,437	3,773
Provision for commitments and contingencies	560	573	560	573
Amount due to:				
Holding company	-	22	-	22
Related companies	23,714	13,242	18,903	7,437
	676,329	448,124	656,587	428,010

15. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016 (Restated)	30 June 2017	30 June 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	2,568	2,219	2,568	2,219
Financial investments held-to-maturity	780	780	780	780
Loans and advances	4,986	5,134	4,986	5,134
Others	419	257	419	257
	8,753	8,390	8,753	8,390

Bank	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016 (Restated)	30 June 2017	30 June 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,955	1,626	1,955	1,626
Financial investments held-to-maturity	780	780	780	780
Loans and advances	4,986	5,134	4,986	5,134
Others	419	257	419	257
	8,140	7,797	8,140	7,797

16. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016 (Restated)	30 June 2017	30 June 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	5,010	4,010	5,010	4,010
Others	195	113	195	113
	5,205	4,123	5,205	4,123

Bank	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016 (Restated)	30 June 2017	30 June 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	5,010	4,010	5,010	4,010
Others	104	113	104	113
	5,114	4,123	5,114	4,123

17. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016 (Restated)	30 June 2017	30 June 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	21,914	16,705	21,914	16,705
Corporate advisory	2,980	2,650	2,980	2,650
Fees on loans and securities	2,476	5,809	2,476	5,809
Guarantee fees	10	32	10	32
Portfolio management fees	5,513	8,327	5,513	8,327
Underwriting commission	151	3,067	151	3,067
Unit trust management fees	30,861	26,194	30,861	26,194
Unit trust service charges	8,987	7,510	8,987	7,510
Wealth management fees	8,878	7,819	8,878	7,819
Other fee and commission income	1,684	3,750	1,684	3,750
	83,454	81,863	83,454	81,863
Investment and trading income:				
Gross dividend income from:				
Financial investments available-for-sale	883	883	883	883
Net foreign exchange (loss)/gain	(655)	1,052	(655)	1,052
Net gain/(loss) from sale of financial assets held-for-trading	4	(2)	4	(2)
Net gain from sale of financial investments available-for-sale	-	295	-	295
Net loss on revaluation of derivatives	(21)	(8)	(21)	(8)
Net gain/(loss) on revaluation of financial assets held-for-trading	12	(24)	12	(24)
Gain on disposal of an associate	-	560	-	560
	223	2,756	223	2,756
Other income:				
Net gain/(loss) on disposal of property and equipment	1	(26)	1	(26)
Non-trading foreign exchange gain/(loss)	25	(3)	25	(3)
Rental income	558	594	558	594
Others	7,906	844	7,906	844
	8,490	1,409	8,490	1,409
	92,167	86,028	92,167	86,028

17. OTHER OPERATING INCOME (CONTD.)

Bank	**Individual Quarter**		**Cumulative Quarter**	
	30 June 2017	**30 June 2016 (Restated)**	**30 June 2017**	**30 June 2016 (Restated)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fee and commission income:				
Brokerage fees and commission	21,914	16,705	21,914	16,705
Corporate advisory	2,980	2,650	2,980	2,650
Fees on loans and securities	2,476	5,809	2,476	5,809
Guarantee fees	10	32	10	32
Portfolio management fees	233	119	233	119
Underwriting commission	151	3,067	151	3,067
Wealth management fees	11,006	7,819	11,006	7,819
Other fee and commission income	791	3,533	791	3,533
	39,561	39,734	39,561	39,734
Investment and trading income:				
Gross dividend income from:				
Financial investments available-for-sale	883	883	883	883
Net foreign exchange (loss)/gain	(452)	740	(452)	740
Net gain/(loss) from sale of financial assets held-for-trading	4	(2)	4	(2)
Net gain from sale of financial investments available-for-sale	-	295	-	295
Net loss on revaluation of derivatives	(21)	(8)	(21)	(8)
Net gain/(loss) on revaluation of financial assets held-for-trading	12	(24)	12	(24)
Gain on disposal of an associate	-	2,179	-	2,179
	426	4,063	426	4,063
Other income:				
Net loss on disposal of property and equipment	-	(26)	-	(26)
Non-trading foreign exchange loss	(1)	-	(1)	-
Rental income	558	594	558	594
Others	741	75	741	75
	1,298	643	1,298	643
	41,285	44,440	41,285	44,440

18. DIRECT COSTS

Group	**Individual Quarter**		**Cumulative Quarter**	
	30 June 2017	**30 June 2016 (Restated)**	**30 June 2017**	**30 June 2016 (Restated)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dealers' incentive	1,049	946	1,049	946
Brokerage commission	6,375	3,420	6,375	3,420
Unit trust commission	14,651	13,720	14,651	13,720
Others	5,040	2,431	5,040	2,431
	27,115	20,517	27,115	20,517
Bank				
Dealers' incentive	1,049	946	1,049	946
Brokerage commission	6,375	3,420	6,375	3,420
Others	5,040	2,431	5,040	2,431
	12,464	6,797	12,464	6,797

19. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30 June 2017	30 June 2016 (Restated)	30 June 2017	30 June 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Contributions to EPF/Private Retirement Scheme	4,176	3,707	4,176	3,707
- Salaries, allowances and bonuses	24,987	23,130	24,987	23,130
- Shares and options granted under AMMB ESS - writeback	(3,613)	(70)	(3,613)	(70)
- Social security costs	137	120	137	120
- Others	7,228	2,538	7,228	2,538
	32,915	29,425	32,915	29,425
Establishment costs				
- Amortisation of intangible assets	544	552	544	552
- Cleaning, maintenance and security	341	401	341	401
- Computerisation costs	2,798	2,800	2,798	2,800
- Depreciation of property and equipment	716	768	716	768
- Rental of premises	2,582	2,513	2,582	2,513
- Others	212	1,198	212	1,198
	7,193	8,232	7,193	8,232
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	154	93	154	93
- Sales commission	238	62	238	62
- Travelling and entertainment	473	565	473	565
- Communication expenses	1,078	944	1,078	944
- Others	259	507	259	507
	2,202	2,171	2,202	2,171
Administration and general expenses				
- Professional fees	4,392	4,003	4,392	4,003
- Travelling	167	317	167	317
- Others	11,485	4,489	11,485	4,489
	16,044	8,809	16,044	8,809
Service transfer pricing - (income)/expense, net	1,188	(245)	1,188	(245)
	59,542	48,392	59,542	48,392

19. OTHER OPERATING EXPENSES (CONTD.)

Bank	**Individual Quarter**		**Cumulative Quarter**	
	30 June 2017	**30 June 2016 (Restated)**	**30 June 2017**	**30 June 2016 (Restated)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Personnel costs				
- Contributions to EPF/Private Retirement Scheme	2,978	2,547	2,978	2,547
- Salaries, allowances and bonuses	17,526	15,912	17,526	15,912
- Shares and options granted under AMMB ESS - writeback	(2,690)	(76)	(2,690)	(76)
- Social security costs	95	82	95	82
- Others	4,652	1,734	4,652	1,734
	22,561	20,199	22,561	20,199
Establishment costs				
- Amortisation of intangible assets	217	230	217	230
- Cleaning, maintenance and security	327	389	327	389
- Computerisation costs	2,765	2,770	2,765	2,770
- Depreciation of property and equipment	621	682	621	682
- Rental of premises	2,039	2,033	2,039	2,033
- Others	105	975	105	975
	6,074	7,079	6,074	7,079
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	108	29	108	29
- Sales commission	230	51	230	51
- Travelling and entertainment	373	435	373	435
- Communication expenses	822	681	822	681
- Others	152	361	152	361
	1,685	1,557	1,685	1,557
Administration and general expenses				
- Professional fees	762	798	762	798
- Travelling	103	124	103	124
- Others	8,309	1,491	8,309	1,491
	9,174	2,413	9,174	2,413
Service transfer pricing - (income)/expense, net	145	(1,641)	145	(1,641)
	39,639	29,607	39,639	29,607

20. WRITEBACK OF IMPAIRMENT ON LOANS AND ADVANCES

Group and Bank	**Individual Quarter**		**Cumulative Quarter**	
	30 June 2017	**30 June 2016**	**30 June 2017**	**30 June 2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Writeback of impairment on loans and advances:				
Individual allowance	24	16	24	16
Collective allowance	69	371	69	371
	93	387	93	387

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.

The Group comprises the following main business segments:

(a) Wholesale banking

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

(i) Equity Markets - provides clients an investment avenue to participate in the equity markets through its multiple distribution channels, including remisiers, Bank Branch Broking, salaried dealers, and the internet trading platform, offering clients the flexibility to trade equities, futures and equity derivatives both online and offline.

(ii) Fund Management – comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.

(iii) Private Banking – manages the private wealth of high net worth individuals, family groups and companies by offering comprehensive wealth management solutions and integrated access to expertise and resources of AmBank Group.

(iv) Corporate Finance – provides an extensive range of corporate finance and advisory services which include mergers and acquisitions, divestitures, take-overs, initial public offerings, restructuring, privatisations, issuance of equity and equity-linked instruments as well as valuation support.

(v) Capital Markets – provides debt financing solutions to clients through a wide array of products which include conventional corporate bonds and Islamic sukuk, loan syndication, capital and project advisory as well as structured finance and securitization deals.

(vi) Others – include other non-core Wholesale Banking activities within the Group which includes Markets and Corporate and Commercial Banking.

(b) Group Funding and Others

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

Note:
The revenue generated by a majority of the operating segments substantially comprise finance income. The Chief Operating Decision Maker relies primarily on the net finance income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.

21. BUSINESS SEGMENT ANALYSIS (CONT'D.)

	Wholesale Banking							
30 June 2017 Group	**Equity Markets RM'000**	**Fund Management RM'000**	**Private Banking RM'000**	**Corporate Finance RM'000**	**Capital Markets RM'000**	**Others RM'000**	**Group Funding and Others RM'000**	**Total RM'000**
External revenue	24,059	30,510	9,758	3,404	8,944	(33)	6,500	83,142
Revenue from other segments	78	-	(440)	3	(26)	7	378	-
Revenue	24,137	30,510	9,318	3,407	8,918	(26)	6,878	83,142
Net interest income/(expense)	5,130	329	162	3	(27)	7	(287)	5,317
Other operating income/(expense), net of direct costs	18,902	30,089	9,156	3,404	8,945	(34)	1,780	72,242
Net income	24,032	30,418	9,318	3,407	8,918	(27)	1,493	77,559
Other operating expenses	(16,309)	(19,722)	(4,612)	(4,019)	(3,974)	(2,217)	(8,689)	(59,542)
of which:								
Depreciation of property and equipment	(247)	(95)	(58)	(15)	(9)	(46)	(245)	(715)
Amortisation of intangible assets	(172)	(327)	(28)	(1)	(2)	6	(20)	(544)
Operating profit/(loss)	7,723	10,696	4,706	(612)	4,944	(2,244)	(7,196)	18,017
Writeback of impairment on loans and advances	52	-	32	-	-	-	9	93
(Allowance for)/Writeback of doubtful receivables, net	771	-	-	-	-	(1)	-	770
(Allowance for)/Writeback of provision for commitments and contingencies	19	-	(6)	-	-	-	-	13
Profit/(loss) before taxation	8,565	10,696	4,732	(612)	4,944	(2,245)	(7,187)	18,893
Taxation	(520)	(2,177)	(1,136)	147	(1,187)	539	2,041	(2,293)
Profit/(loss) for the period	8,045	8,519	3,596	(465)	3,757	(1,706)	(5,146)	16,600
Other information:								
Total segment assets	923,641	161,736	53,680	2,379	6,286	918	779,681	1,928,321
Total segment liabilities	596,467	24,420	6,209	1,858	5,073	2,463	689,846	1,326,336
Cost to income ratio	67.9%	64.8%	49.5%	>100%	44.6%	>-100%	>100%	76.8%
Gross loans and advances	247,860	-	48,441	-	-	-	2,032	298,333
Net loans and advances	245,269	-	48,345	-	-	-	1,944	295,558
Impaired loans and advances	2,139	-	-	-	-	-	-	2,139
Total deposits and placements	-	-	-	-	-	-	650,000	650,000
Additions to:								
Property and equipment	59	33	4	92	-	132	40	360
Intangible assets	58	107	-	-	-	8	14	187

21. BUSINESS SEGMENT ANALYSIS (CONT'D.)

	Wholesale Banking							
30 June 2016 (Restated) Group	**Equity Markets RM'000**	**Fund Management RM'000**	**Private Banking RM'000**	**Corporate Finance RM'000**	**Capital Markets RM'000**	**Others RM'000**	**Group Funding and Others RM'000**	**Total RM'000**
External revenue	16,965	29,995	8,627	8,499	7,287	(65)	7,193	78,501
Revenue from other segments	171	-	(504)	1	(23)	(3)	358	-
Revenue	17,136	29,995	8,123	8,500	7,264	(68)	7,551	78,501
Net interest income/(expense)	5,158	573	174	1	(24)	(2)	352	6,232
Other operating income/(expense), net of direct costs	11,865	29,422	7,949	8,499	7,288	(66)	2,465	67,422
Gain on disposal of an associate	-	-	-	-	-	-	560	560
Net income	17,023	29,995	8,123	8,500	7,264	(68)	3,377	74,214
Other operating expenses	(14,913)	(18,484)	(4,463)	(4,424)	(2,009)	(1,165)	(2,934)	(48,392)
of which:								
Depreciation of property and equipment	(268)	(86)	(61)	(14)	(9)	(70)	(260)	(768)
Amortisation of intangible assets	(194)	(323)	(5)	(2)	-	(15)	(14)	(553)
Operating profit/(loss)	2,110	11,511	3,660	4,076	5,255	(1,233)	443	25,822
(Allowance for)/Writeback of impairment on loans and advances	378	-	39	-	-	5	(35)	387
(Allowance for)/Writeback of doubtful receivables, net	10	-	-	138	-	(1)	1	148
Allowance for commitments and contingencies	(155)	-	(66)	-	-	(4)	(6,000)	(6,225)
Profit/(loss) before taxation	2,343	11,511	3,633	4,214	5,255	(1,233)	(5,591)	20,132
Taxation	(626)	(2,203)	(872)	(1,011)	(1,261)	296	(2,958)	(8,635)
Profit/(loss) for the period	1,717	9,308	2,761	3,203	3,994	(937)	(8,549)	11,497
Other information:								
Total segment assets	910,696	177,610	60,190	6,139	17,635	536	478,642	1,651,448
Total segment liabilities	612,589	26,366	3,703	1,961	8,024	1,304	324,723	978,670
Cost to income ratio	87.6%	61.6%	54.9%	52.0%	27.7%	>-100%	86.9%	65.2%
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 and placements	-	-	-	-	-	-	450,000	450,000
Additions to:								
Property and equipment	500	14	4	6	4	475	32	1,035
Intangible assets	139	41	-	-	-	-	-	180

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 June 2017 RM'000	**31 March 2017 RM'000**
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	199,123	203,135
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
	199,142	203,154
Contingent Liabilities		
Direct credit substitutes	3,391	3,391
	3,391	3,391
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	7,180	262
Equity related contracts:		
- One year or less	-	1,037
	7,180	1,299
	209,713	207,844

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

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

Determination of fair value and fair value hierarchy

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

	< ---------- Group and Bank---------- >			
30 June 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Assets measured at fair value				
Financial assets held-for-trading				
- Quoted unit trust	942	-	-	942
Liabilities measured at fair value				
Derivative financial liabilities	7	-	-	7

	< ---------- Group and Bank---------- >			
31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Assets measured at fair value				
Financial assets held-for-trading				
- Quoted unit trust	955	-	-	955
Liabilities measured at fair value				
Derivative financial liabilities	4	-	-	4

24. CAPITAL ADEQUACY

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

As at 30 June 2017	**Group**	**Bank**
Common Equity Tier 1 ("CET1") Capital Ratio	34.333%	29.582%
Tier 1 Capital Ratio	34.333%	29.582%
Total Capital Ratio	34.571%	29.582%

As at 31 March 2017	**Group**	**Bank**
Before deducting proposed dividends:		
CET 1 Capital Ratio	38.339%	32.916%
Tier 1 Capital Ratio	38.339%	32.916%
Total Capital Ratio	38.591%	32.916%
After deducting proposed dividends:		
CET 1 Capital Ratio	36.880%	31.373%
Tier 1 Capital Ratio	36.880%	31.373%
Total Capital Ratio	37.132%	31.373%

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

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

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

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

	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 June 2017 RM'000	**31 March 2017 RM'000**	**30 June 2017 RM'000**	**31 March 2017 RM'000**
CET 1 Capital				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	274,276	95,252	268,087	88,943
Exchange fluctuation reserve	2,961	3,035	-	-
Statutory reserve	-	200,000	-	200,000
Regulatory reserve	2,918	2,800	2,918	2,800
Capital reserve	2,815	2,815	-	-
Merger reserve	82,115	82,115	-	-
Less : Regulatory adjustments applied on CET1 capital:				
Goodwill	(36,442)	(36,442)	-	-
Other intangibles	(3,813)	(4,170)	(2,376)	(2,513)
Deferred tax assets	(11,029)	(9,158)	(8,641)	(7,153)
Regulatory reserve	(2,918)	(2,800)	(2,918)	(2,800)
Investments in capital instruments of unconsolidated financial entities	-	-	(39,847)	(39,847)
Deduction in excess of Tier 2 *	-	-	(6,410)	(6,458)
CET1 capital/Tier 1 Capital	**510,883**	**533,447**	**410,813**	**432,972**
Tier 2 ("T2") capital				
Collective impairment provisions and regulatory reserve	3,552	3,505	3,552	3,505
Less : Regulatory adjustments applied on Tier 2 capital	-	-	(3,552)	(3,505)
Tier 2 capital	3,552	3,505	-	-
Total Capital	**514,435**	**536,952**	**410,813**	**432,972**

*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 June 2017 RM'000	**31 March 2017 RM'000**	**30 June 2017 RM'000**	**31 March 2017 RM'000**
Credit risk	911,438	824,747	1,094,488	1,015,958
Market risk	44,463	35,133	20,674	20,158
Operational risk	532,141	531,513	273,554	279,251
	1,488,042	1,391,393	1,388,716	1,315,367

25. OPERATIONS OF ISLAMIC BANKING

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group and Bank	
		30 June 2017 RM'000	31 March 2017 RM'000
ASSETS			
Cash and short-term funds		311,896	301,587
Other receivables, deposits and prepayments		6,268	6,136
Deferred tax assets		394	333
Property and equipment		10	12
TOTAL ASSETS		318,568	308,068
LIABILITIES AND ISLAMIC BANKING FUNDS			
Other liabilities	25a	107,962	103,706
TOTAL LIABILITIES		107,962	103,706
ISLAMIC BANKING FUNDS			
Capital funds		30,000	30,000
Reserves		180,606	174,362
Islamic Banking Funds		210,606	204,362
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		318,568	308,068

Note :

There are no outstanding commitments and contingencies of the Group and the Bank as at 30 June 2017 and 31 March 2017.

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

UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

	Individual Quarter		Cumulative Quarter	
Group and Bank	**30 June 2017 RM'000**	**30 June 2016 RM'000**	**30 June 2017 RM'000**	**30 June 2016 RM'000**
Income derived from investment of depositors' funds and others	728	720	728	720
Income attributable to depositors	(378)	(164)	(378)	(164)
Profit attributable to the Group and the Bank	350	556	350	556
Income derived from investment of Islamic banking funds	8,674	3,912	8,674	3,912
Direct costs	(65)	(32)	(65)	(32)
Total net income	8,959	4,436	8,959	4,436
Other operating expenses	(742)	(766)	(742)	(766)
Profit before taxation	8,217	3,670	8,217	3,670
Taxation	(1,973)	(881)	(1,973)	(881)
Profit for the financial period	6,244	2,789	6,244	2,789

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

	Non-distributable	Distributable	
	Capital Funds RM'000	Retained Earnings RM'000	Total RM'000
Group and Bank			
At 1 April 2016	30,000	161,143	191,143
Profit for the financial period	-	2,789	2,789
At 30 June 2016	30,000	163,932	193,932
At 1 April 2017	30,000	174,362	204,362
Profit for the financial period	-	6,244	6,244
At 30 June 2017	30,000	180,606	210,606

25a. OTHER LIABILITIES

	Group and Bank	
	30 June 2017 RM'000	31 March 2017 RM'000
Trade payables	470	107
Other payables and accruals	1,400	1,125
Amount due to head office	99,950	98,366
Provision for taxation	6,142	4,108
	107,962	103,706

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

25b. CAPITAL ADEQUACY

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

	30 June 2017	31 March 2017
CET 1 capital ratio	179.912%	189.281%
Tier 1 capital ratio	179.912%	189.281%
Total capital ratio	179.912%	189.281%

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 for Islamic Banks (Capital Components) issued on 13 October 2015 which is based on Basel III capital accord. Pursuant to these guidelines, the minimum capital adequacy ratios 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 operations of Islamic banking of the Group and the Bank are as follows:

	30 June 2017 RM'000	31 March 2017 RM'000
CET1 Capital		
Capital Funds	30,000	30,000
Retained earnings	174,362	174,362
Less : Regulatory adjustments applied on CET1 Capital		
Deferred tax assets	(394)	(333)
CET1 capital/ Tier 1 capital/ Total capital	203,968	204,029

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

	30 June 2017 RM'000	31 March 2017 RM'000
Credit risk	68,636	66,446
Operational risk	44,735	41,347
Total risk weighted assets	113,371	107,793

26. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2017

The Group's profit before taxation for the three months period ended 30 June 2017 of RM18.9 million was lower by RM 1.2 million or 6.0% as compared to the corresponding three months period ended 30 June 2016. The lower Group's profit before taxation was mainly due to higher expenses mainly on personnel expenses from bonus provisioning and recruitment expenses. This was partly offset by higher brokerage fees and commission and unit trust management fees.

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

27. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2018 ("FY2018")

Malaysia's Gross Domestic Product (GDP) is expected to grow at a credible 5.7% - 5.9% in 2017 (2016: 4.2%) underpinned by income support measures, higher infrastructure spending and strong exports on the back of improving global demand and firm commodity prices.

Domestic investment activity will continue to support GDP growth from improving private investment, recovery in agriculture, large infrastructure projects and steady private consumption supported by rising wages and government measures to bolster income. Better export growth comes from better prospects for semiconductors and resource based activities from our major trading partners.

Inflation is projected to hover around 4.0% in 2017 (2016: 2.1%) owing to the lag effects of weak ringgit against dollar and cost-push factors as well as the fading high base effect. Furthermore, demand-pull inflation from improving economic activity is poised to add inflationary pressure.

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

Wholesale Banking's strategic priorities for FY2018 are:

- Corporate Finance will continue to leverage on our full-fledged advisory services to enhance value for all stakeholders and utilise our underwriting abilities to provide total solutions
- Capital Markets Group will maintain its role as a key player in the bond, sukuk and loan/Islamic financing markets as well as exploring new opportunities
- Funds Management will continue to develop innovative Shariah compliant products and services and to grow retail business

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

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

28. VALUATION OF PROPERTY AND EQUIPMENT

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

29. SIGNIFICANT EVENT

Approval from Bank Negara Malaysia ("BNM") for AMMB Holdings Berhad ("AMMB"), the Bank's ultimate holding company, to commence negotiations with RHB Bank Berhad ("RHB") for a possible merger of their business and undertakings

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

(AMMB and RHB, collectively defined as the 'Parties')

Pursuant to BNM's approval, the Parties have on the same day, entered into an exclusivity agreement to negotiate and finalise pricing, structure, and other relevant terms and conditions for the Proposed Merger from and including the date of this announcement until 5.00 p.m. on 30 August 2017 (unless otherwise agreed by the Parties) ("Exclusivity Period"). There will be an automatic extension of the Exclusivity Period upon a submission being made to BNM for an application for the approval of the Minister of Finance for the Proposed Merger by any or both the Parties, until the date of execution of the relevant definitive agreement(s) to effect the Proposed Merger.

30. RESTATEMENT OF COMPARATIVE INFORMATION

The following comparative figures have been restated due to the effect of pooling of interests method arising from:

(a) the transfer of futures broking business from AmFutures Sdn Bhd to the Bank which was completed on 16 August 2016;
(b) the acquisition of fund management entities ("FMEs") from a related company, AmInvestment Group Berhad on 21 July 2016 whereby the Bank acquired 100% equity interest in AmFunds Management Berhad and AmIslamic Funds Management Sdn Bhd.

(i) Reconciliation of statement of profit or loss

	As previously reported RM'000	Effect of pooling of interests method RM'000	As restated RM'000
Group			
For the individual and cumulative quarter ended 30 June 2016			
Operating revenue	48,506	29,995	78,501
Interest income	7,818	572	8,390
Other operating income	42,885	43,143	86,028
Direct costs	(6,797)	(13,720)	(20,517)
Other operating expenses	(29,908)	(18,484)	(48,392)
Taxation	(6,432)	(2,203)	(8,635)
Bank			
For the individual and cumulative quarter ended 30 June 2016			
Operating revenue	48,724	1,316	50,040
Interest income	7,259	538	7,797
Interest expense	(4,010)	(113)	(4,123)
Other operating income	43,424	1,016	44,440
Direct costs	(6,559)	(238)	(6,797)
Other operating expenses	(28,886)	(721)	(29,607)
Provision for doubtful receivables, net	148	-	148
Taxation	(6,290)	(115)	(6,405)

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

(ii) Reconciliation of statements of changes in equity

	As previously reported RM'000	Effect of pooling of interests method RM'000	As restated RM'000
Group			
As at 30 June 2016			
Merger reserve	7,656	151,244	158,900
Bank			
As at 30 June 2016			
Merger reserve	-	22,988	22,988

(iii) Reconciliation of condensed statements of cash flows for the financial period ended 30 June 2016

	As previously reported	Effect of pooling of interests method	As restated
Group			
	RM'000	**RM'000**	**RM'000**
Profit before taxation	8,621	11,511	20,132
Adjustments for non-operating and non-cash items	3,377	4,127	7,504
(Increase)/decrease in operating assets	181,369	(4,046)	177,323
Increase/(decrease) in operating liabilities	(155,857)	10,909	(144,948)
Net cash generated from investing activities	3,171	(752)	2,419
Bank			
	RM'000	**RM'000**	**RM'000**
Profit before taxation	9,974	482	10,456
Adjustments for non-operating and non-cash items	3,376	2,147	5,523
(Increase)/decrease in operating assets	210,744	(32,973)	177,771
Increase/(decrease) in operating liabilities	(180,265)	31,575	(148,690)
Net cash generated from investing activities	2,246	171	2,417