

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

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

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	Group		Bank	
		30 June 2016	31 March 2016	30 June 2016	31 March 2016
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		5,486,752	7,605,681	5,259,696	7,380,187
Deposits and placements with banks and other financial institutions		350,000	850,000	350,000	850,000
Investment account		1,000,000	1,000,000	1,000,000	1,000,000
Derivative financial assets		1,599,450	1,894,819	1,599,450	1,894,819
Financial assets held-for-trading	A8	2,909,628	1,870,427	2,909,628	1,870,427
Financial investments available-for-sale	A9	6,986,424	7,476,200	7,051,039	7,545,237
Financial investments held-to-maturity	A10	2,861,860	2,828,754	2,861,860	2,828,754
Loans and advances	A11	58,646,290	58,814,740	58,553,232	58,717,201
Receivables: Investments not quoted in active markets	A12	177,181	97,181	177,181	97,181
Statutory deposit with Bank Negara Malaysia		1,860,634	1,745,554	1,860,634	1,745,554
Deferred tax assets		8,316	76,485	7,227	75,430
Investment in subsidiaries and other investment		-	-	74,277	104,277
Investment in associates		-	-	22	22
Other assets	A13	2,072,158	2,032,171	2,054,978	2,032,443
Property and equipment		162,977	165,900	115,983	121,819
Intangible assets		357,975	350,753	352,356	344,944
Asset held for sale		-	3,167	-	100
TOTAL ASSETS		84,479,645	86,811,832	84,227,563	86,608,395
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	A14	1,186,329	951,138	1,265,240	1,031,113
Recourse obligation on loans sold to Cagamas Berhad		2,801,820	2,807,951	2,801,820	2,807,951
Derivative financial liabilities		1,559,821	2,023,211	1,559,821	2,023,211
Deposits from customers	A15	60,079,421	62,148,465	60,150,271	62,247,524
Term funding		5,224,766	5,549,451	5,224,766	5,549,451
Debt capital		2,694,588	2,694,550	2,694,588	2,694,550
Other liabilities	A16	2,426,346	2,374,240	2,401,892	2,353,036
TOTAL LIABILITIES		75,973,091	78,549,006	76,098,398	78,706,836
Share capital		820,364	820,364	820,364	820,364
Reserves		7,686,128	7,442,400	7,308,801	7,081,195
Equity attributable to equity holder of the Bank		8,506,492	8,262,764	8,129,165	7,901,559
Non-controlling interests		62	62	-	-
TOTAL EQUITY		8,506,554	8,262,826	8,129,165	7,901,559
TOTAL LIABILITIES AND EQUITY		84,479,645	86,811,832	84,227,563	86,608,395
COMMITMENTS AND CONTINGENCIES	A29	130,524,348	121,028,342	130,565,113	121,066,632
NET ASSETS PER SHARE (RM)		10.37	10.07	9.91	9.63

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.

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

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

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Group					
Operating revenue		1,127,993	1,149,760	1,127,993	1,149,760
Interest income	A17	977,982	997,811	977,982	997,811
Interest expense	A18	(598,009)	(582,808)	(598,009)	(582,808)
Net interest income		379,973	415,003	379,973	415,003
Other operating income	A19	150,011	151,949	150,011	151,949
Share in results of associates		-	318	-	318
Net income		529,984	567,270	529,984	567,270
Other operating expenses	A20	(292,951)	(275,317)	(292,951)	(275,317)
Operating profit		237,033	291,953	237,033	291,953
Writeback of allowance for impairment on loans and advances	A21	45,182	25,426	45,182	25,426
Writeback of provision for commitments and contingencies		2,487	3,806	2,487	3,806
Impairment loss on:					
Doubtful sundry receivables, net		(25)	(102)	(25)	(102)
Foreclosed properties		(142)	(84)	(142)	(84)
Recoveries of other receivables		9,724	467	9,724	467
Profit before taxation		294,259	321,466	294,259	321,466
Taxation		(68,683)	(69,327)	(68,683)	(69,327)
Profit for the period		225,576	252,139	225,576	252,139
Attributable to:					
Equity holder of the Bank		225,576	252,139	225,576	252,139
Non-controlling interests		-	-	-	-
Profit for the period		225,576	252,139	225,576	252,139
Earnings per share (sen)	A22				
Basic/Diluted		27.50	30.74	27.50	30.74

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.

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

	Individual Quarter		Cumulative Quarter	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Group				
Profit for the period	225,576	252,139	225,576	252,139
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation on foreign operations	14,886	1,929	14,886	1,929
Net gain on financial investments available-for-sale	12,260	1,982	12,260	1,982
Net movement on cash flow hedge	(2,322)	6,749	(2,322)	6,749
Tax effect relating to the components of other comprehensive income	(6,169)	(2,095)	(6,169)	(2,095)
Other comprehensive income, net of tax	18,655	8,565	18,655	8,565
Total comprehensive income for the period, net of tax	244,231	260,704	244,231	260,704
Attributable to:				
Equity holder of the Bank	244,231	260,704	244,231	260,704
Non-controlling interests	-	-	-	-
	244,231	260,704	244,231	260,704

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.

Company No. 8515-D

AmBank (M) Berhad
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**UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016**

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Bank					
Operating revenue		1,122,261	1,142,461	1,122,261	1,142,461
Interest income	A17	975,103	994,248	975,103	994,248
Interest expense	A18	(600,078)	(584,309)	(600,078)	(584,309)
Net interest income		375,025	409,939	375,025	409,939
Other operating income	A19	147,158	148,213	147,158	148,213
Net income		522,183	558,152	522,183	558,152
Other operating expenses	A20	(312,723)	(301,286)	(312,723)	(301,286)
Operating profit		209,460	256,866	209,460	256,866
Writeback of allowance for impairment on loans and advances	A21	45,198	25,428	45,198	25,428
Writeback of provision for commitments and contingencies		8,486	3,820	8,486	3,820
Impairment loss on:					
Doubtful sundry receivables, net		(25)	(102)	(25)	(102)
Foreclosed properties		(142)	(84)	(142)	(84)
Recoveries of other receivables		9,724	467	9,724	467
Profit before taxation		272,701	286,395	272,701	286,395
Taxation		(62,005)	(60,639)	(62,005)	(60,639)
Profit for the period		210,696	225,756	210,696	225,756
Earnings per share (sen)	A22				
Basic/Diluted		25.68	27.52	25.68	27.52

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.

Company No. 8515-D

AmBank (M) Berhad
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**UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016**

	Individual Quarter		Cumulative Quarter	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Bank				
Profit for the period	210,696	225,756	210,696	225,756
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to statement of profit or loss				
Currency translation on foreign operations	13,535	1,185	13,535	1,185
Net gain on financial investments available-for-sale	12,403	2,156	12,403	2,156
Net movement on cash flow hedge	(2,322)	6,748	(2,322)	6,748
Income tax relating to the components of other comprehensive income	(6,203)	(2,137)	(6,203)	(2,137)
Other comprehensive income, net of tax	17,413	7,952	17,413	7,952
Total comprehensive income for the period, net of tax	228,109	233,708	228,109	233,708

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.

Company No. 8515-D

AmBank (M) Berhad
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And Its Subsidiaries

UNAUDITED CONSOLIDATED STATEMENTS 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	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging (deficit)/reserve RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	Total attributable to equity holder RM'000	Non-controlling interests RM'000	
At 1 April 2015	820,364	942,844	980,969	104,149	1,207	(481)	50,537	5,147,900	8,047,489	61	8,047,550
Profit for the period	-	-	-	-	-	-	-	252,139	252,139	-	252,139
Other comprehensive income	-	-	-	-	1,507	5,129	1,929	-	8,565	-	8,565
Net gain on foreign currency translation	-	-	-	-	-	-	1,929	-	1,929	-	1,929
Net gain on cash flow hedge	-	-	-	-	-	5,129	-	-	5,129	-	5,129
Net gain on financial investments available-for-sale	-	-	-	-	1,507	-	-	-	1,507	-	1,507
Total comprehensive income for the period	-	-	-	-	1,507	5,129	1,929	252,139	260,704	-	260,704
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(464)	(464)	-	(464)
Transaction with owner and other equity movements	-	-	-	-	-	-	-	(464)	(464)	-	(464)
At 30 June 2015	820,364	942,844	980,969	104,149	2,714	4,648	52,466	5,399,575	8,307,729	61	8,307,790

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.

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016

Group	Attributable to equity holder of the Bank						Distributable				
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging reserves/ (deficit) RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	Total attributable to equity holder RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2016	820,364	942,844	980,969	104,149	11,751	3,635	63,306	5,335,746	8,262,764	62	8,262,826
Profit for the period	-	-	-	-	-	-	-	225,576	225,576	-	225,576
Other comprehensive (loss)/income	-	-	-	-	5,718	(1,949)	14,886	-	18,655	-	18,655
Net gain on foreign currency translation	-	-	-	-	-	-	14,886	-	14,886	-	14,886
Net gain on cash flow hedge	-	-	-	-	-	(1,949)	-	-	(1,949)	-	(1,949)
Net loss on financial investments available-for-sale	-	-	-	-	5,718	-	-	-	5,718	-	5,718
Total comprehensive (loss)/income for the period	-	-	-	-	5,718	(1,949)	14,886	225,576	244,231	-	244,231
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(503)	(503)	-	(503)
Transaction with owner and other equity movements	-	-	-	-	-	-	-	(503)	(503)	-	(503)
At 30 June 2016	820,364	942,844	980,969	104,149	17,469	1,686	78,192	5,560,819	8,506,492	62	8,506,554

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.

Company No. 8515-D

AmBank (M) Berhad
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**UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016**

	Attributable to equity holder of the Bank						Distributable	Total equity RM'000
	Non-distributable				Cash flow hedging (deficit)/ reserve RM'000	Foreign currency translation reserves RM'000		
Bank	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000				
At 1 April 2015	820,364	942,844	980,969	1,323	(481)	50,585	4,874,087	7,669,691
Profit for the period	-	-	-	-	-	-	225,756	225,756
Other comprehensive income	-	-	-	1,638	5,129	1,185	-	7,952
Net gain on foreign currency translation	-	-	-	-	-	1,185	-	1,185
Net gain on cash flow hedge	-	-	-	-	5,129	-	-	5,129
Net gain on financial investments available-for-sale	-	-	-	1,638	-	-	-	1,638
Total comprehensive income for the period	-	-	-	1,638	5,129	1,185	225,756	233,708
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(464)	(464)
Transaction with owner and other equity movements	-	-	-	-	-	-	(464)	(464)
At 30 June 2015	820,364	942,844	980,969	2,961	4,648	51,770	5,099,379	7,902,935

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.

Company No. 8515-D

AmBank (M) Berhad
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016**

	Attributable to equity holder of the Bank						Distributable	Total equity RM'000
	Non-distributable							
Bank	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging reserve/ (deficit) RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	
At 1 April 2016	820,364	942,844	980,969	11,951	3,635	61,296	5,080,500	7,901,559
Profit for the period	-	-	-	-	-	-	210,696	210,696
Other comprehensive income	-	-	-	5,827	(1,949)	13,535	-	17,413
Net gain on foreign currency translation	-	-	-	-	-	13,535	-	13,535
Net gain on cash flow hedge	-	-	-	-	(1,949)	-	-	(1,949)
Net loss on financial investments available-for-sale	-	-	-	5,827	-	-	-	5,827
Total comprehensive (loss)/income for the period	-	-	-	5,827	(1,949)	13,535	210,696	228,109
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(503)	(503)
Transaction with owner and other equity movements	-	-	-	-	-	-	(503)	(503)
At 30 June 2016	820,364	942,844	980,969	17,778	1,686	74,831	5,290,693	8,129,165

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.

Company No. 8515-D**AmBank (M) Berhad**
(Incorporated in Malaysia)
And Its Subsidiaries**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016

	Group		Bank	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Profit before taxation	294,259	321,466	272,701	286,395
Adjustments for non-operating and non-cash items	(12,272)	130,551	(346,737)	129,063
Operating profit before working capital changes	<u>281,987</u>	<u>452,017</u>	<u>(74,036)</u>	<u>415,458</u>
Changes in working capital:				
Net change in operating assets	(1,384,811)	2,094,364	(1,377,450)	2,051,002
Net change in operating liabilities	(2,192,217)	(315,851)	(1,895,077)	(279,596)
Tax paid	(45,941)	(86,539)	(33,617)	(85,751)
Net cash (used in)/generated from operating activities	<u>(3,340,982)</u>	<u>2,143,991</u>	<u>(3,380,180)</u>	<u>2,101,113</u>
Net cash generated from/(used in) from investing activities	<u>371,322</u>	<u>(766,538)</u>	<u>408,958</u>	<u>(758,907)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,969,660)</u>	<u>1,377,453</u>	<u>(2,971,222)</u>	<u>1,342,206</u>
Cash and cash equivalents at beginning of financial year	8,455,680	7,784,819	8,230,186	7,509,617
Effect of exchange rate changes	<u>732</u>	<u>4</u>	<u>730</u>	<u>7</u>
Cash and cash equivalents at end of financial period	<u><u>5,486,752</u></u>	<u><u>9,162,276</u></u>	<u><u>5,259,694</u></u>	<u><u>8,851,830</u></u>

For purposes of Statements of Cash Flows, Cash and cash equivalents comprise cash and bank balances and deposit and placements maturing within one month ("Cash and short-term funds").

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

EXPLANATORY NOTES

A1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and complies 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 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 from 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 adoption of these new standards and amendments to published standards did not have any material impact on the financial statements of the Group and the Bank. The Group and the Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new standards and amendments to published standards.

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

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

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

1.1.2 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.

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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

1.1.3 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 Bank.

1.1.4 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:

(a) 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.

(b) 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.

(c) 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.

(d) 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 Bank are disclosed in the interim financial statements.

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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 for financial year ending
Amendments to MFRS 107 Disclosure Initiative	31 March 2018
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	31 March 2018
MFRS 15 Revenue from Contracts with Customers	31 March 2019
MFRS 9 Financial Instruments	31 March 2019
MFRS 16 Leases	31 March 2020

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.

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture which was earlier announced to be effective to the Bank for financial year ending 31 March 2017 has been deferred to a date to be determined by MASB.

1.2.1 Standards effective for financial year ending 31 March 2018

Amendments to MFRS 107 Disclosure Initiative

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

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

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

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

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

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

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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

1.2.2 Standards effective for financial year ending 31 March 2019

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 Bank's financial assets, but no impact on the classification and measurement of the Group's and the Bank's financial liabilities.

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

1.2.3 Standards effective for financial year ending 31 March 2020

MFRS 16 Leases

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

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

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

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

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

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

EXPLANATORY NOTES (CONT'D.)

A1. BASIS OF PREPARATION (CONT'D.)

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

1.2.4 Standard effective on a date to be determined by MASB

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

The amendments clarify that:

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

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2016 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Bank are not subject to seasonal or cyclical fluctuation in the current financial quarter.

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

There were no unusual items during the current financial quarter.

A5. CHANGES IN ESTIMATES

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

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

During the financial period, the bank repaid the Senior Notes Programme of RM 325.0 million upon maturity on 28 April 2016.

Other than disclosed as above, there were no share buy-backs, share cancellations, shares held as treasury shares, resale of treasury shares and repayment of debt and equity securities by the Bank during the financial quarter.

A7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2016 and no dividends were paid in the current financial quarter.

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	30 June	31 March
	2016	2016
	RM'000	RM'000
At fair value		
Money market instruments:		
Government Investment Issues	372,734	206,757
Foreign Government Investment Issues	20,203	-
Malaysian Government Securities	618,741	287,529
	<u>1,011,678</u>	<u>494,286</u>
Quoted securities:		
<i>In Malaysia:</i>		
Shares	63,107	67,560
Unit trusts	79,136	130,272
Warrants	-	80
Private debt securities	38,926	38,962
	<u>181,169</u>	<u>236,874</u>
<i>Outside Malaysia:</i>		
Shares	108,215	102,101
Unquoted securities:		
<i>In Malaysia:</i>		
Private debt securities	1,608,314	1,000,756
<i>Outside Malaysia:</i>		
Private debt securities	252	36,410
	<u>2,909,628</u>	<u>1,870,427</u>

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
At fair value				
Money market instruments:				
Government Investment Issues	587,258	625,820	587,258	625,820
Islamic Treasury Bills	-	28,723	-	28,723
Malaysian Government Securities	265,137	384,777	265,137	384,777
Negotiable Instruments of Deposit	1,629,463	2,049,644	1,629,463	2,049,644
	<u>2,481,858</u>	<u>3,088,964</u>	<u>2,481,858</u>	<u>3,088,964</u>
Quoted securities:				
<i>In Malaysia:</i>				
Shares	3,804	4,204	3,801	4,202
Unit trusts	137,617	137,617	137,617	137,617
	<u>141,421</u>	<u>141,821</u>	<u>141,418</u>	<u>141,819</u>
<i>Outside Malaysia:</i>				
Shares	48	47	8	8
Unquoted securities:				
<i>In Malaysia:</i>				
Private debt securities	3,992,886	3,845,078	4,057,589	3,914,201
<i>Outside Malaysia:</i>				
Private debt securities	282,659	312,740	282,659	312,740
At cost				
Unquoted securities:				
<i>In Malaysia:</i>				
Shares	87,375	87,375	87,330	87,330
<i>Outside Malaysia:</i>				
Shares	177	175	177	175
	<u>6,986,424</u>	<u>7,476,200</u>	<u>7,051,039</u>	<u>7,545,237</u>

As at 30 June 2016, the Bank owns 26.7% (31 March 2015: 26.7%) of AmFirst Real Estate Investment Trust ("REIT"). MFRS 128 Investment in Associates and Joint Ventures, presume that the Bank has significant influence over the REIT. However, the Bank has restricted voting power as stated in the Trust Deed. As such, the Bank has no significant influence and the investment is recognised as AFS.

In the financial year ended 31 March 2014, the Bank reclassified securities amounting to RM62,181,000 that are not quoted in an active market out of the available-for-sale category to the loans and receivables category as the Bank has the intention to hold the securities until maturity.

As at 30 June 2016, the fair value gain that would have been recognised in other comprehensive income for the current period if the securities had not been reclassified amounted to RM1,058,000 (31 March 2016: RM4,102,000).

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group and Bank	
	30 June 2016 RM'000	31 March 2016 RM'000
At amortised cost		
Money market instruments:		
Foreign Treasury Bills	806,162	780,153
Unquoted securities:		
<i>In Malaysia:</i>		
Private debt securities	2,058,706	2,051,609
Less: Accumulated impairment losses	(3,008)	(3,008)
	<u>2,861,860</u>	<u>2,828,754</u>

A11. LOANS AND ADVANCES

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
At amortised cost:				
Overdraft	2,360,660	2,314,683	2,360,660	2,314,683
Term loans	13,932,459	14,641,244	13,932,459	14,641,244
Housing loan receivables	16,341,322	15,673,465	16,168,321	15,493,600
Hire purchase receivables	12,808,989	12,833,088	12,808,989	12,833,088
Bills receivables	908,248	934,993	908,248	934,993
Trust receipts	937,622	1,114,735	937,622	1,114,735
Claims on customers under acceptance credits	2,880,977	2,823,822	2,880,977	2,823,822
Staff loans	110,160	112,094	110,160	112,094
Card receivables	1,318,179	1,305,021	1,318,179	1,305,021
Revolving credits	7,670,093	7,827,388	7,749,747	7,909,441
Others	187,711	216,359	187,711	216,359
	<u>59,456,420</u>	<u>59,796,892</u>	<u>59,363,073</u>	<u>59,699,080</u>
Gross loans and advances				
Allowance for impairment on loans and advances:				
- Individual allowance	(86,374)	(251,303)	(86,374)	(251,303)
- Collective allowance	(723,756)	(730,849)	(723,467)	(730,576)
Net loans and advances	<u>58,646,290</u>	<u>58,814,740</u>	<u>58,553,232</u>	<u>58,717,201</u>

Note:

As part of Restricted Investment Accounts arrangement with AmBank Islamic Berhad ("AmBank Islamic"), the Bank records the amount it provides as financing under the arrangement as investment accounts. The financing to external parties made by AmBank Islamic is recorded by AmBank Islamic as financing and advances. As losses from the business venture is borne solely by the Bank, the related collective allowance is recorded by the Bank.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A11. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	154,753	160,533	154,753	160,533
Domestic non-bank financial institutions	1,467,222	1,678,716	1,546,876	1,760,769
Domestic business enterprises				
- Small medium enterprises	7,791,315	7,820,765	7,791,315	7,820,765
- Others	15,723,307	16,546,462	15,723,307	16,546,462
Government and statutory bodies	109,755	104,172	109,755	104,172
Individuals	32,885,218	32,131,490	32,712,217	31,951,625
Other domestic entities	100,316	108,574	100,316	108,574
Foreign individuals and entities	1,224,534	1,246,180	1,224,534	1,246,180
	<u>59,456,420</u>	<u>59,796,892</u>	<u>59,363,073</u>	<u>59,699,080</u>

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
In Malaysia	58,869,476	59,161,871	58,776,129	59,064,059
Outside Malaysia	586,944	635,021	586,944	635,021
	<u>59,456,420</u>	<u>59,796,892</u>	<u>59,363,073</u>	<u>59,699,080</u>

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	320,406	333,008	147,405	153,143
- Hire purchase receivables	11,746,136	12,058,941	11,746,136	12,058,941
- Other fixed rate loans	5,753,037	5,973,668	5,753,037	5,973,668
Variable rate				
- Base rate and base lending rate plus	25,579,901	24,787,850	25,579,901	24,787,850
- Cost plus	14,295,712	14,913,375	14,375,366	14,995,428
- Other variable rates	1,761,228	1,730,050	1,761,228	1,730,050
	<u>59,456,420</u>	<u>59,796,892</u>	<u>59,363,073</u>	<u>59,699,080</u>

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A11. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Agriculture	2,577,401	2,576,964	2,577,401	2,576,964
Mining and quarrying	1,365,600	1,447,730	1,365,600	1,447,730
Manufacturing	5,566,688	6,147,509	5,566,688	6,147,509
Electricity, gas and water	329,841	367,281	329,841	367,281
Construction	2,309,972	2,216,717	2,309,972	2,216,717
Wholesale and retail trade and hotel and restaurants	3,429,218	3,390,668	3,429,218	3,390,668
Transport, storage and communication	944,949	1,016,558	944,949	1,016,558
Finance and insurance	1,662,454	1,878,425	1,742,108	1,960,478
Real estate	5,852,957	6,059,302	5,852,957	6,059,302
Business activities	767,241	783,359	767,241	783,359
Education and health	831,281	850,666	831,281	850,666
Household of which:	33,500,102	32,735,468	33,327,101	32,555,603
- purchase of residential properties	16,128,738	15,482,210	15,955,737	15,302,345
- purchase of transport vehicles	12,176,432	12,170,346	12,176,432	12,170,346
- others	5,194,932	5,082,912	5,194,932	5,082,912
Others	318,716	326,245	318,716	326,245
	<u>59,456,420</u>	<u>59,796,892</u>	<u>59,363,073</u>	<u>59,699,080</u>

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

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Maturing within one year	13,768,732	14,352,180	13,847,087	14,432,934
Over one year to three years	6,484,338	6,864,478	6,476,446	6,856,586
Over three years to five years	7,511,692	7,623,251	7,503,543	7,615,102
Over five years	31,691,658	30,956,983	31,535,997	30,794,458
	<u>59,456,420</u>	<u>59,796,892</u>	<u>59,363,073</u>	<u>59,699,080</u>

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

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Balance at beginning of financial year	1,093,403	963,985	1,093,064	963,361
Impaired during the period/year	223,000	1,003,542	222,852	1,002,165
Reclassified as non-impaired	(59,826)	(15,426)	(59,826)	(15,426)
Recoveries	(81,757)	(423,800)	(81,666)	(422,138)
Amount written off	(287,589)	(434,898)	(287,589)	(434,898)
Foreign exchange differences	3,369	-	3,369	-
Balance at end of financial period/year	<u>890,600</u>	<u>1,093,403</u>	<u>890,204</u>	<u>1,093,064</u>
Gross impaired loans and advances as % of gross loans and advances	<u>1.5%</u>	<u>1.8%</u>	<u>1.5%</u>	<u>1.8%</u>
Loan loss coverage	<u>91.0%</u>	<u>89.8%</u>	<u>91.0%</u>	<u>89.8%</u>

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A11. LOANS AND ADVANCES (CONT'D.)

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

	Group		Bank	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
In Malaysia	787,087	992,117	786,691	991,778
Outside Malaysia	103,513	101,286	103,513	101,286
	<u>890,600</u>	<u>1,093,403</u>	<u>890,204</u>	<u>1,093,064</u>

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

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
	Agriculture	1,283	2,272	1,283
Mining and quarrying	84,902	84,987	84,902	84,987
Manufacturing	21,472	155,617	21,472	155,617
Electricity, gas and water	15	265	15	265
Construction	45,194	45,620	45,194	45,620
Wholesale and retail trade and hotel and restaurants	26,230	29,332	26,230	29,332
Transport, storage and communication	7,420	18,272	7,420	18,272
Finance and insurance	386	477	386	477
Real estate	145,580	193,236	145,580	193,236
Business activities	7,940	5,830	7,940	5,830
Education and health	3,584	3,738	3,584	3,738
Household of which:	540,593	547,732	540,197	547,393
- purchase of residential properties	303,740	304,227	303,344	303,888
- purchase of transport vehicles	143,657	151,992	143,657	151,992
- others	93,196	91,513	93,196	91,513
Others	6,001	6,025	6,001	6,025
	<u>890,600</u>	<u>1,093,403</u>	<u>890,204</u>	<u>1,093,064</u>

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

	Group and Bank	
	30 June 2016 RM'000	31 March 2016 RM'000
Individual allowance		
Balance at beginning of financial year	251,303	167,457
Charge to statement of profit or loss, net	6,226	111,381
Amount written-off	(169,168)	(27,535)
Foreign exchange differences	(1,987)	-
Balance at end of financial period/year	<u>86,374</u>	<u>251,303</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A11. LOANS AND ADVANCES (CONT'D.)

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Collective allowance				
Balance at beginning of financial year	730,849	953,660	730,576	953,480
Charge to statement of profit or loss, net	77,905	185,846	77,889	185,754
Amount transferred to				
AmBank Islamic (a)	-	(17)	-	(17)
Amount written-off and others	(76,627)	(409,920)	(76,627)	(409,920)
Foreign exchange differences	(8,371)	1,280	(8,371)	1,279
Balance at end of financial period/year (b)	<u>723,756</u>	<u>730,849</u>	<u>723,467</u>	<u>730,576</u>
Collective allowance as % of gross loans and advances less individual allowance	<u>1.2%</u>	<u>1.2%</u>	<u>1.2%</u>	<u>1.2%</u>

(a) on 31 December 2015, a new Restricted Investment Account ("RIA") contract for the sum of RM300,000,000 was entered into by the Bank with AmBank Islamic. Arising from this new contract, AmBank Islamic transferred collective allowance of RM2,461,000 for the financing funded by the Bank. On 15 March 2016, AmBank early redeemed the RIA and derecognised the collective allowance previously recognised in its financial statements of RM2,478,000.

(b) As at 30 June 2016, the gross exposure and collective allowance relating to the RIA financing for the Group and the Bank amounted to RM1,003,820,000 and RM1,474,000 (31 March 2016: RM1,003,979,000 and RM1,473,000) respectively.

There was no individual allowance provided for the RIA financing for financial period/year 30 June 2016 and 31 March 2016.

A12. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

	Group and Bank	
	30 June 2016 RM'000	31 March 2016 RM'000
At amortised cost:		
Unquoted private debt securities in Malaysia	<u>177,181</u>	<u>97,181</u>

Company No. 8515-D**AmBank (M) Berhad**
(Incorporated in Malaysia)
And Its Subsidiaries**A13. OTHER ASSETS**

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Other receivables, deposits and prepayments	392,819	344,441	376,168	329,094
Interest receivable, net of allowance for impairment	188,896	220,566	188,905	220,582
Amount due from originators	299,124	304,803	299,124	304,803
Amount due from subsidiary and related companies	30,233	34,794	25,679	40,733
Collateral pledged for derivative transactions	665,977	670,715	665,977	670,715
Foreclosed properties	78,856	78,711	78,549	78,404
Deferred charges	78,052	79,050	78,052	79,050
Tax recoverable *	387,006	347,741	378,577	344,960
Less: Accumulated impairment losses	(48,805)	(48,650)	(36,053)	(35,898)
	<u>2,072,158</u>	<u>2,032,171</u>	<u>2,054,978</u>	<u>2,032,443</u>

* In financial year 31 March 2015, the Inland Revenue Board ("IRB") had issued notice of income tax assessments for the year of assessment 2008 and 2009 to the Bank and the Bank had appealed against the said notices by filing an application to the High Court for judicial review of the notice of assessment for the year of assessment 2008 and to the Special Commissioners of Income Tax for the notice of assessment for the year of assessment 2009. The tax paid of approximately RM203,500,700 was recognised as tax recoverable in the previous financial year as the Bank is of the opinion that it has strong grounds to succeed in its appeals.

In financial year 31 March 2016, the Bank was successful in its appeals for the majority of the tax matters under dispute and had received Notices of Reduced Assessment for year of assessment 2008 from the IRB. The Bank's application to the Special Commissioners of Income Tax for the notice of assessment for the year of assessment 2009 is still pending and the next case management is scheduled on 2 August 2016.

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Licensed banks	613,019	334,831	613,019	334,831
Licensed investment banks	157,005	123,953	157,005	123,953
Other financial Institutions	393,928	469,970	472,839	549,945
Bank Negara Malaysia	22,377	22,384	22,377	22,384
	<u>1,186,329</u>	<u>951,138</u>	<u>1,265,240</u>	<u>1,031,113</u>

A15. DEPOSIT FROM CUSTOMERS

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Demand deposits	9,607,037	9,689,196	9,608,860	9,690,746
Savings deposits	3,349,292	3,317,483	3,349,292	3,317,483
Term/Investment deposits	47,122,842	49,141,538	47,191,869	49,239,047
Negotiable instruments of deposits	250	248	250	248
	<u>60,079,421</u>	<u>62,148,465</u>	<u>60,150,271</u>	<u>62,247,524</u>

Company No. 8515-D**AmBank (M) Berhad**
(Incorporated in Malaysia)
And Its Subsidiaries**A15. DEPOSIT FROM CUSTOMERS (CONT'D.)**

(i) The deposits are sourced from the following type of customers:

	Group		Bank	
	30 June	31 March	30 June	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
Government and other statutory bodies	3,842,925	4,261,283	3,842,925	4,261,283
Business enterprises	26,601,569	27,963,073	26,672,419	28,062,132
Individuals	27,333,879	27,894,358	27,333,879	27,894,358
Others	2,301,048	2,029,751	2,301,048	2,029,751
	<u>60,079,421</u>	<u>62,148,465</u>	<u>60,150,271</u>	<u>62,247,524</u>

(ii) The maturity structure of term/investment deposits and negotiable instruments of deposits is as follows:

	Group		Bank	
	30 June	31 March	30 June	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
Due within six months	36,062,259	37,107,011	36,131,286	37,204,520
Over six months to one year	8,477,167	9,325,469	8,477,167	9,325,469
Over one year to three years	2,155,892	2,268,642	2,155,892	2,268,642
Over three years to five years	427,774	440,664	427,774	440,664
	<u>47,123,092</u>	<u>49,141,786</u>	<u>47,192,119</u>	<u>49,239,295</u>

A16. OTHER LIABILITIES

	Group		Bank	
	30 June	31 March	30 June	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
Other payables and accruals	1,019,220	1,095,582	996,244	1,074,435
Interest payable	616,935	636,611	616,939	636,618
Amount due to holding, subsidiary and related companies	285,234	91,790	289,815	91,788
Collateral received for derivative transactions	425,642	469,030	425,642	469,030
Lease deposits and advance rentals	8,750	8,332	8,750	8,332
Provision for commitments and contingencies	70,456	72,793	64,477	72,813
Provision for taxation	109	102	25	20
	<u>2,426,346</u>	<u>2,374,240</u>	<u>2,401,892</u>	<u>2,353,036</u>

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A17. INTEREST INCOME

	Individual Quarter		Cumulative Quarter	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Group				
Short-term funds and deposits with financial institutions	24,325	50,835	24,325	50,835
Financial assets held-for-trading	23,856	16,655	23,856	16,655
Financial investments available-for-sale	75,445	57,282	75,445	57,282
Financial investments held-to-maturity	20,741	20,179	20,741	20,179
Loans and advances	802,675	828,789	802,675	828,789
Investment account	13,045	15,002	13,045	15,002
Impaired loans and advances	2,141	1,411	2,141	1,411
Others	15,754	7,658	15,754	7,658
	<u>977,982</u>	<u>997,811</u>	<u>977,982</u>	<u>997,811</u>
Bank				
Short-term funds and deposits with financial institutions	22,721	48,674	22,721	48,674
Financial assets held-for-trading	23,856	16,655	23,856	16,655
Financial investments available-for-sale	76,302	58,453	76,302	58,453
Financial investments held-to-maturity	20,741	20,179	20,741	20,179
Loans and advances	800,543	826,260	800,543	826,260
Investment account	13,045	15,002	13,045	15,002
Impaired loans and advances	2,141	1,411	2,141	1,411
Others	15,754	7,614	15,754	7,614
	<u>975,103</u>	<u>994,248</u>	<u>975,103</u>	<u>994,248</u>

A18. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Group				
Deposits from customers	467,228	463,374	467,228	463,374
Deposits and placements of banks and other financial institutions	11,820	12,058	11,820	12,058
Recourse obligation of loans sold to Cagamas Berhad	26,832	10,135	26,832	10,135
Term funding	47,010	47,328	47,010	47,328
Debt capital	43,617	48,609	43,617	48,609
Others	1,502	1,304	1,502	1,304
	<u>598,009</u>	<u>582,808</u>	<u>598,009</u>	<u>582,808</u>
Bank				
Deposits from customers	469,297	464,034	469,297	464,034
Deposits and placements of banks and other financial institutions	11,820	12,059	11,820	12,059
Recourse obligation of loans sold to Cagamas Berhad	26,832	10,135	26,832	10,135
Term funding	47,010	47,328	47,010	47,328
Debt capital	43,617	49,449	43,617	49,449
Others	1,502	1,304	1,502	1,304
	<u>600,078</u>	<u>584,309</u>	<u>600,078</u>	<u>584,309</u>

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A19. OTHER OPERATING INCOME

	Individual Quarter		Cumulative Quarter	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Group				
Fee and commission income:				
Bancassurance commission	5,903	7,451	5,903	7,451
Brokerage fees, commission and rebates	581	740	581	740
Fees on loans, advances and securities	48,476	42,863	48,476	42,863
Guarantee fees	14,837	13,628	14,837	13,628
Remittances	5,652	5,628	5,652	5,628
Service charges and fees	3,720	3,539	3,720	3,539
Other fee and commission	8,344	9,681	8,344	9,681
	<u>87,513</u>	<u>83,530</u>	<u>87,513</u>	<u>83,530</u>
Investment and trading income:				
Foreign exchange (loss)/gain *	(6,483)	43,774	(6,483)	43,774
Gross dividend income from:				
Financial assets held-for-trading	948	878	948	878
Financial investments available-for-sale	2,538	7,056	2,538	7,056
Net gain/(loss) on sale/redemption of:				
Financial assets held-for-trading	15,711	(652)	15,711	(652)
Financial investments available-for-sale	3,591	21,245	3,591	21,245
Net gain on revaluation of financial assets held-for-trading	3,081	17,071	3,081	17,071
Net gain/(loss) on derivatives	23,363	(31,263)	23,363	(31,263)
Others	6,062	159	6,062	159
	<u>48,811</u>	<u>58,268</u>	<u>48,811</u>	<u>58,268</u>
Other income:				
Net gain on disposal of property and equipment	19	35	19	35
Net non trading foreign exchange gain/(loss)	704	(687)	704	(687)
Profit from sale of goods and services	8,505	9,650	8,505	9,650
Rental income	912	1,037	912	1,037
Gain on disposal of an associate	1,399	-	1,399	-
Others	2,148	116	2,148	116
	<u>13,687</u>	<u>10,151</u>	<u>13,687</u>	<u>10,151</u>
	<u>150,011</u>	<u>151,949</u>	<u>150,011</u>	<u>151,949</u>

* Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A19. OTHER OPERATING INCOME (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Bank				
Fee and commission income:				
Bancassurance commission	5,896	7,450	5,896	7,450
Brokerage fees, commission and rebates	581	740	581	740
Fees on loans, advances and securities	44,556	37,691	44,556	37,691
Guarantee fees	14,837	13,628	14,837	13,628
Remittances	5,652	5,628	5,652	5,628
Service charges and fees	3,789	3,689	3,789	3,689
Other fee and commission	8,344	9,681	8,344	9,681
	<u>83,655</u>	<u>78,507</u>	<u>83,655</u>	<u>78,507</u>
Investment and trading income:				
Foreign exchange (loss)/gain *	(6,483)	43,774	(6,483)	43,774
Gross dividend income from:				
Financial assets held-for-trading	948	878	948	878
Financial investments available-for-sale	2,538	7,056	2,538	7,056
Net gain/(loss) on sale/redemption of:				
Financial assets held-for-trading	15,711	(652)	15,711	(652)
Financial investments available-for-sale	3,591	21,479	3,591	21,479
Net gain on revaluation of financial assets held-for-trading	3,081	17,071	3,081	17,071
Net gain/(loss) on derivatives	23,363	(31,263)	23,363	(31,263)
Others	6,380	545	6,380	545
	<u>49,129</u>	<u>58,888</u>	<u>49,129</u>	<u>58,888</u>
Other income:				
Net gain on disposal of property and equipment	19	34	19	34
Net non trading foreign exchange gain	707	152	707	152
Profit from sale of goods and services	8,505	9,650	8,505	9,650
Rental income	792	918	792	918
Gain on disposal of an associate	2,179	-	2,179	-
Others	2,172	64	2,172	64
	<u>14,374</u>	<u>10,818</u>	<u>14,374</u>	<u>10,818</u>
	<u>147,158</u>	<u>148,213</u>	<u>147,158</u>	<u>148,213</u>

* Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A20. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
Medical	4,136	4,076	4,136	4,076
Insurance	5,633	2,999	5,633	2,999
Contributions to Employees' Provident Fund	26,477	23,267	26,477	23,267
Salaries, bonuses, allowances and incentives	168,559	141,543	168,559	141,543
Shares and options granted under ESS	(214)	2,682	(214)	2,682
Social security costs	1,369	1,270	1,369	1,270
Recruitment costs	1,528	1,917	1,528	1,917
Training	1,320	1,622	1,320	1,622
Others	9,934	8,797	9,934	8,797
Expense capitalised	-	(3,680)	-	(3,680)
	<u>218,742</u>	<u>184,493</u>	<u>218,742</u>	<u>184,493</u>
Establishment costs:				
Amortisation of intangible assets	19,472	16,819	19,472	16,819
Cleaning, maintenance and security	6,075	5,925	6,075	5,925
Computerisation cost	39,597	42,623	39,597	42,623
Depreciation of property and equipment	10,133	9,723	10,133	9,723
Rental of premises	21,273	23,074	21,273	23,074
Others	10,361	9,345	10,361	9,345
Expense capitalised	(24)	(566)	(24)	(566)
	<u>106,887</u>	<u>106,943</u>	<u>106,887</u>	<u>106,943</u>
Marketing and communication expenses:				
Advertising and marketing	3,824	6,426	3,824	6,426
Commission	3,360	1,840	3,360	1,840
Communication	9,158	11,455	9,158	11,455
Others	1,818	1,753	1,818	1,753
	<u>18,160</u>	<u>21,474</u>	<u>18,160</u>	<u>21,474</u>
Administration and general expenses:				
Bank Charges	1,533	1,244	1,533	1,244
Insurance	746	778	746	778
Professional services	14,535	25,364	14,535	25,364
Travelling	1,475	1,051	1,475	1,051
Subscriptions, newspaper and periodical	1,493	562	1,493	562
Others	16,796	14,811	16,796	14,811
	<u>36,578</u>	<u>43,810</u>	<u>36,578</u>	<u>43,810</u>
Service transfer pricing recovery - net	(88,188)	(82,746)	(88,188)	(82,746)
Acquisition and business efficiency costs	772	1,343	772	1,343
	<u>292,951</u>	<u>275,317</u>	<u>292,951</u>	<u>275,317</u>

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A20. OTHER OPERATING EXPENSES (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Bank				
Personnel costs:				
Medical	4,070	3,824	4,070	3,824
Insurance	5,227	2,761	5,227	2,761
Contributions to Employees' Provident Fund	25,043	21,630	25,043	21,630
Salaries, bonuses, allowances and incentives	159,994	131,638	159,994	131,638
Shares and options granted under ESS	(235)	2,613	(235)	2,613
Social security costs	1,276	1,180	1,276	1,180
Recruitment costs	1,513	1,907	1,513	1,907
Training	1,082	1,612	1,082	1,612
Others	9,829	8,738	9,829	8,738
Expense capitalised	-	(3,680)	-	(3,680)
	<u>207,799</u>	<u>172,223</u>	<u>207,799</u>	<u>172,223</u>
Establishment costs:				
Amortisation of intangible assets	18,904	16,224	18,904	16,224
Cleaning, maintenance and security	5,892	5,628	5,892	5,628
Computerisation cost	37,703	42,430	37,703	42,430
Depreciation of property and equipment	8,157	8,830	8,157	8,830
Rental of premises	20,342	21,664	20,342	21,664
Others	9,938	9,090	9,938	9,090
Expense capitalised	(24)	(566)	(24)	(566)
	<u>100,912</u>	<u>103,300</u>	<u>100,912</u>	<u>103,300</u>
Marketing and communication expenses:				
Advertising and marketing	3,824	6,267	3,824	6,267
Commission	3,360	1,838	3,360	1,838
Communication	8,546	11,076	8,546	11,076
Others	1,466	1,454	1,466	1,454
	<u>17,196</u>	<u>20,635</u>	<u>17,196</u>	<u>20,635</u>
Administration and general expenses:				
Bank Charges	1,533	1,244	1,533	1,244
Card operation charges	44,977	50,443	44,977	50,443
Insurance	747	778	747	778
Professional services	14,407	25,251	14,407	25,251
Travelling	1,443	1,018	1,443	1,018
Subscriptions, newspaper and periodical	1,492	562	1,492	562
Others	16,717	14,350	16,717	14,350
	<u>81,316</u>	<u>93,646</u>	<u>81,316</u>	<u>93,646</u>
Service transfer pricing recovery - net	(95,272)	(89,861)	(95,272)	(89,861)
Acquisition and business efficiency costs	772	1,343	772	1,343
	<u>312,723</u>	<u>301,286</u>	<u>312,723</u>	<u>301,286</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A21. WRITEBACK OF ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Group				
Allowance/(writeback of allowance) for impaired loans and advances:				
Individual allowance	6,226	(4,834)	6,226	(4,834)
Collective allowance	77,905	77,491	77,905	77,491
Impaired loans and advances recovered, net	(129,313)	(98,083)	(129,313)	(98,083)
	<u>(45,182)</u>	<u>(25,426)</u>	<u>(45,182)</u>	<u>(25,426)</u>
Bank				
Allowance/(writeback of allowance) for impaired loans and advances:				
Individual allowance	6,226	(4,834)	6,226	(4,834)
Collective allowance	77,889	77,489	77,889	77,489
Impaired loans and advances recovered, net	(129,313)	(98,083)	(129,313)	(98,083)
	<u>(45,198)</u>	<u>(25,428)</u>	<u>(45,198)</u>	<u>(25,428)</u>

A22. EARNINGS PER SHARE ("EPS")

(a) Basic/Diluted

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholder of the Bank by the weighted average number of ordinary shares in issue during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholder and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Individual Quarter		Cumulative Quarter	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Group				
Net profit attributable to shareholder of the Bank (RM'000)	<u>225,576</u>	<u>252,139</u>	<u>225,576</u>	<u>252,139</u>
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>
Basic/Diluted earnings per share (sen)	<u>27.50</u>	<u>30.74</u>	<u>27.50</u>	<u>30.74</u>
Bank				
Net profit attributable to shareholder of the Bank (RM'000)	<u>210,696</u>	<u>225,756</u>	<u>210,696</u>	<u>225,756</u>
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>
Basic/Diluted earnings per share (sen)	<u>25.68</u>	<u>27.52</u>	<u>25.68</u>	<u>27.52</u>

A23. 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 a segment and to assess its performance.

The Group comprises the following main business segments:

(a) Retail Banking

Retail Banking will focus on building emerging affluent and small business customers and the mass market. Retail banking offers products and financial solutions which includes auto financing, mortgage and personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.

(b) Wholesale Banking

Wholesale Banking comprises Corporate and Commercial Banking

- (i) Corporate and Commercial Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients.
- (ii) Markets includes proprietary trading as well as providing full range of products and services relating to treasury activities, including foreign exchange, derivatives, and fixed income.
- (iii) Investment Banking develops and trades equity derivatives such as structured warrants listed on Bursa Malaysia Securities Berhad. It also offers customised equity linked solutions, for high net worth individuals and corporate clients, to cater for their unique investment management strategy.

(c) 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.

Measurement of segment performance

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Operating Revenue

Operating revenue of the Group comprises all types of revenue derived from the business segments but after elimination of all related companies' transactions.

Major customers

No revenue from one single customer amounted to greater than 10% of the Group's revenue for the current and previous financial quarter.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A23. BUSINESS SEGMENT ANALYSIS

Group For the financial period ended 30 June 2016	Wholesale Banking					Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000			
External revenue	534,528	371,708	112,179	16,487	93,091	1,127,993	
Revenue from other segments	(34,741)	32,600	(60,983)	(7,666)	70,790	-	
Total operating revenue	499,787	404,308	51,196	8,821	163,881	1,127,993	
Net interest income	201,807	130,647	11,768	4,602	31,149	379,973	
Other operating income	61,668	38,035	31,618	4,219	13,080	148,620	
Gain on disposal of an associate	-	-	-	-	1,391	1,391	
Income	263,475	168,682	43,386	8,821	45,620	529,984	
Other operating expenses	(167,407)	(45,009)	(16,134)	(3,407)	(60,994)	(292,951)	
<i>of which:</i>							
<i>Depreciation of Property and Equipment</i>	(5,958)	(293)	(225)	(14)	(3,667)	(10,157)	
<i>Amortisation of Intangible Assets</i>	(2,275)	(730)	(1,583)	(7)	(12,064)	(16,659)	
Profit before impairment losses	96,068	123,673	27,252	5,414	(15,374)	237,033	
Writeback of/(allowance for) impairment losses on loans and advances	1,763	52,584	-	2,756	(11,921)	45,182	
(Allowance for)/Writeback of impairment losses on other assets	(4)	9,322	-	-	239	9,557	
(Allowance for)/Writeback of provision for commitments and contingencies	(276)	11,236	-	(1,710)	(6,763)	2,487	
Profit before taxation	97,551	196,815	27,252	6,460	(33,819)	294,259	
Taxation	(23,307)	(43,191)	(6,540)	(1,991)	6,346	(68,683)	
Profit for the financial period	74,244	153,624	20,712	4,469	(27,473)	225,576	
Other information							
Total segment assets	34,285,009	24,908,603	9,250,164	1,588,282	14,447,587	84,479,645	
Total segment liabilities	31,241,160	30,681,504	4,210,385	11,044	9,828,998	75,973,091	
Cost to income ratio	63.5%	26.7%	37.2%	38.6%	133.7%	55.3%	
Gross loans and advances	33,670,499	24,606,025	-	1,108,540	71,356	59,456,420	
Net loans and advances	33,345,410	24,433,953	-	1,102,939	(236,012)	58,646,290	
Impaired loans and advances	562,374	328,226	-	-	-	890,600	
Total deposits	30,667,766	29,913,753	178,493	-	505,738	61,265,750	
Additions to:							
Property and equipment	7,233	94	1	-	12,291	19,619	
Intangible assets	5,659	246	33	-	11,365	17,303	

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A23. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial period ended 30 June 2015	Wholesale Banking					Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000			
External revenue	567,264	378,395	84,588	6,605	112,908	1,149,760	
Revenue from other segments	(5,494)	22,843	(50,408)	(4,246)	37,305	-	
Total operating revenue	561,770	401,238	34,180	2,359	150,213	1,149,760	
Net interest income	238,037	139,846	6,546	3,635	26,939	415,003	
Other operating income	83,538	34,220	21,644	(1,275)	13,822	151,949	
Share in results of associates	-	-	-	-	318	318	
Income	321,575	174,066	28,190	2,360	41,079	567,270	
Other operating expenses	(154,782)	(45,378)	(17,537)	(4,976)	(52,644)	(275,317)	
<i>of which:</i>							
<i>Depreciation of Property and Equipment</i>	(5,497)	(308)	(219)	(14)	(3,707)	(9,745)	
<i>Amortisation of Intangible Assets</i>	(2,164)	(695)	(1,400)	(2)	(12,748)	(17,009)	
Profit before impairment losses	166,793	128,688	10,653	(2,616)	(11,565)	291,953	
(Allowance for)/Writeback of impairment losses on loans and advances	(12,227)	30,519	-	629	6,505	25,426	
Writeback of/(Allowance for) impairment losses on other assets	196	(84)	(120)	-	288	280	
(Allowance for)/Writeback of provision for commitments and contingencies	(1,400)	5,134	-	88	(15)	3,807	
Profit before taxation	153,362	164,257	10,533	(1,899)	(4,787)	321,466	
Taxation	(36,757)	(36,748)	(2,528)	1,021	5,685	(69,327)	
Profit for the financial period	116,605	127,509	8,005	(878)	898	252,139	
Other information							
Total segment assets	32,126,973	25,274,112	5,812,662	1,879,993	21,443,819	86,537,559	
Total segment liabilities	32,646,912	31,131,112	2,189,920	15,041	12,246,784	78,229,769	
Cost to income ratio	48.1%	26.1%	62.2%	210.8%	128.2%	48.5%	
Gross loans and advances	31,687,074	25,084,781	-	1,147,318	84,174	58,003,347	
Net loans and advances	31,270,475	24,758,857	-	1,144,537	(231,997)	56,941,872	
Impaired loans and advances	670,947	239,534	-	-	-	910,481	
Total deposits	31,893,873	30,223,053	302,751	-	2,027,978	64,447,655	
Additions to:							
Property and equipment	3,487	206	71	-	21,388	25,152	
Intangible assets	2,572	1,044	95	-	24,489	28,200	

Notes:

1. The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

A24. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2016

The Group registered a profit before taxation (“pre-tax profit”) of RM294.3 million, representing 8.5% decrease compared to the pre-tax profit for the corresponding period last year.

For current financial period, the decrease in pre-tax profit was attributable to lower net interest income by RM35.0 million or 8.4% and higher other operating expenses by RM17.6 million or 6.4%. It was mitigated with higher writeback of allowance for impairment on loans and advances of RM19.8 million and higher recoveries of other receivables by RM9.7 million.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 16.0% and 15.3% respectively.

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

A25. 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.

A26. VALUATION OF PROPERTY AND EQUIPMENT

The Group's and the Bank's property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

A27. EVENTS SUBSEQUENT TO REPORTING DATE

Transfer of Card Operation from AmCard Services Berhad ("AmCard") to the Bank

On 4 May 2016, the Board had approved the proposal to assume the card operation management and processes ("Proposed transfer") outsourced currently to the Bank's wholly-owned subsidiary, AmCard. The Proposed transfer is part of the Group's internal reorganisation plans to achieve operational efficiencies in the cards business.

The Proposed Transfer was completed on 1 July 2016 and the acquisition price was payable by cash amounting to approximately of RM22.0 million based on the book value of the net assets transferred.

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

A28. CHANGES IN THE COMPOSITION OF THE GROUP

(a) Disposal of investment in AmTrustee

On 23 June 2016, the Bank and its wholly-owned subsidiary, AmCard Services Berhad ("AmCard") completed the disposal of the Group's entire 40% (20% each held by the Bank and AmCard) shareholding in AmTrustee Berhad ("AmTrustee"), previously classified as Asset Held for Sale, for a total cash consideration of RM4.6m. The disposal resulting in a gain of RM1.4m and RM2.2m to the Group and the Bank.

(b) Withdrawal of investment in a collective investment scheme, AmCash Premium

On 30 June 2016, the Bank has fully withdrawn its investment in a collective investment scheme, AmCash Premium. Accordingly, the Bank ceased to have control over the AmCash Premium.

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

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A29. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of business, the Group and the 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 amounts of the commitments and contingencies of the Group and the Bank are as follows:

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Contingent Liabilities				
Direct credit substitutes	2,097,822	2,014,648	2,097,822	2,014,648
Transaction related contingent items	4,703,788	4,305,652	4,703,788	4,305,652
Short term self liquidating trade related contingencies	633,507	528,516	633,507	528,516
Obligations under on-going underwriting agreements	1,055,000	60,000	1,055,000	60,000
	<u>8,490,117</u>	<u>6,908,816</u>	<u>8,490,117</u>	<u>6,908,816</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,151,558	11,841,565	12,192,273	11,879,905
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,947,889	3,703,251	3,947,889	3,703,251
Unutilised credit card lines	2,473,181	2,369,650	2,473,181	2,369,650
Forward asset purchase	1,679,355	856,526	1,679,355	856,526
Others	-	200	50	150
	<u>20,251,983</u>	<u>18,771,192</u>	<u>20,292,748</u>	<u>18,809,482</u>
Derivative Financial Instruments				
Foreign exchange related contracts				
- One year or less	47,481,764	42,733,469	47,481,764	42,733,469
- Over one year to five years	848,708	1,125,883	848,708	1,125,883
- Over five years	2,081,451	1,980,369	2,081,451	1,980,369
Interest rate related contracts				
- One year or less	7,126,290	8,175,391	7,126,290	8,175,391
- Over one year to five years	34,254,362	31,003,999	34,254,362	31,003,999
- Over five years	9,285,709	9,423,151	9,285,709	9,423,151
Credit related contracts				
- One year or less	114,226	337,027	114,226	337,027
- Over one year to five years	342,553	336,367	342,553	336,367
Equity and commodity related contracts				
- One year or less	171,171	159,106	171,171	159,106
- Over one year to five years	76,014	73,572	76,014	73,572
	<u>101,782,248</u>	<u>95,348,334</u>	<u>101,782,248</u>	<u>95,348,334</u>
Total	<u>130,524,348</u>	<u>121,028,342</u>	<u>130,565,113</u>	<u>121,066,632</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A29. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(b) Legal suit of associate of the Group and the Bank (classified as Asset Held For Sale as at 31 March 2016):

- Zurich Insurance Malaysia Bhd ("Zurich") -V- AmTrustee Bhd ("AmTrustee") & Meridian Asset Management S/B ("Meridian") ("Zurich Suit")
- Meridian Asset Management S/B -V- AmTrustee Bhd ("Meridian Suit")

Nature of Claim:

Zurich Suit: Zurich claims for breach of trust for losses suffered by it when Zurich appointed Meridian as an external fund manager for certain of its insurance funds. Meridian appointed AmTrustee as custodian for the said insurance funds.

Meridian Suit: Meridian claims for losses suffered by it arising from the custodian services provided by AmTrustee to Meridian. The losses are funds invested by Zurich and Kumpulan Wang Persaraan ("KWAP"), with Meridian.

Status:

High Court

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

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

Parties then appealed to the Court of Appeal.

Court of Appeal

Zurich Suit: High Court decision varied. AmTrustee and Meridian were now held to be severally liable to Zurich. This means that both AmTrustee and Meridian are fully liable for the amount and Zurich may elect whom to pursue.

Meridian Suit: the High Court decision was maintained.

Parties applied for leave (i.e. permission) to appeal to the Federal Court.

Federal Court

Due to the winding up of Meridian and subsequent appointment of the Insolvency Department over Meridian, the Insolvency Department sought an adjournment of the hearing of AmTrustee's leave application to enable them to obtain instructions from the contributories and creditors of Meridian. The adjourned Case Management took place on 22 April 2016 and the Court then fixed AmTrustee's leave application for hearing on 29 June 2016.

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 purchasers 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.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A30. FAIR VALUES OF FINANCIAL INSTRUMENTS

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 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.

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.

About 0.6% (31 March 2016 : 0.6%) of the Bank's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A30. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

(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				Bank			
	Valuation techniques			Total RM'000	Valuation techniques			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
30 June 2016								
Assets measured at fair value								
Derivative financial assets	157	1,599,293	-	1,599,450	157	1,599,293	-	1,599,450
Financial assets held-for-trading								
- Money market securities	-	1,011,678	-	1,011,678	-	1,011,678	-	1,011,678
- Equities	250,458	-	-	250,458	250,458	-	-	250,458
- Quoted private debt securities	38,926	-	-	38,926	38,926	-	-	38,926
- Unquoted private debt securities	-	1,608,566	-	1,608,566	-	1,608,566	-	1,608,566
Financial investments available-for-sale								
- Money market securities	2,481,858	-	-	2,481,858	-	2,481,858	-	2,481,858
- Equities	141,469	-	-	141,469	141,426	-	-	141,426
- Unquoted private debt securities	-	4,275,545	-	4,275,545	-	4,275,545	64,703	4,340,248
	<u>2,912,868</u>	<u>8,495,082</u>	<u>-</u>	<u>11,407,950</u>	<u>430,967</u>	<u>10,976,940</u>	<u>64,703</u>	<u>11,472,610</u>
Liabilities measured at fair value								
Derivative financial liabilities	2,192	1,557,629	-	1,559,821	2,192	1,557,629	-	1,559,821

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A30. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

(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				Bank			
	Valuation techniques				Valuation techniques			
Due to the winding up of Meridian and subsequent ap	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2016								
On 29 June 2016, the Federal Court heard and								
Derivative financial assets	31	1,894,788	-	1,894,819	31	1,894,788	-	1,894,819
Financial assets held-for-trading								
- Money market securities	-	494,286	-	494,286	-	494,286	-	494,286
- Equities	300,013	-	-	300,013	300,013	-	-	300,013
- Quoted private debt securities	38,962	-	-	38,962	38,962	-	-	38,962
- Unquoted private debt securities	-	1,037,166	-	1,037,166	-	1,037,166	-	1,037,166
Financial investments available-for-sale								
- Money market securities	-	3,088,964	-	3,088,964	-	3,088,964	-	3,088,964
- Equities	141,868	-	-	141,868	141,827	-	-	141,827
- Unquoted private debt securities	-	4,157,818	-	4,157,818	-	4,157,818	69,123	4,226,941
	<u>480,874</u>	<u>10,673,022</u>	<u>-</u>	<u>11,153,896</u>	<u>480,833</u>	<u>10,673,022</u>	<u>69,123</u>	<u>11,222,978</u>
Liabilities measured at fair value								
Derivative financial liabilities	1,988	2,021,223	-	2,023,211	1,988	2,021,223	-	2,023,211

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

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A30. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)**Movements In Level 3 financial instruments measured at fair value**

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

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Financial investments available-for-sale:				
Balance at beginning of financial year	-	-	69,123	95,076
Total gains/(losses) recognised in:				
- statement of profit or loss:				
- other operating income	-	1,235	-	1,235
- impairment loss	-	10,956	-	10,956
- other comprehensive income	-	-	142	111
Settlements	-	(12,191)	(4,563)	(38,255)
Balance at end of financial period/year	-	-	64,702	69,123

Total gains or losses included in the statement of profit or loss and statement of comprehensive income for financial instruments held at the end of reporting period:

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Financial investments available-for-sale:				
Total gains included in:				
- impairment writeback	-	10,956	-	10,956
- other comprehensive income	-	-	142	111

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

Impact on fair value of Level 3 financial instruments measured at fair value arising from changes to key assumptions.

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

Company No. 8515-D

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A31. CAPITAL ADEQUACY

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

	Group		Bank	
	30 June 2016	31 March 2016	30 June 2016	31 March 2016
Before deducting proposed dividends				
Common Equity Tier 1 ("CET 1") Capital Ratio	11.713%	11.701%	11.069%	11.082%
Tier 1 Capital Ratio	13.182%	13.182%	12.524%	12.555%
Total Capital Ratio	16.426%	16.435%	15.732%	15.770%
After deducting proposed dividends				
CET 1 Capital Ratio	11.273%	11.257%	10.633%	10.640%
Tier 1 Capital Ratio	12.741%	12.738%	12.088%	12.114%
Total Capital Ratio	15.986%	15.991%	15.296%	15.328%

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 guideline on Capital Adequacy Framework (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guideline remained at 4.5% for CET1 capital, 6% 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
Calender year 2016	0.625%
Calender year 2017	1.25%
Calender year 2018	1.875%
Calender year 2019 onwards	2.5%

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A31. CAPITAL ADEQUACY (CONT'D.)

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

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
CET 1 Capital				
Ordinary shares	820,364	820,364	820,364	820,364
Share premium	942,844	942,844	942,844	942,844
Retained earnings	5,040,415	5,335,746	4,785,169	5,080,500
Available-for-sale reserve	17,469	11,751	17,778	11,951
Foreign currency translation reserve	78,192	63,306	74,831	61,296
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	104,149	104,149	-	-
Cash flow hedging reserve	1,686	3,635	1,686	3,635
Qualifying non-controlling interest	2	2	-	-
Less: Regulatory adjustments applied on CET1 Capital				
- Intangible assets	(357,975)	(350,753)	(352,356)	(344,944)
- Deferred tax assets	(55,001)	(116,234)	(53,912)	(115,179)
- 55% of cumulative gains of available- for-sale financial instruments	(9,608)	(6,463)	(9,778)	(6,573)
- Cash flow hedging reserve	(1,686)	(3,635)	(1,686)	(3,635)
- Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	-	-	(5,106)	(23,106)
Total CET1 Capital	7,561,820	7,785,681	7,200,803	7,408,122
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	985,000	985,000	985,000	985,000
Total Tier 1 Capital	8,546,820	8,770,681	8,185,803	8,393,122
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	400,000	400,000	400,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,180,680	1,180,680	1,180,680	1,180,680
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	1	1	-	-
Collective allowance and regulatory reserves	595,502	583,699	595,489	583,675
Less : Regulatory adjustments applied on Tier 2 Capital	-	-	(3,404)	(15,404)
Total Tier 2 capital	2,176,183	2,164,380	2,172,765	2,148,951
Total Capital	10,723,003	10,935,061	10,358,568	10,542,073

The breakdown of the risk-weighted assets ("RWA") in various categories of risk is as follows:

	Group		Bank	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Credit RWA	59,179,149	59,276,073	59,915,340	60,022,744
Market RWA	3,317,914	2,231,172	3,318,282	2,231,172
Operational RWA	4,581,789	5,029,942	4,485,482	4,595,005
Total RWA	67,078,852	66,537,187	67,719,104	66,848,921