

**ALLIANCE BANK MALAYSIA BERHAD****(88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Statements of Financial Position as at 30 June 2016**

	Note	<b>BANK</b>		<b>GROUP</b>	
		<b>30 June 2016 RM'000</b>	31 March 2016 RM'000	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000
<b>ASSETS</b>					
Cash and short-term funds		<b>3,844,323</b>	4,200,877	<b>4,447,502</b>	4,934,198
Deposits and placements with banks and other financial institutions		<b>200,019</b>	195,865	<b>200,019</b>	195,865
Balances due from clients and brokers	A12	-	-	<b>106,629</b>	104,659
Financial assets held-for-trading	A13	<b>156,578</b>	132,229	<b>156,578</b>	132,229
Financial investments available-for-sale	A14	<b>6,913,287</b>	7,252,922	<b>8,062,156</b>	8,565,696
Financial investments held-to-maturity	A15	<b>722,522</b>	719,324	<b>1,131,339</b>	1,129,307
Derivative financial assets	A29	<b>97,041</b>	133,651	<b>97,041</b>	133,651
Loans, advances and financing	A16	<b>30,890,861</b>	31,245,478	<b>38,135,549</b>	38,410,724
Other assets	A17	<b>125,576</b>	109,576	<b>125,550</b>	102,175
Tax recoverable		<b>7,905</b>	19,310	<b>24,580</b>	36,492
Statutory deposits with Bank Negara Malaysia		<b>1,180,940</b>	1,117,640	<b>1,521,708</b>	1,410,828
Investments in subsidiaries		<b>892,820</b>	892,820	-	-
Investment in associate		<b>230</b>	230	<b>523</b>	520
Investment in joint venture		-	-	<b>585</b>	566
Property, plant and equipment		<b>80,411</b>	84,625	<b>82,069</b>	86,427
Deferred tax assets		-	-	<b>9,286</b>	10,201
Intangible assets		<b>248,012</b>	247,299	<b>362,774</b>	362,982
<b>TOTAL ASSETS</b>		<b>45,360,525</b>	46,351,846	<b>54,463,888</b>	55,616,520
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A18	<b>36,869,914</b>	37,836,569	<b>45,017,274</b>	46,120,487
Deposits and placements of banks and other financial institutions	A19	<b>1,546,005</b>	1,017,432	<b>1,702,355</b>	1,157,250
Balances due to clients and brokers	A20	-	-	<b>80,000</b>	77,246
Derivative financial liabilities	A29	<b>197,014</b>	279,541	<b>197,014</b>	279,541
Amount due to Cagamas Berhad		<b>502,728</b>	502,725	<b>502,728</b>	502,725
Other liabilities	A21	<b>816,135</b>	721,208	<b>935,681</b>	880,138
Provision for taxation		-	-	<b>1</b>	-
Provision for zakat		-	-	<b>115</b>	123
Deferred tax liabilities		<b>17,635</b>	3,887	<b>31,551</b>	15,617
Other borrowings		<b>5,011</b>	5,071	<b>5,011</b>	5,071
Subordinated obligations		<b>1,208,258</b>	1,839,613	<b>1,208,728</b>	1,840,147
<b>TOTAL LIABILITIES</b>		<b>41,162,700</b>	42,206,046	<b>49,680,458</b>	50,878,345
Share capital		<b>796,517</b>	796,517	<b>796,517</b>	796,517
Reserves		<b>3,401,308</b>	3,349,283	<b>3,986,913</b>	3,941,658
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT</b>		<b>4,197,825</b>	4,145,800	<b>4,783,430</b>	4,738,175
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>45,360,525</b>	46,351,846	<b>54,463,888</b>	55,616,520
<b>COMMITMENTS AND CONTINGENCIES</b>	A28	<b>23,445,971</b>	19,787,255	<b>25,542,475</b>	21,832,427

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

**ALLIANCE BANK MALAYSIA BERHAD**

**(88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements  
Unaudited Statements of Comprehensive Income  
for the Financial Period Ended 30 June 2016**

	Note	1st Quarter Ended		Three Months Ended	
		30 June	30 June	30 June	30 June
		2016	2015	2016	2015
<b>BANK</b>		RM'000	RM'000	RM'000	RM'000
Interest income	A22	464,309	453,608	464,309	453,608
Interest expense	A23	(259,149)	(247,993)	(259,149)	(247,993)
Net interest income		205,160	205,615	205,160	205,615
Fee and commission income	A25	65,525	60,004	65,525	60,004
Fee and commission expense	A25	(21,697)	(23,595)	(21,697)	(23,595)
Investment income	A25	65,521	29,397	65,521	29,397
Other income	A25	(1,566)	10,884	(1,566)	10,884
Other operating income	A25	107,783	76,690	107,783	76,690
Net income		312,943	282,305	312,943	282,305
Other operating expenses	A26	(130,821)	(130,027)	(130,821)	(130,027)
Operating profit before allowance		182,122	152,278	182,122	152,278
Allowance for losses on loans, advances and financing and other receivables	A27	(2,714)	(5,252)	(2,714)	(5,252)
Write-back of impairment on securities		-	466	-	466
Profit before taxation		179,408	147,492	179,408	147,492
Taxation		(36,155)	(34,450)	(36,155)	(34,450)
Net profit for the financial period		143,253	113,042	143,253	113,042
<b>Other comprehensive income/(expense):</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		15,533	(845)	15,533	(845)
- Realised gain transferred to statement of income on disposal and impairment		(577)	(957)	(577)	(957)
- Transfer (to)/from deferred tax		(3,590)	433	(3,590)	433
Other comprehensive income/(expense), net of tax		11,366	(1,369)	11,366	(1,369)
<b>Total comprehensive income for the financial period</b>		<b>154,619</b>	<b>111,673</b>	<b>154,619</b>	<b>111,673</b>
Earnings per share attributable to owner of the parent					
- Basic (sen)		18.0	14.2	18.0	14.2
- Diluted (sen)		18.0	14.2	18.0	14.2

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

**ALLIANCE BANK MALAYSIA BERHAD**

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(Incorporated in Malaysia)

**Condensed Interim Financial Statements**

**Unaudited Consolidated Statements of Comprehensive Income**

**for the Financial Period Ended 30 June 2016**

<b>GROUP</b>	Note	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
		<b>30 June</b>	30 June	<b>30 June</b>	30 June
		<b>2016</b>	2015	<b>2016</b>	2015
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest income	A22	<b>474,864</b>	463,718	<b>474,864</b>	463,718
Interest expense	A23	<b>(263,714)</b>	(257,032)	<b>(263,714)</b>	(257,032)
Net interest income		<b>211,150</b>	206,686	<b>211,150</b>	206,686
Net income from Islamic banking business	A24	<b>67,335</b>	58,552	<b>67,335</b>	58,552
		<b>278,485</b>	265,238	<b>278,485</b>	265,238
Fee and commission income	A25	<b>74,189</b>	70,436	<b>74,189</b>	70,436
Fee and commission expense	A25	<b>(24,803)</b>	(27,789)	<b>(24,803)</b>	(27,789)
Investment income	A25	<b>35,755</b>	24,264	<b>35,755</b>	24,264
Other income	A25	<b>(787)</b>	11,110	<b>(787)</b>	11,110
Other operating income	A25	<b>84,354</b>	78,021	<b>84,354</b>	78,021
Net income		<b>362,839</b>	343,259	<b>362,839</b>	343,259
Other operating expenses	A26	<b>(168,922)</b>	(167,202)	<b>(168,922)</b>	(167,202)
Operating profit before allowance		<b>193,917</b>	176,057	<b>193,917</b>	176,057
Allowance for losses on loans, advances and financing and other receivables	A27	<b>(18,137)</b>	(17,114)	<b>(18,137)</b>	(17,114)
(Allowance for)/write-back of impairment		<b>(1,208)</b>	676	<b>(1,208)</b>	676
Operating profit after allowance		<b>174,572</b>	159,619	<b>174,572</b>	159,619
Share of results of associate		<b>3</b>	2	<b>3</b>	2
Share of profit of equity accounted, net of tax joint venture		<b>19</b>	103	<b>19</b>	103
Profit before taxation		<b>174,594</b>	159,724	<b>174,594</b>	159,724
Taxation		<b>(42,493)</b>	(38,446)	<b>(42,493)</b>	(38,446)
Net profit for the financial period		<b>132,101</b>	121,278	<b>132,101</b>	121,278
<b>Other comprehensive income/(expense):</b>					
<b>Items that may be reclassified subsequently</b>					
<b>to profit or loss:</b>					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		<b>21,729</b>	(965)	<b>21,729</b>	(965)
- Realised gain transferred to statement of income on disposal and impairment		<b>(849)</b>	(1,318)	<b>(849)</b>	(1,318)
- Transfer (to)/from deferred tax		<b>(5,011)</b>	548	<b>(5,011)</b>	548
Other comprehensive income/(expense), net of tax		<b>15,869</b>	(1,735)	<b>15,869</b>	(1,735)
<b>Total comprehensive income for the financial period</b>		<b>147,970</b>	119,543	<b>147,970</b>	119,543

**ALLIANCE BANK MALAYSIA BERHAD****(88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 June 2016 (contd.)**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2016</b>	2015	<b>2016</b>	2015
<b><u>GROUP</u></b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Net profit for the financial period attributable to:				
Owner of the parent	<b>132,101</b>	121,278	<b>132,101</b>	121,278
Total comprehensive income for the financial period attributable to:				
Owner of the parent	<b>147,970</b>	119,543	<b>147,970</b>	119,543
Earnings per share attributable to owner of the parent				
- Basic (sen)	16.6	15.2	16.6	15.2
- Diluted (sen)	16.6	15.2	16.6	15.2

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

**ALLIANCE BANK MALAYSIA BERHAD**

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**Condensed Interim Financial Statements**

**Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2016**

	← Non-distributable reserves →					Distributable reserves		Total equity
	Ordinary shares	Share premium	Statutory reserves	Regulatory reserves	Revaluation reserves	Equity contribution from parent	Retained profits	
<b><u>BANK</u></b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	796,517	401,517	835,401	140,864	73,152	10,064	1,888,285	4,145,800
Net profit after taxation	-	-	-	-	-	-	143,253	143,253
Other comprehensive income	-	-	-	-	11,366	-	-	11,366
Total comprehensive income for the financial period	-	-	-	-	11,366	-	143,253	154,619
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	874	-	874
Payment for ESS recharged from parent	-	-	-	-	-	(2,629)	-	(2,629)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(762)	762	-
Transfer to regulatory reserves	-	-	-	3,077	-	-	(3,077)	-
Dividends paid	-	-	-	-	-	-	(100,839)	(100,839)
<b>At 30 June 2016</b>	<b>796,517</b>	<b>401,517</b>	<b>835,401</b>	<b>143,941</b>	<b>84,518</b>	<b>7,547</b>	<b>1,928,384</b>	<b>4,197,825</b>
At 1 April 2015	796,517	401,517	722,368	-	43,838	10,731	1,881,187	3,856,158
Net profit after taxation	-	-	-	-	-	-	113,042	113,042
Other comprehensive expense	-	-	-	-	(1,369)	-	-	(1,369)
Total comprehensive (expense)/income for the financial period	-	-	-	-	(1,369)	-	113,042	111,673
Share-based payment under ESS	-	-	-	-	-	2,027	-	2,027
Payment for ESS recharged from parent	-	-	-	-	-	(1,998)	-	(1,998)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(619)	619	-
Dividends paid	-	-	-	-	-	-	(67,386)	(67,386)
At 30 June 2015	796,517	401,517	722,368	-	42,469	10,141	1,927,462	3,900,474

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

**ALLIANCE BANK MALAYSIA BERHAD**
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**Condensed Interim Financial Statements**
**Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2016 (contd.)**

<b>GROUP</b>	←----- Attributable to owner of the parent ----->								<b>Total equity</b>
	Ordinary	Share	Statutory	Regulatory	Capital	Revaluation	Equity	Retained	
	<u>shares</u>	<u>premium</u>	<u>reserves</u>	<u>reserves</u>	<u>reserves</u>	<u>reserves</u>	<u>contribution from parent</u>	<u>profits</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	796,517	401,517	1,200,019	157,174	10,018	114,786	10,896	2,047,248	4,738,175
Net profit after taxation	-	-	-	-	-	-	-	132,101	132,101
Other comprehensive income	-	-	-	-	-	15,869	-	-	15,869
Total comprehensive income for the financial period	-	-	-	-	-	15,869	-	132,101	147,970
Share-based payment under ESS	-	-	-	-	-	-	1,005	-	1,005
Payment for ESS recharged from parent	-	-	-	-	-	-	(2,881)	-	(2,881)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(811)	811	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	-	-	-
Transfer from statutory reserves	-	-	(301)	-	-	-	-	301	-
Transfer to regulatory reserves	-	-	-	1,841	-	-	-	(1,841)	-
Dividends paid	-	-	-	-	-	-	-	(100,839)	(100,839)
<b>At 30 June 2016</b>	<b>796,517</b>	<b>401,517</b>	<b>1,199,718</b>	<b>159,015</b>	<b>10,018</b>	<b>130,655</b>	<b>8,209</b>	<b>2,077,781</b>	<b>4,783,430</b>
At 1 April 2015	796,517	401,517	1,069,665	-	10,018	78,232	11,405	2,005,815	4,373,169
Net profit after taxation	-	-	-	-	-	-	-	121,278	121,278
Other comprehensive expense	-	-	-	-	-	(1,735)	-	-	(1,735)
Total comprehensive (expense)/income for the financial period	-	-	-	-	-	(1,735)	-	121,278	119,543
Share-based payment under ESS	-	-	-	-	-	-	2,103	-	2,103
Payment for ESS recharged from parent	-	-	-	-	-	-	(2,090)	-	(2,090)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(643)	643	-
Dividends paid	-	-	-	-	-	-	-	(67,386)	(67,386)
At 30 June 2015	796,517	401,517	1,069,665	-	10,018	76,497	10,775	2,060,350	4,425,339

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

**ALLIANCE BANK MALAYSIA BERHAD****(88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2016**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before taxation	<b>179,408</b>	147,492	<b>174,594</b>	159,724
Adjustments for non-cash items	<b>(129,961)</b>	(29,731)	<b>(86,695)</b>	(18,162)
Operating profit before changes in working capital	<b>49,447</b>	117,761	<b>87,899</b>	141,562
Changes in working capital	<b>(183,849)</b>	(1,678,074)	<b>(410,670)</b>	(1,420,024)
Taxation and zakat paid	<b>(14,592)</b>	(38,614)	<b>(18,986)</b>	(48,712)
Net cash used in operating activities	<b>(148,994)</b>	(1,598,927)	<b>(341,757)</b>	(1,327,174)
Net cash generated from investing activities	<b>466,013</b>	373,182	<b>604,930</b>	356,418
Net cash used in financing activities	<b>(673,573)</b>	(86,966)	<b>(749,869)</b>	(82,268)
Net changes in cash and cash equivalents	<b>(356,554)</b>	(1,312,711)	<b>(486,696)</b>	(1,053,024)
Cash and cash equivalents at beginning of the financial period	<b>4,200,877</b>	2,443,337	<b>4,934,198</b>	2,690,353
Cash and cash equivalents at end of the financial period	<b>3,844,323</b>	1,130,626	<b>4,447,502</b>	1,637,329
Cash and cash equivalents comprise:				
Cash and short-term funds	<b>3,844,323</b>	1,130,626	<b>4,447,502</b>	1,637,329

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

**Explanatory Notes**

**PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") and Guidelines on Financial Reporting Issued by Bank Negara Malaysia ("BNM")**

**A1 Basis of Preparation**

The unaudited condensed interim financial statements for the 1st financial quarter ended 30 June 2016 have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of Alliance Bank Malaysia Berhad ("the Bank") and the Group for the financial year ended 31 March 2016. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank and the Group since the financial year ended 31 March 2016.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2016, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2016:

- Amendment to MFRS 11 "Joint Arrangements"
- Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
- Amendments to MFRS 127 "Equity Method in Separate Financial Statements"
- Amendments to MFRS 10, 12 and 128 "Investment entities - Applying the Consolidation Exception"
- Amendments to MFRS 101 "Presentation of financial statements - Disclosure Initiative"
- Amendment to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012 - 2014 Cycle"
  - MFRS 5 "Non-current Assets Held for Sale and Discontinued"
  - MFRS 7 "Financial Instruments: Disclosures"
  - MFRS 119 "Employee Benefits"
  - MFRS 134 "Interim Financial Reporting"

The adoption of the above standards, amendments to published standards and interpretation to existing standards are not anticipated to have any significant impact on the financial statements of the Bank and the Group.



**A1 Basis of Preparation (contd.)**

The following MFRS have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2017, and have yet to be adopted by the Bank and the Group:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative" (effective from 1 January 2017)
- Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses" (effective from 1 January 2017)
- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018)
- MFRS 9 "Financial Instruments" (effective from 1 January 2018)
- MFRS 16 "Leases" will supersede MFRS 117 "Leases" and the related interpretations (effective from 1 January 2019)

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Bank and Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

**A2 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the annual financial statements for the financial year ended 31 March 2016 was not subject to any qualification.

**A3 Seasonality or Cyclicity of Operations**

The operations of the Bank and the Group were not materially affected by any seasonal or cyclical fluctuations in the 1st financial quarter ended 30 June 2016.

**A4 Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank and the Group in the 1st financial quarter ended 30 June 2016.

**A5 Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st financial quarter ended 30 June 2016.

**A6 Issuance and Repayment of Debt and Equity Securities**

On 8 April 2016, the Bank has fully redeemed its RM600 million Subordinated Medium Term Notes, which was issued on 8 April 2011 under the RM1.5 billion Subordinated Medium Term Notes Programme.

**A7 Dividend Paid**

A second interim dividend of 12.66 sen, tax exempt under the single tier tax system, on 796,517,043 ordinary shares amounting to approximately RM100,839,000 in respect of the financial year ended 31 March 2016, was paid on 17 June 2016.

**A8 Significant Events**

There was no significant event during the 1st financial quarter ended 30 June 2016.

**A9 Material Event Subsequent to the End of the Financial Reporting Period**

There was no material event subsequent to the end of financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements.

**A10 Related Party Transactions**

All related party transactions within the Group have been entered into in the normal course of business and were carried out on normal commercial terms.

**A11 Proposed Dividends**

No dividend has been proposed or declared for the 1st financial quarter ended 30 June 2016.

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**A12 Balances Due From Clients And Brokers**

	<u>GROUP</u>	
	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000
Due from clients	<b>80,237</b>	97,680
Due from brokers	<b>27,227</b>	7,816
	<b>107,464</b>	105,496
Less:		
Allowance for other losses	<b>(835)</b>	(837)
	<b>106,629</b>	104,659

These represent amounts receivable by Alliance Investment Bank Berhad ("AIBB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

AIBB's normal trade credit terms for non-margin clients is three (3) market days in accordance with the Bursa Malaysia Securities Berhad's ("Bursa") Fixed Delivery and Settlement System ("FDSS") trading rules.

Included in the balances due from clients and brokers are impaired accounts for contra losses, as follows:

	<u>GROUP</u>	
	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000
Classified as doubtful	<b>72</b>	52
Classified as bad	<b>853</b>	848
	<b>925</b>	900

The movements in allowance for other losses are as follows:

At beginning of financial period/year	<b>837</b>	840
Write-back during the period/year (net)	<b>(2)</b>	(3)
At end of financial period/year	<b>835</b>	837

**A13 Financial Assets Held-for-trading**

	<u>BANK</u>		<u>GROUP</u>	
	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government investment certificates	-	40,441	-	40,441
Commercial papers	<b>29,960</b>	-	<b>29,960</b>	-
	<b>29,960</b>	40,441	<b>29,960</b>	40,441
<u>Unquoted securities:</u>				
Medium term notes	<b>126,618</b>	91,788	<b>126,618</b>	91,788
	<b>126,618</b>	91,788	<b>126,618</b>	91,788
Total financial assets held-for-trading	<b>156,578</b>	132,229	<b>156,578</b>	132,229

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**A14 Financial Investments Available-for-sale**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	<b>1,180,674</b>	1,165,857	<b>1,294,461</b>	1,277,948
Malaysian Government investment certificates	<b>1,257,091</b>	1,489,465	<b>1,943,936</b>	2,338,432
Negotiable instruments of deposits	<b>2,124,281</b>	2,344,756	<b>1,281,147</b>	1,684,516
Commercial papers	<b>29,964</b>	-	<b>29,964</b>	-
Khazanah bonds	<b>204,639</b>	202,673	<b>204,639</b>	202,673
	<b>4,796,649</b>	5,202,751	<b>4,754,147</b>	5,503,569
<u>Quoted securities in Malaysia:</u>				
Shares	<b>24</b>	26	<b>24</b>	26
Accumulated impairment	<b>(11)</b>	(11)	<b>(11)</b>	(11)
	<b>13</b>	15	<b>13</b>	15
<u>Unquoted securities:</u>				
Shares	<b>102,657</b>	102,657	<b>153,781</b>	153,781
Accumulated impairment	<b>-</b>	-	<b>(1,440)</b>	(1,440)
	<b>102,657</b>	102,657	<b>152,341</b>	152,341
Unit Trust Funds	<b>-</b>	-	<b>4,991</b>	4,992
	<b>-</b>	-	<b>4,991</b>	4,992
Debt securities and medium term notes	<b>2,149,649</b>	2,083,180	<b>3,382,575</b>	3,136,690
Accumulated impairment	<b>(135,681)</b>	(135,681)	<b>(231,911)</b>	(231,911)
	<b>2,013,968</b>	1,947,499	<b>3,150,664</b>	2,904,779
	<b>2,116,625</b>	2,050,156	<b>3,307,996</b>	3,062,112
Total financial investments available-for-sale	<b>6,913,287</b>	7,252,922	<b>8,062,156</b>	8,565,696

**A15 Financial Investments Held-to-maturity**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	<b>580,700</b>	578,740	<b>703,222</b>	700,570
Malaysian Government investment certificates	<b>-</b>	-	<b>231,074</b>	233,390
Khazanah bonds	<b>141,485</b>	140,247	<b>192,298</b>	190,602
	<b>722,185</b>	718,987	<b>1,126,594</b>	1,124,562
<b>At cost</b>				
<u>Unquoted securities:</u>				
Debt securities	<b>1,631</b>	1,631	<b>18,938</b>	18,938
Accumulated impairment	<b>(1,294)</b>	(1,294)	<b>(14,193)</b>	(14,193)
	<b>337</b>	337	<b>4,745</b>	4,745
Total financial investments held-to-maturity	<b>722,522</b>	719,324	<b>1,131,339</b>	1,129,307

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**A16 Loans, Advances and Financing**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Overdrafts	2,124,438	2,187,943	2,546,848	2,641,243
Term loans/financing				
- Housing loans/financing	12,266,130	12,284,139	14,796,833	14,842,860
- Syndicated term loans/financing	195,453	260,515	196,421	261,668
- Hire purchase receivables	738,980	734,007	1,319,702	1,351,475
- Other term loans/financing	10,428,058	10,342,136	13,189,074	13,039,019
Bills receivables	416,801	303,895	425,838	306,143
Trust receipts	161,322	150,244	195,357	179,935
Claims on customers under acceptance credits	1,910,261	1,989,818	2,471,432	2,519,809
Staff loans [include loans to Directors of a subsidiary of RM115,000 (31.03.16: RM123,000)]	12,148	12,116	33,391	34,395
Credit/charge card receivables	647,956	646,321	647,956	646,321
Revolving credits	1,319,988	1,475,415	1,541,618	1,660,665
Share margin financing	928,641	1,118,646	1,109,987	1,264,135
Gross loans, advances and financing	<b>31,150,176</b>	<b>31,505,195</b>	<b>38,474,457</b>	<b>38,747,668</b>
Add: Sales commissions and handling fees	31,555	34,845	39,216	38,365
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(61,750)	(58,061)	(71,908)	(68,331)
- Collective assessment allowance	(229,120)	(236,501)	(306,216)	(306,978)
Total net loans, advances and financing	<b>30,890,861</b>	<b>31,245,478</b>	<b>38,135,549</b>	<b>38,410,724</b>

**A16a** By type of customers:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Domestic non-bank financial institutions	305,863	339,935	354,003	375,434
Domestic business enterprises				
- Small and medium enterprises	7,101,151	7,170,303	8,894,994	8,956,673
- Others	5,958,980	5,959,540	7,116,342	7,055,672
Government and statutory bodies	6,442	6,816	6,442	6,816
Individuals	16,860,272	17,096,520	21,071,653	21,306,301
Other domestic entities	192,680	196,851	200,325	204,609
Foreign entities	724,788	735,230	830,698	842,163
Gross loans, advances and financing	<b>31,150,176</b>	<b>31,505,195</b>	<b>38,474,457</b>	<b>38,747,668</b>

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**A16 Loans, Advances and Financing (contd.)**

**A16b** By interest/profit rate sensitivity:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Fixed rate				
- Housing loans/financing	6,680	7,106	45,320	46,476
- Hire purchase receivables	696,320	689,079	1,277,042	1,306,547
- Other fixed rate loans/financing	1,015,312	1,195,668	2,258,434	2,379,044
Variable rate				
- Base lending rate plus	22,854,386	23,025,701	27,383,461	27,563,594
- Base rate plus	876,279	762,987	970,704	847,853
- Cost plus	5,391,511	5,583,485	6,225,031	6,350,612
- Other variable rates loans/financing	309,688	241,169	314,465	253,542
Gross loans, advances and financing	<b>31,150,176</b>	<b>31,505,195</b>	<b>38,474,457</b>	<b>38,747,668</b>

**A16c** By economic purposes:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Purchase of securities	948,798	1,140,290	1,130,144	1,285,780
Purchase of transport vehicles	593,204	597,735	1,177,075	1,218,632
Purchase of landed property	18,923,588	18,976,106	22,536,406	22,624,255
of which: - Residential	<b>13,289,897</b>	<b>13,289,744</b>	<b>15,823,005</b>	<b>15,846,729</b>
- Non-residential	<b>5,633,691</b>	<b>5,686,362</b>	<b>6,713,401</b>	<b>6,777,526</b>
Purchase of fixed assets excluding land & buildings	188,978	183,680	197,314	192,901
Personal use	1,446,839	1,459,164	2,595,805	2,560,230
Credit card	647,956	646,321	647,956	646,321
Construction	647,813	653,792	657,537	663,866
Mergers and acquisitions	117,688	117,688	117,688	117,688
Working capital	5,679,438	5,946,276	6,994,117	7,186,477
Others	1,955,874	1,784,143	2,420,415	2,251,518
Gross loans, advances and financing	<b>31,150,176</b>	<b>31,505,195</b>	<b>38,474,457</b>	<b>38,747,668</b>

**A16d** By geographical distribution:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Northern region	2,021,720	2,110,739	2,486,022	2,569,926
Central region	22,640,832	22,900,089	27,765,606	27,917,362
Southern region	3,470,166	3,480,489	4,547,948	4,581,547
Sabah region	2,044,628	2,092,217	2,531,138	2,586,488
Sarawak region	972,830	921,661	1,143,743	1,092,345
Gross loans, advances and financing	<b>31,150,176</b>	<b>31,505,195</b>	<b>38,474,457</b>	<b>38,747,668</b>

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**A16 Loans, Advances and Financing (contd.)**

**A16e** By maturity structure:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Within one year	7,473,742	7,817,151	8,940,927	9,201,769
One year to three years	1,142,355	1,080,775	1,385,537	1,318,284
Three years to five years	1,315,849	1,474,458	1,887,632	2,050,419
Over five years	21,218,230	21,132,811	26,260,361	26,177,196
Gross loans, advances and financing	<u>31,150,176</u>	<u>31,505,195</u>	<u>38,474,457</u>	<u>38,747,668</u>

**A16f** Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
At beginning of financial year	373,199	321,497	487,868	380,712
Impaired during the period/year	88,449	504,902	118,402	688,435
Reclassified as unimpaired during the period/year	(77,532)	(274,846)	(97,525)	(342,996)
Recoveries	(34,476)	(127,829)	(40,744)	(157,779)
Amount written-off	(9,217)	(50,525)	(17,424)	(80,504)
At end of financial period/year	340,423	373,199	450,577	487,868
Individual allowance for impairment	(61,750)	(58,061)	(71,908)	(68,331)
Collective allowance for impairment (impaired portion)	(77,738)	(85,540)	(101,118)	(109,347)
Net impaired loans, advances and financing	<u>200,935</u>	<u>229,598</u>	<u>277,551</u>	<u>310,190</u>
Gross impaired loans as % of gross loans, advances and financing	<u>1.1%</u>	<u>1.2%</u>	<u>1.2%</u>	<u>1.3%</u>

**A16g** Impaired loans analysed by economic purposes are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
Purchase of transport vehicles	8,250	9,583	12,622	14,742
Purchase of landed property	224,445	247,620	281,735	307,795
of which: - Residential	180,923	192,500	205,857	220,145
- Non-residential	43,522	55,120	75,878	87,650
Purchase of fixed assets excluding land & buildings	631	651	631	651
Personal use	22,853	22,783	37,971	37,029
Credit card	8,467	9,421	8,467	9,421
Construction	3,879	3,837	3,879	3,892
Working capital	57,430	61,879	90,103	96,211
Others	14,468	17,425	15,169	18,127
Gross impaired loans	<u>340,423</u>	<u>373,199</u>	<u>450,577</u>	<u>487,868</u>

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**A16 Loans, Advances and Financing (contd.)**

**A16h Impaired loans by geographical distribution:**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Northern region	38,735	42,935	41,241	46,072
Central region	245,267	272,288	343,582	372,422
Southern region	32,130	33,365	38,744	40,279
Sabah region	21,516	21,662	23,790	25,088
Sarawak region	2,775	2,949	3,220	4,007
Gross impaired loans	<b>340,423</b>	<b>373,199</b>	<b>450,577</b>	<b>487,868</b>

**A16i Movements in the allowance for impairment on loans, advances and financing are as follows:**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>Individual assessment allowance</b>				
At beginning of financial year	58,061	46,191	68,331	56,303
Allowance made during the period/year (net)	5,565	18,795	5,679	24,229
Amount written-off	(406)	(8,662)	(406)	(14,060)
Transfers (to)/from collective assessment allowance	(1,470)	1,737	(1,696)	1,859
At end of financial period/year	<b>61,750</b>	<b>58,061</b>	<b>71,908</b>	<b>68,331</b>

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>Collective assessment allowance</b>				
At beginning of financial year	236,501	278,599	306,978	334,704
(Write-back)/allowance made during the period/year (net)	(40)	1,502	14,560	40,577
Amount written-off	(8,811)	(41,863)	(17,018)	(66,444)
Transfers from/(to) individual assessment allowance	1,470	(1,737)	1,696	(1,859)
At end of financial period/year	<b>229,120</b>	<b>236,501</b>	<b>306,216</b>	<b>306,978</b>

**A17 Other Assets**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Other receivables	114,744	96,584	124,703	104,253
Deposits	8,445	8,388	9,146	9,089
Prepayment	16,843	13,712	18,467	14,871
Amount due from holding company	-	105	-	105
Amount due from subsidiaries and related companies	8,363	12,906	376	239
	<b>148,395</b>	<b>131,695</b>	<b>152,692</b>	<b>128,557</b>
Less:				
Allowance for other losses	(22,819)	(22,119)	(27,142)	(26,382)
	<b>125,576</b>	<b>109,576</b>	<b>125,550</b>	<b>102,175</b>



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**A18 Deposits from Customers**

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2016 RM'000	31 March 2016 RM'000	30 June 2016 RM'000	31 March 2016 RM'000
<b>A18a</b> <u>By type of deposits:</u>				
<b>Amortised cost</b>				
Demand deposits	10,694,926	10,929,997	12,967,372	12,984,517
Savings deposits	1,463,221	1,467,810	1,793,197	1,787,163
Fixed/investment deposits	17,557,365	18,185,230	21,823,534	22,984,461
Money market deposits	1,792,967	1,684,628	2,573,093	2,596,081
Negotiable instruments of deposits	4,797,068	5,069,583	5,295,711	5,268,944
Structured deposits	281,045	260,185	281,045	260,185
	<u>36,586,592</u>	<u>37,597,433</u>	<u>44,733,952</u>	<u>45,881,351</u>
<b>At fair value through profit and loss</b>				
Structured deposits	283,322	239,136	283,322	239,136
	<u>36,869,914</u>	<u>37,836,569</u>	<u>45,017,274</u>	<u>46,120,487</u>

Note

- (a) Structured deposits issued by the Bank include foreign currency time deposits with embedded foreign exchange, equity linked options and interest rate index linked placements.
- (b) The Bank and the Group has undertaken a fair value hedge on the interest rate risk of certain structured deposits amounting to RM168,568,000 (31.03.16: RM200,913,000) using interest rate swaps.

	<u>BANK/GROUP</u>	
	30 June 2016 RM'000	31 March 2016 RM'000
Structured deposits	168,568	200,913
Fair value changes arising from fair value hedges	(4,026)	(5,832)
	<u>164,542</u>	<u>195,081</u>

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 30 June 2016 is RM4,026,000 (31.03.16: RM5,832,000). There were no ineffectiveness.

- (c) During the financial period ended 30 June 2016, the Bank designated certain structured deposits at fair value through profit or loss. This designation is permitted under MFRS 139 "Financial Instruments: Recognition and Measurement" as it includes embedded derivatives that are not closely related to its underlying deposits. The structured deposits are recorded at fair value. The carrying amount of the structured deposits were RM11,390,000 lower than the contractual amount at maturity.

	<u>BANK/GROUP</u>	
	30 June 2016 RM'000	31 March 2016 RM'000
Structured deposits	317,463	269,601
Fair value changes arising from designation at fair value through profit or loss	(34,141)	(30,465)
	<u>283,322</u>	<u>239,136</u>

The fair value changes of the structured deposits that are attributable to the changes in own credit risk are not significant.

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**A18 Deposits from Customers (contd.)**

**A18b** By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000
Domestic financial institutions	<b>4,870,136</b>	5,168,192	<b>5,350,024</b>	5,349,252
Domestic non-bank financial institutions	<b>1,398,890</b>	1,835,191	<b>2,195,086</b>	2,724,792
Government and statutory bodies	<b>1,749,433</b>	1,814,137	<b>3,684,684</b>	3,962,637
Business enterprises	<b>12,233,845</b>	11,717,603	<b>15,413,761</b>	14,773,608
Individuals	<b>15,661,129</b>	16,361,415	<b>17,322,010</b>	18,221,964
Foreign entities	<b>531,117</b>	533,915	<b>588,421</b>	593,398
Others	<b>425,364</b>	406,116	<b>463,288</b>	494,836
	<b><u>36,869,914</u></b>	<u>37,836,569</u>	<b><u>45,017,274</u></b>	<u>46,120,487</u>

**A18c** The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follow:

	<u>BANK</u>		<u>GROUP</u>	
	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000
Due within six months	<b>20,625,478</b>	20,297,177	<b>25,543,222</b>	25,199,911
Six months to one year	<b>3,439,628</b>	4,583,847	<b>3,946,198</b>	5,464,888
One year to three years	<b>55,256</b>	52,640	<b>52,140</b>	53,992
Three years to five years	<b>27,038</b>	5,777	<b>150,778</b>	130,695
	<b><u>24,147,400</u></b>	<u>24,939,441</u>	<b><u>29,692,338</u></b>	<u>30,849,486</u>

**A19 Deposits and Placements of Banks and Other Financial Institutions**

	<u>BANK</u>		<u>GROUP</u>	
	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000
Licensed banks	<b>409,451</b>	708,074	<b>409,451</b>	708,074
Bank Negara Malaysia	<b>1,136,554</b>	309,358	<b>1,292,904</b>	449,176
	<b><u>1,546,005</u></b>	<u>1,017,432</u>	<b><u>1,702,355</u></b>	<u>1,157,250</u>

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**A20 Balances Due To Clients And Brokers**

	<b>GROUP</b>	
	<b>30 June</b>	31 March
	<b>2016</b>	2016
	<b>RM'000</b>	RM'000
Due to clients	<u>80,000</u>	<u>77,246</u>
	<u><b>80,000</b></u>	<u><b>77,246</b></u>

These mainly relate to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

The Group's normal trade credit terms for non-margin clients is three (3) market days according to the Bursa's FDSS trading rules.

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM67,123,000 (31.3.16: RM83,067,000) have been excluded accordingly.

**A21 Other Liabilities**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2016</b>	2016	<b>2016</b>	2016
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other payables	<b>689,724</b>	631,078	<b>854,319</b>	756,515
Provision and accruals	<b>39,802</b>	82,005	<b>48,478</b>	93,172
Remisiers and dealers account	-	-	<b>22,159</b>	22,165
Finance lease liabilities	<b>7,558</b>	8,125	<b>7,558</b>	8,125
Amount due to subsidiaries and related companies	<b>76,583</b>	-	<b>283</b>	-
Amount due to holding company	<b>2,468</b>	-	<b>2,884</b>	161
	<u><b>816,135</b></u>	<u>721,208</u>	<u><b>935,681</b></u>	<u>880,138</u>

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**A22 Interest Income**

	1st Quarter Ended		Three Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
<b><u>BANK</u></b>				
Loans, advances and financing	368,157	353,305	368,157	353,305
Money at call and deposit placements with financial institutions	8,899	4,187	8,899	4,187
Financial assets held-for-trading	1,407	819	1,407	819
Financial investments available-for-sale	59,289	70,974	59,289	70,974
Financial investments held-to-maturity	5,384	5,448	5,384	5,448
Others	2,654	3,058	2,654	3,058
	<u>445,790</u>	<u>437,791</u>	<u>445,790</u>	<u>437,791</u>
Accretion of discount less amortisation of premium	18,519	15,817	18,519	15,817
	<u>464,309</u>	<u>453,608</u>	<u>464,309</u>	<u>453,608</u>
<b><u>GROUP</u></b>				
Loans, advances and financing	378,079	357,567	378,079	357,567
Money at call and deposit placements with financial institutions	6,762	3,296	6,762	3,296
Financial assets held-for-trading	1,407	819	1,407	819
Financial investments available-for-sale	60,730	75,753	60,730	75,753
Financial investments held-to-maturity	6,642	6,711	6,642	6,711
Others	2,654	3,058	2,654	3,058
	<u>456,274</u>	<u>447,204</u>	<u>456,274</u>	<u>447,204</u>
Accretion of discount less amortisation of premium	18,590	16,514	18,590	16,514
	<u>474,864</u>	<u>463,718</u>	<u>474,864</u>	<u>463,718</u>

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**A23 Interest Expense**

	1st Quarter Ended		Three Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
<b><u>BANK</u></b>				
Deposits and placements of banks and other financial institutions	3,864	6,559	3,864	6,559
Deposits from customers	224,722	228,627	224,722	228,627
Other borrowings	59	-	59	-
Subordinated obligations	17,682	7,314	17,682	7,314
Others	12,822	5,493	12,822	5,493
	<b>259,149</b>	<b>247,993</b>	<b>259,149</b>	<b>247,993</b>
<b><u>GROUP</u></b>				
Deposits and placements of banks and other financial institutions	4,258	10,532	4,258	10,532
Deposits from customers	228,957	233,693	228,957	233,693
Other borrowings	59	-	59	-
Subordinated obligations	17,618	7,314	17,618	7,314
Others	12,822	5,493	12,822	5,493
	<b>263,714</b>	<b>257,032</b>	<b>263,714</b>	<b>257,032</b>

**A24 Net Income from Islamic Banking Business**

	1st Quarter Ended		Three Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
<b><u>GROUP</u></b>				
Income derived from investment of depositors' funds and others	112,469	101,872	112,469	101,872
Income derived from investment of Islamic Banking funds	10,591	8,938	10,591	8,938
Income attributable to the depositors and financial institutions	(62,940)	(59,119)	(62,940)	(59,119)
	<b>60,120</b>	<b>51,691</b>	<b>60,120</b>	<b>51,691</b>
Add: Income due to head office eliminated at Group level	7,215	6,861	7,215	6,861
	<b>67,335</b>	<b>58,552</b>	<b>67,335</b>	<b>58,552</b>

**A25 Other Operating Income**

	1st Quarter Ended		Three Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
<b><u>BANK</u></b>				
(a) <u>Fee and commission income:</u>				
Commissions	20,788	17,848	20,788	17,848
Service charges and fees	8,104	7,413	8,104	7,413
Guarantee fees	4,697	3,700	4,697	3,700
Processing fees	2,820	2,106	2,820	2,106
Commitment fees	3,918	3,742	3,918	3,742
Other fee income	25,198	25,195	25,198	25,195
	<b>65,525</b>	<b>60,004</b>	<b>65,525</b>	<b>60,004</b>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(537)	(224)	(537)	(224)
Guarantee fees expense	(358)	(507)	(358)	(507)
Other fee expense	(20,802)	(22,864)	(20,802)	(22,864)
	<b>(21,697)</b>	<b>(23,595)</b>	<b>(21,697)</b>	<b>(23,595)</b>
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	1,601	(558)	1,601	(558)
- Financial investments available-for-sale	350	957	350	957
Marked-to-market revaluation of:				
- Financial assets held-for-trading	(970)	101	(970)	101
- Derivative instruments	44,170	(46,166)	44,170	(46,166)
- Unrealised gain arising from financial liabilities designated at fair value	3,676	3,160	3,676	3,160
Realised (loss)/gain on derivative instruments	(15,612)	63,648	(15,612)	63,648
Gross dividend income from:				
- Financial investments available-for-sale	2,089	2,281	2,089	2,281
- Subsidiaries	30,217	5,974	30,217	5,974
	<b>65,521</b>	<b>29,397</b>	<b>65,521</b>	<b>29,397</b>
(d) <u>Other income:</u>				
Foreign exchange (loss)/gain	(8,593)	3,586	(8,593)	3,586
Rental income	163	91	163	91
Loss on disposal of property, plant and equipment	-	(12)	-	(12)
Others	6,864	7,219	6,864	7,219
	<b>(1,566)</b>	<b>10,884</b>	<b>(1,566)</b>	<b>10,884</b>
Total other operating income	<b>107,783</b>	<b>76,690</b>	<b>107,783</b>	<b>76,690</b>

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**A25 Other Operating Income (contd.)**

<b>GROUP</b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Fee and commission income:</b>				
Commissions	<b>20,788</b>	17,848	<b>20,788</b>	17,848
Service charges and fees	<b>8,247</b>	7,612	<b>8,247</b>	7,612
Corporate advisory fees	<b>560</b>	486	<b>560</b>	486
Underwriting commissions	<b>85</b>	-	<b>85</b>	-
Brokerage fees	<b>7,076</b>	9,030	<b>7,076</b>	9,030
Guarantee fees	<b>4,829</b>	3,960	<b>4,829</b>	3,960
Processing fees	<b>3,480</b>	2,558	<b>3,480</b>	2,558
Commitment fees	<b>3,926</b>	3,747	<b>3,926</b>	3,747
Other fee income	<b>25,198</b>	25,195	<b>25,198</b>	25,195
	<b>74,189</b>	70,436	<b>74,189</b>	70,436
<b>(b) Fee and commission expense:</b>				
Commissions expense	<b>(537)</b>	(222)	<b>(537)</b>	(222)
Brokerage fees expense	<b>(3,106)</b>	(4,196)	<b>(3,106)</b>	(4,196)
Guarantee fees expense	<b>(358)</b>	(507)	<b>(358)</b>	(507)
Other fee expense	<b>(20,802)</b>	(22,864)	<b>(20,802)</b>	(22,864)
	<b>(24,803)</b>	(27,789)	<b>(24,803)</b>	(27,789)
<b>(c) Investment income:</b>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	<b>1,601</b>	(558)	<b>1,601</b>	(558)
- Financial investments available-for-sale	<b>394</b>	1,318	<b>394</b>	1,318
Marked-to-market revaluation of:				
- Financial assets held-for-trading	<b>(970)</b>	101	<b>(970)</b>	101
- Derivative instruments	<b>44,170</b>	(46,166)	<b>44,170</b>	(46,166)
- Unrealised gain arising from financial liabilities designated at fair value	<b>3,676</b>	3,160	<b>3,676</b>	3,160
Realised (loss)/gain on derivative instruments	<b>(15,612)</b>	63,648	<b>(15,612)</b>	63,648
Gross dividend income from:				
- Financial investments available-for-sale	<b>2,496</b>	2,761	<b>2,496</b>	2,761
	<b>35,755</b>	24,264	<b>35,755</b>	24,264
<b>(d) Other income :</b>				
Foreign exchange (loss)/gain	<b>(8,513)</b>	3,689	<b>(8,513)</b>	3,689
Loss on disposal of property, plant and equipment	<b>-</b>	(12)	<b>-</b>	(12)
Others	<b>7,726</b>	7,433	<b>7,726</b>	7,433
	<b>(787)</b>	11,110	<b>(787)</b>	11,110
<b>Total other operating income</b>	<b>84,354</b>	78,021	<b>84,354</b>	78,021

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**A26 Other Operating Expenses**

	1st Quarter Ended		Three Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
<b><u>BANK</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	65,980	62,174	65,980	62,174
- Contribution to EPF	10,834	10,100	10,834	10,100
- Share options/grants under ESS	874	2,027	874	2,027
- Others	6,548	5,921	6,548	5,921
	<b>84,236</b>	<b>80,222</b>	<b>84,236</b>	<b>80,222</b>
Establishment costs				
- Depreciation of property, plant and equipment	5,424	5,699	5,424	5,699
- Amortisation of computer software	5,416	5,099	5,416	5,099
- Rental of premises	5,935	5,988	5,935	5,988
- Water and electricity	1,524	1,571	1,524	1,571
- Repairs and maintenance	1,767	1,021	1,767	1,021
- Information technology expenses	8,297	8,510	8,297	8,510
- Others	1,073	1,112	1,073	1,112
	<b>29,436</b>	<b>29,000</b>	<b>29,436</b>	<b>29,000</b>
Marketing expenses				
- Promotion and advertisement	1,404	802	1,404	802
- Branding and publicity	630	1,065	630	1,065
- Others	1,187	1,075	1,187	1,075
	<b>3,221</b>	<b>2,942</b>	<b>3,221</b>	<b>2,942</b>
Administration and general expenses				
- Communication expenses	2,809	2,346	2,809	2,346
- Printing and stationery	699	535	699	535
- Insurance	2,224	6,176	2,224	6,176
- Professional fees	3,748	3,815	3,748	3,815
- Others	4,448	4,991	4,448	4,991
	<b>13,928</b>	<b>17,863</b>	<b>13,928</b>	<b>17,863</b>
Total other operating expenses	<b>130,821</b>	<b>130,027</b>	<b>130,821</b>	<b>130,027</b>



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**A26 Other Operating Expenses (contd.)**

	1st Quarter Ended		Three Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
<b>GROUP</b>				
Personnel costs				
- Salaries, allowances and bonuses	85,449	82,094	85,449	82,094
- Contribution to EPF	13,927	13,233	13,927	13,233
- Share options/grants under ESS	1,005	2,103	1,005	2,103
- Others	8,487	7,614	8,487	7,614
	<b>108,868</b>	105,044	<b>108,868</b>	105,044
Establishment costs				
- Depreciation of property, plant and equipment	5,566	5,818	5,566	5,818
- Amortisation of computer software	5,520	5,167	5,520	5,167
- Rental of premises	7,616	7,780	7,616	7,780
- Water and electricity	2,114	2,047	2,114	2,047
- Repairs and maintenance	2,342	1,469	2,342	1,469
- Information technology expenses	10,923	10,620	10,923	10,620
- Others	3,662	4,039	3,662	4,039
	<b>37,743</b>	36,940	<b>37,743</b>	36,940
Marketing expenses				
- Promotion and advertisement	1,573	1,774	1,573	1,774
- Branding and publicity	652	1,175	652	1,175
- Others	2,030	1,870	2,030	1,870
	<b>4,255</b>	4,819	<b>4,255</b>	4,819
Administration and general expenses				
- Communication expenses	3,691	3,233	3,691	3,233
- Printing and stationery	891	731	891	731
- Insurance	2,405	6,965	2,405	6,965
- Professional fees	5,151	4,473	5,151	4,473
- Others	5,918	4,997	5,918	4,997
	<b>18,056</b>	20,399	<b>18,056</b>	20,399
Total other operating expenses	<b>168,922</b>	167,202	<b>168,922</b>	167,202

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**A27 Allowance for Losses on Loans, Advances and Financing and Other Receivables**

	1st Quarter Ended		Three Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
<b><u>BANK</u></b>				
Allowance for impaired loans and financing and other receivables:				
(a) Individual assessment allowance				
- made/(write-back) during the period (net)	5,565	(687)	5,565	(687)
(b) Collective assessment allowance				
- (write-back)/made during the period (net)	(40)	9,441	(40)	9,441
(c) Bad debts on loans and financing				
- Recovered	(6,217)	(6,246)	(6,217)	(6,246)
- Written-off	2,706	2,144	2,706	2,144
	<u>2,014</u>	<u>4,652</u>	<u>2,014</u>	<u>4,652</u>
Allowance for other receivables	700	600	700	600
	<u>2,714</u>	<u>5,252</u>	<u>2,714</u>	<u>5,252</u>
<b><u>GROUP</u></b>				
Allowance for impaired loans and financing and other receivables:				
(a) Individual assessment allowance				
- made during the period (net)	5,679	4,224	5,679	4,224
(b) Collective assessment allowance				
- made during the period (net)	14,560	17,406	14,560	17,406
(c) Bad debts on loans and financing				
- Recovered	(7,958)	(8,777)	(7,958)	(8,777)
- Written-off	5,098	3,342	5,098	3,342
	<u>17,379</u>	<u>16,195</u>	<u>17,379</u>	<u>16,195</u>
Allowance for other receivables	758	919	758	919
	<u>18,137</u>	<u>17,114</u>	<u>18,137</u>	<u>17,114</u>

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**A28 Commitments and Contingencies**

The off-balance sheet exposures and their related counterparty credit risk of the Bank and the Group are as follows:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000	<b>30 June 2016 RM'000</b>	31 March 2016 RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	<b>648,361</b>	625,635	<b>764,899</b>	717,319
Transaction-related contingent items	<b>639,099</b>	618,043	<b>702,116</b>	677,126
Short-term self-liquidating trade-related contingencies	<b>139,864</b>	113,621	<b>176,970</b>	137,524
Irrevocable commitments to extend credit:				
- maturity exceeding one year	<b>1,593,240</b>	1,940,980	<b>1,902,898</b>	2,287,572
- maturity not exceeding one year	<b>5,042,141</b>	4,803,945	<b>6,612,326</b>	6,327,855
Unutilised credit card lines	<b>1,596,967</b>	1,597,855	<b>1,596,967</b>	1,597,855
	<b>9,659,672</b>	9,700,079	<b>11,756,176</b>	11,745,251
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	<b>10,781,003</b>	7,255,690	<b>10,781,003</b>	7,255,690
- over one year to three years	<b>40,275</b>	39,135	<b>40,275</b>	39,135
- over three years	-	-	-	-
Interest rate related contracts:				
- one year or less	<b>380,000</b>	380,000	<b>380,000</b>	380,000
- over one year to three years	<b>862,919</b>	809,755	<b>862,919</b>	809,755
- over three years	<b>1,595,692</b>	1,490,776	<b>1,595,692</b>	1,490,776
Equity related contracts				
- one year or less	<b>111,990</b>	92,940	<b>111,990</b>	92,940
- over one year to three years	<b>14,420</b>	18,880	<b>14,420</b>	18,880
	<b>13,786,299</b>	10,087,176	<b>13,786,299</b>	10,087,176
	<b>23,445,971</b>	19,787,255	<b>25,542,475</b>	21,832,427

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**A29 Derivative Financial Assets/(Liabilities)**

Derivative financial instruments measured at fair values together with their corresponding contract/notional amounts:

<b><u>BANK/GROUP</u></b>	<b>As at 30 June 2016</b>			<b>As at 31 March 2016</b>		
	<b>Principal RM'000</b>	<b>Fair value</b>		<b>Principal RM'000</b>	<b>Fair value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	<b>1,352,646</b>	<b>13,612</b>	<b>(33,299)</b>	1,316,549	25,079	(53,190)
Currency swaps						
- one year or less	<b>8,810,097</b>	<b>63,196</b>	<b>(109,039)</b>	5,520,405	90,660	(174,450)
- over one year to three years	<b>40,275</b>	-	<b>(8,704)</b>	39,135	-	(7,656)
Currency spots						
- one year or less	<b>388,598</b>	<b>821</b>	<b>(607)</b>	258,309	646	(615)
Currency options						
- one year or less	<b>229,662</b>	<b>1,336</b>	<b>(287)</b>	160,427	1,349	(404)
	<b>10,821,278</b>	<b>78,965</b>	<b>(151,936)</b>	7,294,825	117,734	(236,315)
Interest rate derivatives						
Interest rate swap						
- one year or less	<b>2,670,662</b>	<b>18,076</b>	<b>(12,064)</b>	2,480,312	15,917	(10,333)
- over one year to three years	<b>380,000</b>	<b>64</b>	<b>(61)</b>	380,000	136	(87)
- over three years	<b>763,000</b>	<b>1,796</b>	<b>(3,582)</b>	763,000	1,813	(3,410)
	<b>1,527,662</b>	<b>16,216</b>	<b>(8,421)</b>	1,337,312	13,968	(6,836)
Equity related derivatives						
- one year or less	<b>111,990</b>	-	<b>(26,977)</b>	92,940	-	(23,782)
- over one year to three years	<b>14,420</b>	-	<b>(2,011)</b>	18,880	-	(3,279)
<b>Hedging Derivatives</b>						
Interest rate swap						
- over one year to three years	<b>99,919</b>	-	<b>(3,476)</b>	46,755	-	(1,592)
- over three years	<b>68,030</b>	-	<b>(550)</b>	153,464	-	(4,240)
<b>Total derivatives assets/(liabilities)</b>	<b>13,786,299</b>	<b>97,041</b>	<b>(197,014)</b>	10,087,176	133,651	(279,541)

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risks with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2016.

**Forwards**

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

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**A29 Derivative Financial Assets/(Liabilities) (Contd.)**

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

Spots

Spots refer to the buying and selling of the currency where the settlement date is two business days.

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying asset at a predetermined price. The seller receives a premium from the purchaser in consideration of risk. Options may be either exchange-traded or negotiated between the purchaser and the seller in the over-the-counter market.

Related accounting policies

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception except for options and subsequently re-measured at their fair value. The fair value of options at inception is normally equivalent to the premium received (for options written) or paid (for options purchased). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income.

Interest income and expenses associated with interest rate swaps are recognised over the life of the swap agreement as a component of interest income or interest expense.

### **A30 Segment Information**

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

#### **(i) Consumer Banking**

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards, wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

#### **(ii) Business Banking**

Business Banking segment covers Small and Medium Enterprise ("SME"), Corporate and Commercial Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Corporate and Commercial Banking serves public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

#### **(iii) Financial Markets**

Financial Markets provide foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

#### **(iv) Investment Banking**

Investment Banking covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

#### **(v) Others**

Others refer to mainly other business operations such as alternative distribution channels, trustee services and head office.

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**A30 Segment information (contd.)**

<b>Group</b>	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
<b>1st Quarter ended 30 June 2016</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	110,914	80,045	18,297	2,470	24	211,750	(600)	211,150
- Inter-segment	(30,467)	16,615	15,363	(1,511)	-	-	-	-
	80,447	96,660	33,660	959	24	211,750	(600)	211,150
Net income from Islamic banking business	27,666	19,673	12,781	-	-	60,120	7,215	67,335
Other operating income	28,694	41,719	8,383	5,678	7,153	91,627	(7,273)	84,354
Net income	136,807	158,052	54,824	6,637	7,177	363,497	(658)	362,839
Other operating expenses	(74,708)	(60,891)	(10,503)	(9,069)	(3,847)	(159,018)	1,182	(157,836)
Depreciation and amortisation	(5,999)	(4,097)	(803)	(187)	-	(11,086)	-	(11,086)
Operating profit/(loss)	56,100	93,064	43,518	(2,619)	3,330	193,393	524	193,917
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(16,686)	2,947	(19)	21	(4,400)	(18,137)	-	(18,137)
Allowance for impairment	-	-	-	(1,208)	-	(1,208)	-	(1,208)
Segment result	39,414	96,011	43,499	(3,806)	(1,070)	174,048	524	174,572
Share of results of associate								3
Share of profit of joint venture accounted for using the equity method								19
Taxation								(42,493)
Net profit for the financial period								132,101
Segment assets	21,882,589	16,036,447	18,066,190	264,666	26,114	56,276,006	(2,291,935)	53,984,071
Reconciliation of segment assets to consolidated assets:								
Investments in associate								523
Investments in joint venture								585
Property, plant and equipment								82,069
Unallocated assets								33,866
Intangible assets								362,774
Total assets								54,463,888
Segment Liabilities	21,434,752	20,180,585	9,275,103	104,383	16,301	51,011,124	(1,362,333)	49,648,791
Unallocated liabilities								31,667
Total liabilities								49,680,458

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**A30 Segment information (contd.)**

<b>Group</b>	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
<b>Three months ended 30 June 2016</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	110,914	80,045	18,297	2,470	24	211,750	(600)	211,150
- Inter-segment	(30,467)	16,615	15,363	(1,511)	-	-	-	-
	80,447	96,660	33,660	959	24	211,750	(600)	211,150
Net income from Islamic banking business	27,666	19,673	12,781	-	-	60,120	7,215	67,335
Other operating income	28,694	41,719	8,383	5,678	7,153	91,627	(7,273)	84,354
Net income	136,807	158,052	54,824	6,637	7,177	363,497	(658)	362,839
Other operating expenses	(74,708)	(60,891)	(10,503)	(9,069)	(3,847)	(159,018)	1,182	(157,836)
Depreciation and amortisation	(5,999)	(4,097)	(803)	(187)	-	(11,086)	-	(11,086)
Operating profit/(loss)	56,100	93,064	43,518	(2,619)	3,330	193,393	524	193,917
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(16,686)	2,947	(19)	21	(4,400)	(18,137)	-	(18,137)
Allowance for impairment	-	-	-	(1,208)	-	(1,208)	-	(1,208)
Segment result	39,414	96,011	43,499	(3,806)	(1,070)	174,048	524	174,572
Share of results of associate								3
Share of profit of joint venture accounted for using the equity method								19
Taxation								(42,493)
Net profit for the financial period								132,101
Segment assets	21,882,589	16,036,447	18,066,190	264,666	26,114	56,276,006	(2,291,935)	53,984,071
Reconciliation of segment assets to consolidated assets:								
Investments in associate								523
Investments in joint venture								585
Property, plant and equipment								82,069
Unallocated assets								33,866
Intangible assets								362,774
Total assets								54,463,888
Segment Liabilities	21,434,752	20,180,585	9,275,103	104,383	16,301	51,011,124	(1,362,333)	49,648,791
Unallocated liabilities								31,667
Total liabilities								49,680,458



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**A30 Segment information (contd.)**

<b>Group</b>	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
<b>1st Quarter ended 30 June 2015</b>								
Net interest income								
- External income	101,800	79,545	29,445	1,285	22	212,097	(5,411)	206,686
- Inter-segment	(19,568)	16,214	4,350	(996)	-	-	-	-
	82,232	95,759	33,795	289	22	212,097	(5,411)	206,686
Net income from Islamic banking business	23,169	17,269	11,253	-	-	51,691	6,861	58,552
Other operating income	26,818	35,413	9,623	6,253	5,326	83,433	(5,412)	78,021
Net income	132,219	148,441	54,671	6,542	5,348	347,221	(3,962)	343,259
Other operating expenses	(72,687)	(56,650)	(14,244)	(10,057)	(4,866)	(158,504)	2,287	(156,217)
Depreciation and amortisation	(5,881)	(4,017)	(947)	(140)	-	(10,985)	-	(10,985)
Operating profit/(loss)	53,651	87,774	39,480	(3,655)	482	177,732	(1,675)	176,057
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(14,723)	(2,654)	242	21	-	(17,114)	-	(17,114)
Write-back of impairment on securities	-	3	673	-	-	676	-	676
Segment result	38,928	85,123	40,395	(3,634)	482	161,294	(1,675)	159,619
Share of results of associate								2
Share of profit of joint venture accounted for using the equity method								103
Taxation								(38,446)
Net profit for the financial period								121,278
Segment assets	22,069,041	14,750,429	16,639,825	34,092	17,595	53,510,982	(1,727,396)	51,783,586
Reconciliation of segment assets to consolidated assets:								
Investments in associate								513
Investments in joint venture								513
Property, plant and equipment								95,023
Unallocated assets								55,369
Intangible assets								363,071
Total assets								52,298,075
Segment Liabilities	21,017,924	18,409,464	9,226,053	87,260	12,970	48,753,671	(900,912)	47,852,759
Unallocated liabilities								19,977
Total liabilities								47,872,736

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**A30 Segment information (contd.)**

<b>Group</b>	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
<b>Three months ended 30 June 2015</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	101,800	79,545	29,445	1,285	22	212,097	(5,411)	206,686
- Inter-segment	(19,568)	16,214	4,350	(996)	-	-	-	-
	82,232	95,759	33,795	289	22	212,097	(5,411)	206,686
Net income from Islamic banking business	23,169	17,269	11,253	-	-	51,691	6,861	58,552
Other operating income	26,818	35,413	9,623	6,253	5,326	83,433	(5,412)	78,021
Net income	132,219	148,441	54,671	6,542	5,348	347,221	(3,962)	343,259
Other operating expenses	(72,687)	(56,650)	(14,244)	(10,057)	(4,866)	(158,504)	2,287	(156,217)
Depreciation and amortisation	(5,881)	(4,017)	(947)	(140)	-	(10,985)	-	(10,985)
Operating profit/(loss)	53,651	87,774	39,480	(3,655)	482	177,732	(1,675)	176,057
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(14,723)	(2,654)	242	21	-	(17,114)	-	(17,114)
Write-back of impairment on securities	-	3	673	-	-	676	-	676
Segment result	38,928	85,123	40,395	(3,634)	482	161,294	(1,675)	159,619
Share of results of associate								2
Share of profit of joint venture accounted for using the equity method								103
Taxation								(38,446)
Net profit for the financial period								121,278
Segment assets	22,069,041	14,750,429	16,639,825	34,092	17,595	53,510,982	(1,727,396)	51,783,586
Reconciliation of segment assets to consolidated assets:								
Investments in associate								513
Investments in joint venture								513
Property, plant and equipment								95,023
Unallocated assets								55,369
Intangible assets								363,071
Total assets								52,298,075
Segment Liabilities	21,017,924	18,409,464	9,226,053	87,260	12,970	48,753,671	(900,912)	47,852,759
Unallocated liabilities								19,977
Total liabilities								47,872,736

**A31 Capital Adequacy**

The capital adequacy ratios of the Bank and the Group are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Bank and the Group are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

On 13 October 2015, BNM issued the revised Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) ("Revised Framework") which is effective from 1 January 2016. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

Banking institutions are also required to maintain a capital conservation buffer of up to 2.5% and a countercyclical capital buffer above the minimum regulatory capital adequacy ratios. Under the transition arrangements, capital conservation buffer will be phased-in as follows:

<b>Calendar Year</b>	<b>Capital Conservation Buffer</b>
2016	0.625%
2017	1.250%
2018	1.875%
2019 onwards	2.500%

Under the Revised Framework, a countercyclical capital buffer is required to be maintained if this buffer is applied by regulators in countries which the Bank has exposures to, determined based on the weighted average of prevailing countercyclical capital buffer rates applied in that jurisdictions. The countercyclical buffer which is in a range of between 0% and 2.5% is not a requirement for exposures in Malaysia but may be applied by regulators in the future.

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

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June 2016</b>	<b>31 March 2016</b>	<b>30 June 2016</b>	<b>31 March 2016</b>
<b><u>Before deducting proposed dividends</u></b>				
CET I capital ratio	<b>10.856%</b>	11.237%	<b>11.748%</b>	12.070%
Tier I capital ratio	<b>10.856%</b>	11.237%	<b>11.748%</b>	12.070%
Total capital ratio	<b>14.873%</b>	16.528%	<b>16.291%</b>	17.657%
<b><u>After deducting proposed dividends</u></b>				
CET I capital ratio	<b>10.856%</b>	10.880%	<b>11.748%</b>	11.775%
Tier I capital ratio	<b>10.856%</b>	10.880%	<b>11.748%</b>	11.775%
Total capital ratio	<b>14.873%</b>	16.170%	<b>16.291%</b>	17.362%

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**A31 Capital Adequacy (contd.)**

(a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital under the revised Capital Adequacy Framework are as follows:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b><u>CET I Capital/Tier I Capital</u></b>				
Paid-up share capital	796,517	796,517	796,517	796,517
Share premium	401,517	401,517	401,517	401,517
Retained profits	1,784,369	1,888,285	1,944,869	2,047,248
Statutory reserves	835,401	835,401	1,199,718	1,200,019
Revaluation reserves	84,518	73,152	130,655	114,786
Capital reserves	-	-	10,018	10,018
	<b>3,902,322</b>	<b>3,994,872</b>	<b>4,483,294</b>	<b>4,570,105</b>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(248,012)	(247,299)	(362,774)	(362,982)
- Deferred tax assets	-	-	(9,286)	(10,201)
- 55% of revaluation reserves	(46,485)	(40,234)	(71,860)	(63,132)
- Investment in subsidiaries, associate and joint venture	(535,830)	(535,830)	(2,837)	(2,824)
Total CET I Capital/Total Tier I Capital	<b>3,071,995</b>	<b>3,171,509</b>	<b>4,036,537</b>	<b>4,130,966</b>
<b><u>Tier II Capital</u></b>				
Subordinated obligations	1,198,532	1,558,540	1,199,002	1,559,074
Collective assessment allowance and regulatory reserves	295,323	291,825	364,113	354,805
Less: Regulatory adjustment				
- Investment in subsidiaries and associate	(357,220)	(357,220)	(1,891)	(1,882)
Total Tier II Capital	<b>1,136,635</b>	<b>1,493,145</b>	<b>1,561,224</b>	<b>1,911,997</b>
<b>Total Capital</b>	<b>4,208,630</b>	<b>4,664,654</b>	<b>5,597,761</b>	<b>6,042,963</b>

(b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Credit risk	25,836,175	25,743,934	31,393,458	31,241,896
Market risk	101,460	118,013	101,460	123,843
Operational risk	2,359,839	2,361,359	2,865,665	2,858,987
Total RWA and capital requirements	<b>28,297,474</b>	<b>28,223,306</b>	<b>34,360,583</b>	<b>34,224,726</b>

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**A31 Capital Adequacy (contd.)**

(c) The capital adequacy ratios of the banking subsidiaries are as follows:

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
<b>30 June 2016</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>12.985%</b>	<b>95.810%</b>
Tier I capital ratio	<b>12.985%</b>	<b>95.810%</b>
Total capital ratio	<b>14.015%</b>	<b>96.232%</b>
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>12.985%</b>	<b>95.810%</b>
Tier I capital ratio	<b>12.985%</b>	<b>95.810%</b>
Total capital ratio	<b>14.015%</b>	<b>96.232%</b>
<b>31 March 2016</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	13.375%	103.287%
Tier I capital ratio	13.375%	103.287%
Total capital ratio	14.399%	103.641%
<u>After deducting proposed dividends</u>		
CET I capital ratio	13.044%	101.292%
Tier I capital ratio	13.044%	101.292%
Total capital ratio	14.068%	101.646%

**A32 Fair Value Measurements**

**(a) Determination of fair value and fair value hierarchy**

MFRS 13 Fair Value Measurement requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following level of hierarchy are used for determining and disclosing the fair value of the financial instruments:

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

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Bank and the Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**(i) Financial instruments in Level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

**(ii) Financial instruments in Level 2**

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes, repurchase agreements and most of the Group's derivatives.

**(iii) Financial instruments in Level 3**

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible assets, discounted cash flows, and other appropriate valuation models. These includes private equity investments.

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**A32 Fair Value Measurements (contd.)**

**(b) Financial instruments measured at fair value and the fair value hierarchy**

The following tables show the Group's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

<u>BANK</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 June 2016	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	29,960	-	29,960
- Unquoted securities	-	126,618	-	126,618
Financial investments available-for-sale				
- Money market instruments	-	4,796,649	-	4,796,649
- Quoted securities in Malaysia	13	-	-	13
- Unquoted securities	-	2,013,968	102,657	2,116,625
Derivative financial assets	-	97,041	-	97,041
<u>Liabilities</u>				
Derivative financial liabilities	-	197,014	-	197,014

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 June 2016	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	29,960	-	29,960
- Unquoted securities	-	126,618	-	126,618
Financial investments available-for-sale				
- Money market instruments	-	4,754,147	-	4,754,147
- Quoted securities in Malaysia	13	-	-	13
- Unquoted securities	-	3,155,655	152,341	3,307,996
Derivative financial assets	-	97,041	-	97,041
<u>Liabilities</u>				
Derivative financial liabilities	-	197,014	-	197,014

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**A32 Fair Value Measurements (contd.)**

**(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)**

The following tables show the Group's financial instruments which are measured at fair value at the reporting date analyzed by the various levels within the fair value hierarchy (contd.):

<u>BANK</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2016	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	40,441	-	40,441
- Unquoted securities	-	91,788	-	91,788
Financial investments available-for-sale				
- Money market instruments	-	5,202,751	-	5,202,751
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	1,947,499	102,657	2,050,156
Derivative financial assets	-	133,651	-	133,651
<u>Liabilities</u>				
Derivative financial liabilities	-	279,541	-	279,541

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2016	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	40,441	-	40,441
- Unquoted securities	-	91,788	-	91,788
Financial investments available-for-sale				
- Money market instruments	-	5,503,569	-	5,503,569
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	2,909,771	152,341	3,062,112
Derivative financial assets	-	133,651	-	133,651
<u>Liabilities</u>				
Derivative financial liabilities	-	279,541	-	279,541



**A32 Fair Value Measurements (contd.)**

**(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)**

Reconciliation of movements in Level 3 financial instruments:

	<u><b>BANK</b></u>		<u><b>GROUP</b></u>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2016</b>	2016	<b>2016</b>	2016
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of financial period/year	<b>102,657</b>	94,376	<b>152,341</b>	140,211
Total (losses)/gains recognised in:				
- Statement of comprehensive income				
(i) Loss arising from sales financial investments available-for-sales	-	(549)	-	(549)
- Other comprehensive income				
(i) Revaluation reserves	-	8,856	-	12,705
Disposal	-	(26)	-	(26)
At end of financial period/year	<b>102,657</b>	102,657	<b>152,341</b>	152,341

The Bank's and the Group's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of the Bank's and the Group's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and liabilities of level 3 of the fair value hierarchy.

**PART B - Review of Performance & Current Year Prospect**

**B1 Review of Performance**

For the 3 months ended 30 June 2016, the Group's net profit after taxation was RM132.1 million, an increase of RM10.8 million or 8.9% compared to corresponding period last year primarily due to increase in revenue.

Revenue grew by RM19.6 million or 5.7%, primarily from higher net interest income and other operating income.

Net interest income including Islamic banking income grew by RM13.2 million due to total gross loans growth of RM1.1 billion. Net Interest Margin recorded at 222bps, a 6bps increase.

Other operating income grew by RM6.3 million or 8.1% mainly from wealth management income, trade and guarantee fees.

Gross impaired loan was recorded at 1.2%, while the loan loss coverage was at 119.2%, reflecting a healthy book.

Operating expenses increased by RM1.7 million or 1.0% mainly on higher personnel costs.

The Current Account Savings Account ("CASA") ratio stood at 32.8%, while the loans-to-deposits ratio rose to 85.5% as at 30 June 2016, from 84.0% in 31 March 2016.

The Group's total capital ratio stood healthy at 16.3%, with a Common Equity Tier 1 Capital ratio of 11.7% as at 30 June 2016.

Performance by business segment:

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Investment Banking. Please refer to Note A30 on Segment Information for the composition of each business segment.

Consumer Banking profit before tax was higher by RM0.5 million or 1.2% compared to corresponding period last year. The revenue was RM4.6 million or 3.5% higher compared to corresponding period last year. Operating profit was higher by RM2.5 million or 4.6% mainly due to higher Islamic Banking income and other operating income. Allowance for loans, advances and financing was higher by RM2.0 million or 13.3%. Segment asset was RM0.2 billion or 0.8% lower, while liabilities registered growth of RM0.4 billion or 2.0% higher.

Business Banking profit before tax was higher by RM10.9 million or 12.8% compared to corresponding period last year, mainly due to increase in other operating income by RM6.3 million or 17.8% and Islamic Banking income by RM2.4 million or 13.9%. Write-back of losses on loans, advances and financing was higher by RM5.6 million compared to corresponding period last year. Segment asset growth was RM1.3 billion or 8.7%, while liabilities registered growth of RM1.8 billion or 9.6%.

Financial Markets profit before tax was RM3.1 million or 7.7% higher compared to corresponding period last year mainly due to lower other operating expenses by RM3.9 million.

Investment Banking segment covers stockbroking, capital market activities and corporate advisory services. Investment Banking registered a loss of RM3.8 million for 3 months ended 30 June 2016, which was a deterioration of RM0.2 million or 4.7% compared to loss of RM3.6 million during the corresponding period last year.

**PART B - Review of Performance & Current Year Prospect (contd.)**

**B2 Current Year Prospect**

The Malaysian economy registered a gross domestic product ("GDP") growth of 4.2% in 1Q and is expected to continue growing at a moderate pace of 4.0% and 4.5% in 2016.

The Group will continue to improve its balance sheet efficiency and Risk Adjusted Returns (RAR), and focus on loan origination efforts in Small Medium Enterprise ("SME"), commercial, and consumer unsecured loans as well as to optimize the funding cost and mix.

The Group will also focus on fulfilling the financial needs of business owners (and their families) as well as their other stakeholders such as their employees, customers, and business partners.

We are currently embarking on our transformation program to deploy new and differentiated value propositions to our customers. We will be investing in the required Information Technology enablers to support the Bank's strategic initiatives and focus on streamlining to improve the efficiency of our operations.

We are also maximizing our franchise linkages with joint collaboration between line-of-businesses (LOBs) across Consumer Banking, Small Medium Enterprise, Commercial and Corporate, Financial Markets, Investment Banking and Islamic Banking to provide full suite of product offerings to our clients.

The Group expects that these actions will position its businesses for sustainable revenue and profitability for the financial year 2017.