AMMB HOLDINGS BERHAD
(223035-V)
(Incorporated in Malaysia)

TABLE OF CONTENTS - FINANCIAL STATEMENTS 2015

The directors have pleasure in presenting their report together with the audited financial statements of AMMB HOLDINGS BERHAD for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The subsidiaries, as listed in Note 16 to the financial statements, provide a wide range of retail banking, wholesale banking, investment banking, Islamic banking and related financial services which also include underwriting of general and life insurance, family takaful, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trusts management. During the financial year, the Company's wholly-owned subsidiary, AMAB Holdings Sdn Bhd partially disposed of its equity interests in AmMetLife Takaful Berhad (formerly known as AmFamily Takaful Berhad) and AmMetLife Insurance Berhad (formerly known as AmLife Insurance Berhad). Consequently, these entities, which provide underwriting of life insurance and family takaful, ceased to be subsidiaries and are accounted for as joint ventures in the financial statements of the Group as at 31 March 2015.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year, other than as mentioned above.

SIGNIFICANT AND SUBSEQUENT EVENTS

Significant and subsequent events to the financial year are as disclosed in Note 58 and 59, respectively, to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	2,044,553	1,310,476
Attributable to:		
Equity holders of the Company	1,918,630	1,310,476
Non-controlling interests	125,923	–
	2,044,553	**1,310,476**

OUTLOOK FOR NEXT FINANCIAL YEAR

For the coming financial year 2016 (FY2016), domestic demand will continue to be the anchor of growth with exports remaining resilient. The Group expects the Malaysian economy to grow by 4.7% in calendar year 2015. Private expenditure will grow moderately, balanced with a stronger increase in public spending due to the turnaround in public investment. Inflation is expected to stay around 2.5% - 2.7%, reflecting impacts from the implementation of the Goods and Services Tax since 1 April 2015 and weak Ringgit, partially offset by softer global commodity prices and demand.

Business and economic conditions are expected to remain challenging while compliance requirements increase over the longer term. Over the medium-term, the banking sector is expected to experience slower loans growth and narrower net interest spreads while asset quality may come under pressure.

BUSINESS PLAN AND STRATEGY

For FY2015 – 2017, the Group will continue to be guided by four strategic agendas to achieve the Group's vision to be Malaysia's preferred diversified, internationally connected financial solutions group, as follows:

1. Deliver on focused organic growth:

   Retail Banking's focus is to strengthen its relationship with business partners, improve service culture, upgrade its digital platforms, execute its simplification agenda and continue to target Small Business and the Emerging Affluent, particularly Young Professionals.

   Wholesale Banking will focus on prioritising growth in targeted markets with higher flow businesses across all asset classes, simplifying its processes to improve speed of service to customers, enhancing collaboration amongst its various services to cross-sell with right products and pricing, driving deposits and trade utilisation through integrated propositions and leveraging ANZ's connectivity on trade finance.

   General Insurance aims to maintain its top position in motor, build a customer-oriented organisation, drive premium growth via focused action plans in penetrating new markets, improve supply chain management, strengthen alliances with key partners and leverage on its pricing capability to lead the impending de-tariffed market.

   Islamic Banking will focus on enhancing collaboration between AmBank Islamic Berhad ("AmBank Islamic") (formerly known as AmIslamic Bank Berhad) and AmBank Group's business units, offering tailored products for higher value segments, driving growth in low-cost deposits and inculcating brand awareness of shariah-compliant products.

2. Leverage strategic partnerships and deliver on acquisitions

   The Group's emphasis has shifted to topline growth as system integration with MBF Cards (M'sia) Sdn Bhd and AmGeneral Insurance Berhad ("Kurnia") is complete, while synergies are still being reaped.

   In general insurance, the partnership with Insurance Australia Group supports the integration of Kurnia as well as implementation of international best practices.

   The Group also leverages on its strategic partnership with MetLife International Holdings, Inc. in both Life Assurance and Family Takaful businesses to share global best practices on brand enhancements, product innovations, distribution and system capabilities.

3. Continue to optimise efficiency.

   We will continue to build scalable customer service delivery capabilities and simplify our business and operating models. For capital management, the Group is progressively optimising its holding company structure and capital allocation.

4. Build sustainability by strengthening corporate governance, nurturing human capital and delivering superior customer experience.

   The Group is continuously investing to enhance risk management oversight, controls and compliance. Initiatives are progressively being rolled out to enhance employee engagement and talent management. We are investing in next wave technologies to enable the Group to deliver on superior customer experience in target segments.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than significant events as disclosed in Note 58 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, 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 and of the Company for the succeeding twelve months.

DIVIDENDS

During the financial year, the Company paid a final single-tier dividend of 16.9% in respect of the financial year ended 31 March 2014 amounting to RM509,397,243. This amount was noted in the directors' report for that financial year and paid on 12 September 2014 to shareholders whose names appeared in the Record of Depositors on 29 August 2014.

An interim single-tier dividend of 12.0% for the financial year ended 31 March 2015 amounting to RM361,702,181 was paid on 16 December 2014 to shareholders whose names appeared in the Record of Depositors on 4 December 2014.

The directors propose the payment of a final single-tier dividend of 15.3% in respect of the current financial year ended 31 March 2015, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2016.

RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves, provisions and allowances during the financial year other than as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and financing and the making of allowances for doubtful debts and financing, and have satisfied themselves that all known bad debts and financing had been written off and adequate allowance had been made for doubtful debts and financing.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts and financing or the amount of the allowance for doubtful debts and financing in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year, other than those incurred in the normal course of business of the Group and of the Company.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

ISSUE OF SHARES AND DEBENTURES

The following are changes during the financial year in debt and equity securities that were issued by the Group.

(i) AmBank (M) Berhad ("AmBank") had issued Tranche 5 and Tranche 6 of the Senior Notes amounting to RM400.0 million and RM1,400.0 million respectively under the Senior Notes Programme of up to RM7.0 billion in nominal value.

(ii) AmBank issued USD400.0 million Senior Notes under its USD2.0 billion Euro Medium Term Note Programme in nominal value (or its equivalent in other currencies) ("the Programme"). The Programme was approved by the Securities Commission on 4 July 2013.

The net proceeds from the Programme will be utilised by AmBank for its working capital, general funding requirements and other corporate purposes. The notes, with a tenor of 5 years and maturing on 3 July 2019, are rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's Ratings Services. The notes bear a coupon of 3.125% per annum and are payable semi annually.

(iii) AmBank Islamic issued Tranche 2 of its Senior Sukuk amounting to RM100.0 million under its programme of up to RM3 billion in nominal value. The Senior Sukuk bears profit rate of 4.40% per annum and has a tenor of 5 years.

AmBank Islamic issued the third and fourth tranches of the Senior Sukuk which amounted to RM300.0 million and RM900.0 million, respectively. The Senior Sukuk bear a profit rate of 4.25% and 4.45% per annum and have a tenure of 2.5 years and 5 years, respectively.

Save as disclosed above and in Note 24 and Note 26 to the financial statements, there were no share cancellations, shares held as treasury shares, resale of treasury shares, and issuance and repayment of other debt and equity securities by the Group and by the Company during the financial year.

SHARE OPTIONS

There were no options granted during the financial year by the Company to take up unissued shares of the Company, other than the options granted under the Executives' Share Scheme, as disclosed below and in Note 30 to the financial statements.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options, other than the options granted under the Executives' Share Scheme.

EXECUTIVES' SHARE SCHEME

At the 22nd Extraordinary General Meeting held on 26 September 2008, the shareholders approved the proposal by the Company to establish an executives' share scheme ("ESS") of up to fifteen percent (15%) (which was subsequently reduced to ten percent (10%) as approved by the Board of Directors pursuant to the ESS By-Laws) of the issued and paid-up ordinary share capital of the Company at any point in time for the duration of the ESS for eligible executives (including senior management) and executive directors of the Group (excluding subsidiaries which are dormant or such other subsidiaries which may be excluded under the terms of the By-Laws) who fulfil the criteria for eligibility stipulated in the By-Laws governing the ESS ("Eligible Executives"). The ESS is implemented and administered by an executives' share scheme committee ("ESS Committee"), in accordance with the By-Laws. The functions of the ESS Committee has since been consolidated with that of Group Nomination and Remuneration Committee ("GNRC") from 29 October 2013. The ESS was established on 12 January 2009 and would be in force for a period of ten (10) years.

The awards granted to such Eligible Executives can comprise shares and/or options to subscribe for shares ("Options"). Shares to be made available under the ESS ("Scheme Shares") will only vest or Options are only exercisable by Eligible Executives who have duly accepted the offers of awards under the ESS ("Scheme Participants") subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the GNRC.

To facilitate the implementation of the ESS, the Company entered into a Trust via the signing of a Trust Deed on 24 February 2009 with AmTrustee Berhad ("Trustee"). The Trustee shall, at such times as the ESS Committee shall direct, subscribe for or acquire the necessary number of new or existing ordinary shares to accommodate any future transfer of Scheme Shares to Scheme Participants. For the aforementioned purpose and to enable the Trustee to meet payment of expenses in relation to the administration of the Trust, the Trustee will be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

The salient features of the ESS are disclosed in Note 30 to the financial statements.

During the financial year, the Trustee had purchased 12,221,600 of the Company's issued ordinary shares from the open market at an average price of RM6.68 per share. The total consideration paid for the purchase including transaction costs amounted to RM81,654,630.

As at 31 March 2015, 7,709,000 shares have been vested and transferred from the Trustee to certain Eligible Employees of subsidiaries in accordance with the terms under the ESS. As at 31 March 2015, the Trustee held 12,854,350 ordinary shares representing 0.43% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM86,109,841.

DIRECTORS

The directors who served on the Board since the date of the last report are:

Tan Sri Azman Hashim
Dato' Azlan Hashim
Tun Mohammed Hanif bin Omar
Tan Sri Datuk Clifford Francis Herbert
Tan Sri Datuk Dr Aris Osman @ Othman
Dato' Rohana binti Mahmood
Shayne Cary Elliott
Mark David Whelan
Soo Kim Wai
Dato' Seri Ahmad Johan bin Mohammad Raslan (Appointed on 9 December 2014)
Chin Yuen Yin (Appointed on 20 January 2015)
Suzette Margaret Corr (Appointed on 23 January 2015)
Gilles Planté (Retired on 8 October 2014)
Ashok Ramamurthy (Resigned on 9 December 2014)
Dato' Gan Nyap Liou @ Gan Nyap Liow (Resigned on 31 December 2014)
Alistair Marshall Bulloch (Alternate Director to Shayne Cary Elliott, Mark David Whelan and Suzette Margaret Corr)

DIRECTORS' INTERESTS

Under the Company's Articles of Association, the directors are not required to hold shares in the Company.

The interests in shares and options in the Company, of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

DIRECT INTERESTS

In the Company

	No. of Ordinary Shares of RM1.00 each			
Shares	Balance at 1.4.2014	Bought	Sold	Balance at 31.3.2015
Dato' Azlan Hashim	218,000	–	–	218,000

INDIRECT INTERESTS

In the Company

		No. of Ordinary Shares of RM1.00 each			
Shares	Name of Company	Balance at 1.4.2014	Bought	Sold	Balance at 31.3.2015
Tan Sri Azman Hashim	Amcorp Group Berhad	432,679,068	–	(41,610,065)	391,069,003

By virtue of Tan Sri Azman Hashim's shareholding in the Company, he was deemed to have interests in the shares of its subsidiaries to the extent the Company has an interest ("Deemed Interest"). Tan Sri Azman Hashim has ceased to have any Deemed Interest by virtue of a reduction in the shareholding of Amcorp Group Berhad in the Company to below 15% since 9 January 2014 in the previous financial year.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares, options and scheme shares in the Company or shares in its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee as shown in Note 36 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm in which the director is a member, or with a company in which the director has a substantial financial interest, except for the related party transactions as shown in Note 44 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

(i) BOARD RESPONSIBILITY AND OVERSIGHT

The Board of Directors (the "Board") remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in the Group. Since the Company is a holding company, its major business activities are conducted through its various subsidiaries. The Board complies with the recommendations on corporate governance as set out in the Malaysian Code on Corporate Governance 2012.

The Board supervises the management of the Group's businesses, policies and affairs with the goal of enhancing shareholders' value. The Board meets 11 times in a year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, business developments, human resource (subject to matters reserved for shareholders' meetings By-Laws), and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments.

The Board currently comprises twelve (12) directors with wide skills and experience, of which four (4) are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Company and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the Management are fully discussed and examined, as well as take into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Group Managing Director.

The Senior Management team of the subsidiaries are invited to attend Board meetings to provide presentations and detailed explanations on matters that have been tabled. The Group Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

(ii) COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to Board Committees. These committees, which were created to assist the Board in certain areas of deliberation, are:

1 Group Nomination and Remuneration Committee

2 Audit and Examination Committee

3 Group Risk Management Committee

4 Group Information Technology Committee

The roles and responsibilities of each committee are set out under the respective terms of reference, which have been approved by the Board. The minutes of the Committee meetings are tabled at the subsequent Board meetings for comment and notation.

CORPORATE GOVERNANCE (CONT'D.)

(ii) COMMITTEES OF THE BOARD (CONT'D.)

The attendance of Board members at the meetings of the Board and the various Board Committees is as set out below:

Number of Meetings attended in Financial Year ("FY") 2015

	Board of Directors	Audit and Examination Committee	Group Risk Management Committee	Group Information Technology Committee	Group Nomination and Remuneration Committee
Tan Sri Azman Hashim	10 (Chairman)	N/A	N/A	N/A	N/A
Dato' Azlan Hashim	7	3	N/A	3	N/A
Tun Mohammed Hanif bin Omar	9	N/A	N/A	N/A	8
Tan Sri Datuk Clifford Francis Herbert	9	6	9 (Chairman)	N/A	9 (Chairman)
Tan Sri Datuk Dr Aris Osman @ Othman	9	5 (Chairman)	7	N/A	9
Dato' Rohana binti Mahmood	9	N/A	N/A	4 (Chairman)[b]	9
Dato' Seri Ahmad Johan bin Mohammad Raslan (appointed on 9 December 2014)	3	N/A	N/A	1	N/A
Dato' Gan Nyap Liou @ Gan Nyap Liow (resigned on 31 December 2014)	5	3	N/A	4[a]	3
Shayne Cary Elliott	10	1[c]	N/A	N/A	N/A
Mark David Whelan	9	N/A	7	N/A	N/A
Gilles Planté (retired on 8 October 2014)	4	3	N/A	N/A	4
Chin Yuen Yin (appointed on 20 January 2015)	2	1	N/A	N/A	N/A
Suzette Margaret Corr (appointed on 23 January 2015)	2	N/A	N/A	N/A	2
Soo Kim Wai	9	N/A	N/A	N/A	9
Ashok Ramamurthy (resigned on 9 December 2014)	7	N/A	N/A	4	N/A
Number of meetings held in FY 2015	**10**	**6**	**9**	**5**	**9**

Notes:
1) All attendances reflect the number of meetings attended during the Directors' tenure of service.
2) N/A represents non-committee member.

[a] Ceased as Chairman on 31 December 2014 following resignation as Director.
[b] Appointed as Chairman on 13 January 2015 (was a member prior to the appointment).
[c] Appointed as member on 20 January 2015.

CORPORATE GOVERNANCE (CONT'D.)

(ii) COMMITTEES OF THE BOARD (CONT'D.)

Group Nomination and Remuneration Committee

The Committee comprises six (6) members, all of whom are Non-Executive Directors and chaired by an Independant Non-Executive Director. The Committee is responsible for:

- regularly reviewing the board structure, size and composition, as well as making recommendations to the Board of the Company with regard to any changes that are deemed necessary.
- recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.
- on an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contribution of the Chairman and each Director to the effectiveness of the Board.
- recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved.
- recommending the appointment of Shariah Committee members as well as reviewing the annual performance of the Shariah Committee members and recommending the remuneration for the Shariah Committee members.
- to implement the Executives' Share Scheme (the "Scheme") in accordance with the By-Laws of the Scheme as approved by the shareholders of the Company.

The Committee met ten (10) times during the financial year 2015.

Audit and Examination Committee

The Committee comprises five (5) members, three (3) of whom are Independent Non-Executive Directors.

The Board has appointed the Audit and Examination Committee ("AEC") to assist in discharging its duties of maintaining a sound system of internal controls to safeguard the Group's assets and shareholders' investments.

The AEC met six (6) times during the financial year 2015 to review the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The AEC also followed up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in the examination reports. The consolidated financial statements of the Group and its subsidiaries were reviewed by the AEC prior to their submission to the Board of the Company for adoption.

In addition, the AEC has reviewed the procedures set up by the Group to identify and report, and where necessary, seek approval for related party transactions and, with the assistance of the internal auditors, reviewed the related party transactions.

Group Risk Management Committee

Risk management is an integral part of the Group's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the risk management strategy and sets the broad risk tolerance level; and approves activities after considering the risk bearing capacity and readiness.

The Risk Management Committees have also been established at AmInvestment Bank Berhad ("AmInvestment Bank"), AmBank and AmBank Islamic to oversee the overall management of credit, market, liquidity, operational, legal and capital risks impacting the Group. They are assisted by the Group Risk Management Department.

The Group Risk Management Department is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the Group. The functions encompass research and analysis, portfolio risk exposure reporting, compliance monitoring, formulation of policies and risk assessment methodologies, and formulation of risk strategies.

There were nine (9) meetings held during the financial year 2015.

CORPORATE GOVERNANCE (CONT'D.)

(ii) COMMITTEES OF THE BOARD (CONT'D.)

Group Information Technology Committee

The Group Information Technology Committee ("GITC") comprises three (3) members, and chaired by an Independant Non-Executive Director. The Committee is responsible to provide governance for Information Technology and to ensure that the overall strategic IT direction is aligned with the Group's business objectives and strategy. GITC's key responsibilities include to provide strategic direction for IT development within the Group and ensuring that IT strategic plans are aligned with the Group's business objectives and strategy, to ensure the establishment of Group-wide IT policy, procedures and frameworks including IT security and IT risk management, to provide oversight of the Group's long term IT strategic plans and budget, to establish and monitor the overall performance, efficiency and effectiveness of IT services including performance metrics and to review the adequacy and utilisation of the Group's IT resources including computer hardware, software, personnel and other IT related investments.

There were five (5) meetings held during the financial year 2015.

Internal Audit and Internal Control Activities

The Head of the Group Internal Audit Department reports to the AEC. Group Internal Audit assists the AEC in assessing and reporting on business risks and internal controls, and operates within the framework defined in the Audit Charter.

The AEC approves the Group Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Group. The results of each audit are submitted to the AEC and significant findings are discussed during the AEC meeting. The minutes of the AEC meeting are formally tabled to the Board for notation and action, where necessary. The Chief Internal Auditor and the external auditors also attend the AEC meetings by invitation and the AEC holds separate meetings with the Chief Internal Auditor and external auditors whenever necessary.

The scope of internal audit covers review of the adequacy of the risk management processes, operational controls, financial controls, compliance with laws and regulations, lending practices and information technology, including the various application systems in production, data centres and network security.

Group Internal Audit focuses its efforts on performing audits in accordance with the audit plan, which is prioritised based on a comprehensive risk assessment of all significant areas of audit identified in the Group. The structured audit risk assessment approach ensures that all risk-rated areas are kept in view to ensure appropriate audit coverage and audit frequency. The risk based audit plan is reviewed annually taking into account the changing financial significance of the business and risk environment.

Group Internal Audit also performs investigations and special reviews, and participates actively in major system development activities and project committees to advise on risk management and internal control measures.

(iii) MANAGEMENT INFORMATION

All Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Company and its subsidiaries that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports, include among others, minutes of meetings of all Committees of the Board, monthly performance of the Group, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued giving sufficient time before the meeting to enable the Directors to be prepared and to obtain further explanations, where necessary, and provides input on Group policies.

CORPORATE GOVERNANCE (CONT'D.)

RATINGS BY EXTERNAL AGENCIES

On 17 March 2015, Moody's published its new bank rating methodology. As a result, AmBank (M) Berhad's Baa1 long-term deposit rating and ba1 baseline credit assessment were placed under review for possible upgrade. The review takes into account the bank's track record of improving credit fundamentals, particularly capitalization and asset quality.

RAM Ratings has reaffirmed its ratings on AMMB Holdings Berhad and its banking subsidiaries. Similarly, Standard & Poors' rating on AmBank (M) Berhad was also reaffirmed.

Details of AMMB Holdings Berhad and its banking subsidiaries' ratings are as follows:

Rating agency	Date accorded	Rating classification	Ratings
AmBank (M) Berhad			
Moody's Investors Service	March 2015	Long-term foreign currency deposit rating	Baa1[1]/RuR up[2]
		Short-term foreign currency deposit rating	P-2
Standard & Poor's Ratings Services	December 2014	Foreign long-term issuer credit rating	BBB+/Negative
		Foreign short-term issuer credit rating	A-2
RAM Rating Services	December 2014	Long-term financial institution rating	AA2/Stable
		Short-term financial institution rating	P1
AmInvestment Bank Berhad			
RAM Rating Services	December 2014	Long-term financial institution rating	AA2/Stable
		Short-term financial institution rating	P1
AmBank Islamic Berhad			
RAM Rating Services	December 2014	Long-term financial institution rating	AA2/Stable
		Short-term financial institution rating	P1
AMMB Holdings Berhad			
RAM Rating Services	December 2014	Long-term corporate credit rating	AA3/Stable
		Short-term corporate credit rating	P1

[1] Rating within this class was placed on review on March 18, 2015
[2] RuR up – Rating under review for possible upgrade

SHARIAH COMMITTEE

The Shariah Committee reports functionally to AmBank Islamic's Board of Directors and this provides for the independence of the Shariah Committee in exercising their duties.

Shariah Committee comprises five (5) members and is responsible and accountable on matters related to Shariah. This includes:

(i) advising Board of Directors and Management of AmBank Islamic and other entities within the Group on Shariah matters;

(ii) endorsing and validating products and services, and the operations in relation to Islamic Banking; and

(iii) providing advice and guidance on management of zakat and charity funds.

The Shariah Committee members also sit in the Shariah Oversight Committee, a sub-committee to the Shariah Committee performing an oversight function to assess work carried out by Shariah review, Shariah audit, Shariah regulatory review and Shariah risk management. Shariah Oversight Committee is also responsible to provide guidance and advice on matters pertaining to Shariah non-compliance incidents and Shariah non-compliance income (if any).

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI AZMAN HASHIM

TAN SRI DATUK DR ARIS OSMAN @ OTHMAN

Kuala Lumpur, Malaysia

Date: 12 June 2015

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI AZMAN HASHIM** and **TAN SRI DATUK DR ARIS OSMAN @ OTHMAN**, being two of the directors of **AMMB HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 129 to 326 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 62 on page 327 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI AZMAN HASHIM

TAN SRI DATUK DR ARIS OSMAN @ OTHMAN

Kuala Lumpur, Malaysia
Date: 12 June 2015

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **MANDY JEAN SIMPSON**, being the Officer primarily responsible for the financial management of **AMMB HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 129 to 327 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act,1960.

Subscribed and solemnly declared by the abovenamed
MANDY JEAN SIMPSON at Kuala Lumpur in the
Wilayah Persekutuan on 12 June 2015

MANDY JEAN SIMPSON

COMMISSIONER FOR OATHS
No. W 530
TAN SEOK KETT
MALAYSIA

Lot 350, 3rd Floor, Wisma MPL,
Jalan Raja Chulan,
50200 Kuala Lumpur.

Before me,
COMMISSIONER FOR OATHS

Report on the financial statements

We have audited the financial statements of AMMB Holdings Berhad, which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 129 to 326.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatesment, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("the Act") in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors except for those subsidiaries which were put in members' voluntary winding up, as indicated in Note 16 to the financial statements, where such financial statements and auditors' reports were not available. Such financial statements have not been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries that have been audited were not subject to any qualification and in respect of the subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 62 on page 327 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Chan Hooi Lam
No. 2844/02/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 12 June 2015

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 (Restated) RM'000	Group 1 April 2013 (Restated) RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
ASSETS						
Cash and short-term funds	5	10,758,600	10,287,346	11,780,148	12,464	53,189
Securities purchased under resale agreements	6	–	–	200,605	–	–
Deposits and placements with banks and other financial institutions	7	4,068,819	1,063,122	2,322,657	25,131	212,103
Derivative financial assets	8	1,437,537	528,810	383,257	–	–
Financial assets held-for-trading	9	4,674,223	3,836,161	7,330,719	–	–
Financial investments available-for-sale	10	10,387,275	11,640,846	6,139,616	110,704	186,834
Financial investments held-to-maturity	11	3,864,508	3,798,565	6,219,804	–	–
Loans, advances and financing	12	86,173,795	87,170,577	82,586,332	–	–
Receivables: Investments not quoted in active markets	13	551,163	168,830	–	–	–
Statutory deposits with Bank Negara Malaysia	14	3,214,591	3,122,961	2,907,435	–	–
Deferred tax assets	15	83,434	127,121	151,721	–	–
Investment in subsidiaries and other investments	16	–	–	–	9,507,225	9,507,225
Investment in associates and joint ventures	17	662,273	252,475	244,656	–	–
Other assets	18	3,667,045	3,400,779	3,067,971	20,381	23,894
Reinsurance, retakaful assets and other insurance receivables	56	433,929	473,012	601,279	–	–
Investment properties	56(VIII)	7,713	7,713	87,878	–	–
Property and equipment	19	266,562	351,468	393,905	536	705
Intangible assets	20	3,348,121	3,383,662	3,351,507	–	–
Assets held for sale	58(3),(4)	204,236	3,126,042	–	–	–
TOTAL ASSETS		**133,803,824**	**132,739,490**	**127,769,490**	**9,676,441**	**9,983,950**
LIABILITIES AND EQUITY						
Deposits and placements of banks and other financial institutions	21	2,301,664	4,120,923	3,152,946	–	–
Recourse obligation on loans and financing sold to Cagamas Berhad	22	2,769,585	3,318,263	3,337,941	–	–
Derivative financial liabilities	8	1,385,478	541,224	422,655	–	–
Deposits from customers	23	92,130,049	89,698,878	84,829,987	–	–
Term funding	24	8,302,354	6,644,641	6,255,969	1,206,000	1,906,000
Bills and acceptances payable	25	–	–	1,964,800	–	–
Debt capital	26	4,580,573	4,766,198	4,205,232	–	–
Redeemable cumulative convertible preference share	56(VII)	198,821	193,137	183,490	–	–
Deferred tax liabilities	15	116,557	116,870	124,521	–	–
Other liabilities	27	3,917,675	3,841,569	5,243,919	40,873	52,626
Insurance, takaful contract liabilities and other insurance payables	56	2,544,649	2,568,031	5,106,700	–	–
Liabilities directly associated with assets held for sale	58(3)	48,995	2,835,367	–	–	–
Total Liabilities		**118,296,400**	**118,645,101**	**114,828,160**	**1,246,873**	**1,958,626**
Share capital	28	3,014,185	3,014,185	3,014,185	3,014,185	3,014,185
Reserves	29	11,440,960	10,128,756	9,053,551	5,415,383	5,011,139
Equity attributable to equity holders of the Company		14,455,145	13,142,941	12,067,736	8,429,568	8,025,324
Non-controlling interests	31	1,052,279	951,448	873,594	–	–
Total Equity		**15,507,424**	**14,094,389**	**12,941,330**	**8,429,568**	**8,025,324**
TOTAL LIABILITIES AND EQUITY		**133,803,824**	**132,739,490**	**127,769,490**	**9,676,441**	**9,983,950**
COMMITMENTS AND CONTINGENCIES	**49**	**116,765,056**	**103,478,931**	**102,467,484**	**–**	**–**
NET ASSETS PER SHARE (RM)	**54**	**4.80**	**4.36**	**4.00**	**2.80**	**2.66**

The accompanying notes form an integral part of the financial statements.

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 (Restated) RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
Operating revenue	55	9,142,521	9,606,005	1,390,013	665,919
Interest income	32	4,327,234	4,677,033	4,655	8,789
Interest expense	33	(2,346,099)	(2,397,659)	(67,116)	(77,744)
Net interest income		1,981,135	2,279,374	(62,461)	(68,955)
Net income from Islamic banking business	61(xxii)	864,687	943,947	–	–
Income from insurance business		1,495,615	2,057,100	–	–
Insurance claims and commissions		(1,077,566)	(1,585,184)	–	–
Net income from insurance business	56(l)	418,049	471,916	–	–
Other operating income	34	1,457,585	1,026,273	1,385,358	657,130
Share in results of associates and joint ventures		3,188	21,274	–	–
Net income		4,724,644	4,742,784	1,322,897	588,175
Other operating expenses	35	(2,089,442)	(2,133,058)	(11,224)	(7,089)
Acquisition and business efficiency expenses	37	(68,436)	(29,279)	–	–
Operating profit		2,566,766	2,580,447	1,311,673	581,086
(Allowances)/Writeback for impairment on loans, advances and financing	38	30,534	(67,760)	–	–
Net impairment writeback/(loss) on:					
Financial investments	39	(2,541)	(6,560)	–	–
Doubtful receivables - net		36,867	(69,096)	–	–
Foreclosed properties	18(c)	(5,770)	(6,704)	–	–
Property and equipment	19	(4,116)	–	–	–
Intangible assets	20	(1,336)	(1,865)	–	–
Writeback of provision for commitments and contingencies	27(i)	19,255	30,519	–	–
Transfer to profit equalisation reserve	27(ii)	(35,379)	(10,743)	–	–
Profit before taxation and zakat		2,604,280	2,448,238	1,311,673	581,086
Taxation and zakat	40	(559,727)	(577,183)	(1,197)	(4,881)
Profit for the financial year		**2,044,553**	**1,871,055**	**1,310,476**	**576,205**
Attributable to:					
Equity holders of the Company		1,918,630	1,782,380	1,310,476	576,205
Non-controlling interests		125,923	88,675	–	–
Profit for the financial year		**2,044,553**	**1,871,055**	**1,310,476**	**576,205**
EARNINGS PER SHARE (SEN)	42				
Basic		63.83	59.29		
Fully diluted		63.82	59.26		

The accompanying notes form an integral part of the financial statements.

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
Profit for the financial year		2,044,553	1,871,055	1,310,476	576,205
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to income statement					
Remeasurement of defined benefit liability		1,016	1,942	–	–
Income tax effect	15	(224)	(486)	–	–
		792	1,456	–	–
Items that may be reclassified to income statement					
Translation of foreign operations		60,237	14,290	–	–
Net movement on cash flow hedges		(4,672)	20,898	–	–
Financial investments available-for-sale					
- net unrealised gains/(loss) on changes in fair value		120,046	(44,653)	–	–
- net gains reclassified to income statement		(56,980)	(62,651)	–	–
- share of reserve movements in equity accounted joint ventures		3,303	–	–	–
Income tax effect	15	(13,138)	20,510	–	–
		108,796	(51,606)	–	–
Other comprehensive income/(loss) for the financial year, net of tax	41	109,588	(50,150)	–	–
Total comprehensive income for the financial year		**2,154,141**	**1,820,905**	**1,310,476**	**576,205**
Total comprehensive income for the financial year attributable to:					
Equity holders of the Company		2,039,275	1,742,383	1,310,476	576,205
Non-controlling interests		114,866	78,522	–	–
		2,154,141	**1,820,905**	**1,310,476**	**576,205**

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

Group	Note	Attributable to Equity Holders of the Company – Non-Distributable: Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Profit equalisation reserve RM'000	AFS reserve/ (deficit) RM'000	Cash flow hedging reserve/ (deficit) RM'000	Foreign currency translation reserve RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Distributable – Retained earnings: Non-participating funds RM'000	RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2013		3,014,185	2,537,372	1,879,770	–	1,313	29,061	(12,644)	(6,122)	83,196	(74,938)	110,364	4,506,179	12,067,736	873,594	12,941,330
Profit for the financial year		–	–	–	–	–	–	–	–	–	–	–	1,782,380	1,782,380	88,675	1,871,055
Other comprehensive income/(loss), net		–	–	–	–	–	(70,748)	15,674	14,335	–	–	–	742	(39,997)	(10,153)	(50,150)
Net loss on financial investments available-for-sale	41	–	–	–	–	–	(70,748)	–	–	–	–	–	–	(70,748)	(10,822)	(81,570)
Net gain on cash flow hedge	41	–	–	–	–	–	–	15,674	–	–	–	–	–	15,674	–	15,674
Translation of foreign operations	41	–	–	–	–	–	–	–	14,335	–	–	–	–	14,335	(45)	14,290
Remeasurement of defined benefit liability	41	–	–	–	–	–	–	–	–	–	–	–	742	742	714	1,456
Total comprehensive income/(loss) for the financial year		–	–	–	–	–	(70,748)	15,674	14,335	–	–	–	1,783,122	1,742,383	78,522	1,820,905
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^		–	–	–	–	–	–	–	–	–	(45,278)	–	–	(45,278)	–	(45,278)
Share-based payment under ESS, net		–	–	–	–	–	–	–	–	35,945	–	–	–	35,945	–	35,945
ESS shares vested to employees of subsidiaries		–	–	–	–	–	–	–	–	(39,685)	61,782	–	–	22,097	–	22,097
Transfer of ESS shares recharged																
- difference on purchase price for shares vested		–	–	–	–	–	–	–	–	–	–	–	(3,250)	(3,250)	(68)	(3,318)
Net utilisation of profit equalisation reserve		–	–	–	–	(53)	–	–	–	–	–	–	53	–	–	–
Unallocated surplus transfer		–	–	–	–	–	–	–	–	–	–	22,629	(30,172)	(7,543)	–	(7,543)
Transfer to statutory reserve		–	–	59,079	–	–	–	–	–	–	–	–	(59,079)	–	–	–
Dividends paid	43	–	–	–	–	–	–	–	–	–	–	–	(669,149)	(669,149)	(600)	(669,749)
Transactions with owners and other equity movements		–	–	59,079	–	(53)	–	–	–	(3,740)	16,504	22,629	(761,597)	(667,178)	(668)	(667,846)
At 31 March 2014		**3,014,185**	**2,537,372**	**1,938,849**	**–**	**1,260**	**(41,687)**	**3,030**	**8,213**	**79,456**	**(58,434)**	**132,993**	**5,527,704**	**13,142,941**	**951,448**	**14,094,389**

Group	Note	Attributable to Equity Holders of the Company														
		Non-Distributable										Distributable				
												Retained earnings				
		Ordinary share capital	Share premium	Statutory reserve	Regulatory reserve	Profit equalisation reserve	AFS reserve/ (deficit)	Cash flow hedging reserve/ (deficit)	Foreign currency translation reserve	Executives' share scheme reserve	Shares held in trust for ESS	Non-participating funds		Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2014		3,014,185	2,537,372	1,938,849	–	1,260	(41,687)	3,030	8,213	79,456	(58,434)	132,993	5,527,704	13,142,941	951,448	14,094,389
Profit for the financial year		–	–	–	–	–	–	–	–	–	–	–	1,918,630	1,918,630	125,923	2,044,553
Other comprehensive income/(loss), net		–	–	–	–	–	63,509	(3,511)	60,243	–	–	–	404	120,645	(11,057)	109,588
Net income/(loss) on financial investments available-for-sale	41	–	–	–	–	–	63,509	–	–	–	–	–	–	63,509	(11,439)	52,070
Net gain on cash flow hedge	41	–	–	–	–	–	–	(3,511)	–	–	–	–	–	(3,511)	–	(3,511)
Translation of foreign operations	41	–	–	–	–	–	–	–	60,243	–	–	–	–	60,243	(6)	60,237
Remeasurement of defined benefit liability	41	–	–	–	–	–	–	–	–	–	–	–	404	404	388	792
Total comprehensive income/(loss) for the financial year		–	–	–	–	–	63,509	(3,511)	60,243	–	–	–	1,919,034	2,039,275	114,866	2,154,141
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^^		–	–	–	–	–	–	–	–	–	(81,655)	–	–	(81,655)	–	(81,655)
Share-based payment under ESS, net		–	–	–	–	–	–	–	–	32,455	–	–	–	32,455	–	32,455
ESS shares vested to employees of subsidiaries		–	–	–	–	–	–	–	–	(41,918)	53,979	–	–	12,061	–	12,061
Transfer of ESS shares recharged - difference on purchase price for shares vested		–	–	–	–	–	–	–	–	–	–	–	(4,252)	(4,252)	(100)	(4,352)
Transfer to regulatory reserve		–	–	–	2,800	–	–	–	–	–	–	–	(2,800)	–	–	–
Net utilisation of profit equalisation reserve		–	–	–	–	2,644	–	–	–	–	–	–	(2,644)	–	–	–
Unallocated surplus transfer		–	–	–	–	–	–	–	–	–	–	63,800	(54,175)	9,625	–	9,625
Redemption of shares in a subsidiary		–	–	–	–	–	–	–	–	–	–	–	–	–	(2,543)	(2,543)
Arising from disposal of equity interests in subsidiaries		–	–	–	–	–	–	–	–	–	–	(142,618)	318,412	175,794	–	175,794
Dividends paid	43	–	–	–	–	–	–	–	–	–	–	–	(871,099)	(871,099)	(11,392)	(882,491)
Transactions with owners and other equity movements		–	–	–	2,800	2,644	–	–	–	(9,463)	(27,676)	(78,818)	(616,558)	(727,071)	(14,035)	(741,106)
At 31 March 2015		**3,014,185**	**2,537,372**	**1,938,849**	**2,800**	**3,904**	**21,822**	**(481)**	**68,456**	**69,993**	**(86,110)**	**54,175**	**6,830,180**	**14,455,145**	**1,052,279**	**15,507,424**

		Attributable to Equity Holders of the Company					
			Non-Distributable			Distributable	
Company	Note	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2013		3,014,185	2,536,065	83,196	(74,938)	2,544,374	8,102,882
Profit for the financial year		–	–	–	–	576,205	576,205
Other comprehensive income, net		–	–	–	–	–	–
Total comprehensive income for the financial year		–	–	–	–	576,205	576,205
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^		–	–	–	(45,278)	–	(45,278)
Share-based payment under ESS, net		–	–	35,945	–	–	35,945
ESS shares vested to employees of subsidiaries		–	–	(39,685)	61,782	2,622	24,719
Dividends paid	43	–	–	–	–	(669,149)	(669,149)
Transactions with owners and other equity movements		–	–	(3,740)	16,504	(666,527)	(653,763)
At 31 March 2014		**3,014,185**	**2,536,065**	**79,456**	**(58,434)**	**2,454,052**	**8,025,324**

		Attributable to Equity Holders of the Company					
			Non-Distributable			Distributable	
Company	Note	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2014		3,014,185	2,536,065	79,456	(58,434)	2,454,052	8,025,324
Profit for the financial year		–	–	–	–	1,310,476	1,310,476
Other comprehensive income, net		–	–	–	–	–	–
Total comprehensive income for the financial year		–	–	–	–	1,310,476	1,310,476
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^^		–	–	–	(81,655)	–	(81,655)
Share-based payment under ESS, net		–	–	32,455	–	–	32,455
ESS shares vested to employees of subsidiaries		–	–	(41,918)	53,979	2,006	14,067
Dividends paid	43	–	–	–	–	(871,099)	(871,099)
Transactions with owners and other equity movements		–	–	(9,463)	(27,676)	(869,093)	(906,232)
At 31 March 2015		**3,014,185**	**2,536,065**	**69,993**	**(86,110)**	**2,895,435**	**8,429,568**

^ Represents the purchase of 6,172,200 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM7.34 per share.

^^ Represents the purchase of 12,221,600 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.68 per share.

The accompanying notes form an integral part of the financial statements.

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 (Restated) RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation and zakat		2,604,280	2,448,238	1,311,673	581,086
Add/(Less) adjustments for:					
Amortisation of intangible assets	35,37	85,173	94,478	–	–
Amortisation of costs of debt capital		223	–	–	–
Accretion of discount less amortisation of premium		(150,243)	(206,841)	–	–
Depreciation of property and equipment	35,37	62,458	69,338	169	316
Loss/(Gain) on disposal of property and equipment	34	(30)	(461)	–	202
Gross dividend income from investments	34	(40,753)	(67,666)	(1,384,876)	(657,182)
Impairment loss on doubtful receivables, net		(36,867)	69,096	–	–
Impairment loss on financial investments	39	2,541	6,560	–	–
Impairment loss on foreclosed properties	18(c)	5,770	6,704	–	–
Impairment loss on property and equipment	19	4,116	–	–	–
Impairment loss on intangible assets	20	1,336	1,865	–	–
Property and equipment written off	35	180	970	–	–
Sundry receivables written off		176	1,131	–	–
Allowance for losses on loans, advances and financing, net	38	595,623	819,208	–	–
Net gain on redemption of financial investments held-to-maturity	34	–	(8,319)	–	–
Net gain on revaluation of derivatives		(103,915)	(59,696)	–	–
Net (gain)/loss on revaluation of financial assets held-for-trading		(27,349)	71,040	–	–
Net loss on sale of financial assets held-for-trading		24,903	42,157	–	–
Net gain on sale of financial investments available-for-sale		(56,850)	(95,379)	–	–
Net gain on revaluation of investment properties		–	(4,180)	–	–
Net gain on disposal of subsidiaries	34	(475,873)	–	–	–
Writeback of provision for commitments and contingencies		(19,255)	(30,519)	–	–
Scheme shares and options granted under Executives' Share Scheme ("ESS")	35	31,386	35,945	–	–
Share in results of associates and joint ventures		(3,188)	(21,274)	–	–
Transferred to profit equalisation reserve		35,379	10,743	–	–
Intangible assets written off	35	–	4	–	–
Operating profit/(loss) before working capital changes		2,539,221	3,183,142	(73,034)	(75,578)
Decrease/(Increase) in operating assets:					
Securities purchased under resale agreements		(50,336)	(34,735)	–	–
Deposits and placements with banks and other financial institutions		(3,209,177)	1,111,054	186,971	(156,428)
Financial assets held-for-trading		(732,730)	2,048,810	–	–
Loans, advances and financing		474,078	(5,612,740)	–	–
Reinsurance, retakaful assets and other insurance receivables		35,604	96,336	–	–
Other assets		(648,561)	(160,661)	(5,628)	(3,300)
Statutory deposits with Bank Negara Malaysia		(91,630)	(215,526)	–	–
Increase/(Decrease) in operating liabilities:					
Deposits from customers		2,431,171	4,868,891	–	–
Deposits and placements of banks and other financial institutions		(1,819,259)	967,977	–	–
Bills and acceptances payable		–	(1,964,800)	–	–
Term funding		1,657,714	388,672	(700,000)	400,000
Recourse obligation on loans and financing sold to Cagamas Berhad		(548,678)	(19,678)	–	–
Insurance, takaful contract liabilities and other insurance payables		23,977	48,307	–	–
Other liabilities		490,617	(1,393,553)	(11,752)	4,749
Cash generated from/(used in) operations		552,011	3,311,496	(603,443)	169,443
Taxation and zakat (paid)/refunded, net		(549,615)	(588,262)	(1,519)	4,659
Net cash generated from/(used in) operating activities		2,396	2,723,234	(604,962)	174,102

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 (Restated) RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
(Purchase)/Disposal of financial investments - net		1,379,430	(3,657,813)	79,740	(163,972)
Dividends received from other investments		30,565	50,750	–	–
Proceeds from disposal of property and equipment		429	1,136	–	–
Purchase of property and equipment	19	(75,876)	(74,119)	–	(847)
Purchase of intangible assets	20	(86,020)	(156,895)	–	–
Dividends received from subsidiaries		–	–	1,381,267	651,579
Return of surplus funds from associate		–	60	–	–
Purchase of receivables: investments not quoted in active markets		(378,193)	(168,830)	–	–
Arising from purchase of shares for ESS by the appointed trustee		(81,655)	(45,278)	(81,655)	(45,278)
ESS shares vested to eligible employees		53,979	61,782	53,978	61,782
Transfer of ESS shares recharged difference on purchase price for shares vested		(4,252)	(3,250)	2,006	2,622
Dividend received from associate		12,459	13,395	–	–
Net proceeds from disposal of subsidiaries		653,038	–	–	–
Net cash (used in)/generated from investing activities		1,503,904	(3,979,062)	1,435,336	505,886
CASH FLOWS FROM FINANCING ACTIVITIES					
Redemption of shares in subsidiary by non-controlling interests		(2,543)	–	–	–
Proceeds from unsecured bonds and notes		–	548,562	–	–
Repayment of medium term notes		(247,800)	–	–	–
Dividends paid by Company to its shareholders		(871,099)	(669,149)	(871,099)	(669,149)
Dividends paid to non-controlling interests by subsidiaries		(11,392)	(600)	–	–
Net cash used in financing activities		(1,132,834)	(121,187)	(871,099)	(669,149)
Net increase/(decrease) in cash and cash equivalents		373,466	(1,377,015)	(40,725)	10,839
Cash and cash equivalents at beginning of the financial year		10,407,955	11,780,148	53,189	42,350
Effect of exchange rates changes		(165)	4,822	–	–
Cash and cash equivalents at end of the financial year (Note 1)		**10,781,256**	**10,407,955**	**12,464**	**53,189**

Note 1: Cash and Cash Equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
Cash and short-term funds	10,758,600	10,287,346	12,464	53,189
Bank overdrafts (Note 27)	–	(759)	–	–
Reclassified to assets held for sale (Note 58(3))	22,656	121,368	–	–
Cash and cash equivalents	**10,781,256**	**10,407,955**	**12,464**	**53,189**

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

AMMB Holdings Berhad ("AMMB" or the "Company") is a public limited liability company incorporated and domiciled in Malaysia, and listed on the main market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of the Company is located at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal activity of the Company is that of investment holding.

The subsidiaries, as listed in Note 16, provide a wide range of wholesale banking, retail banking, investment banking and related financial services which also include Islamic banking business, underwriting of general and life insurance, family takaful, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trust management services. During the financial year, the Company's wholly-owned subsidiary, AMAB Holdings Sdn Bhd partially disposed of its equity interests in AmMetLife Takaful Berhad (formerly known as AmFamily Takaful Berhad) and AmMetLife Insurance Berhad (formerly known as AmLife Insurance Berhad). Consequently, these entities which provide underwriting of life insurance and family takaful, ceased to be subsidiaries and are accounted for as joint ventures in the financial statements of the Group as at 31 March 2015.

There have been no significant changes in these activities during the financial year, other than as mentioned above.

The consolidated financial statements of the Company and its subsidiaries ("AMMB Group" or the "Group") and the separate financial statements of the Company have been approved and authorised for issue by the Board of Directors on 29 April 2015.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis unless otherwise indicated in the financial statements.

2.2 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRSs"), and the requirements of the Companies Act, 1965 in Malaysia.

2.3 Presentation of financial statements

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The statements of financial positions are presented in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (i.e. "current") and more than 12 months after the reporting date (i.e. "non-current") is presented in Note 50.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2015.

Subsidiaries are entities (including structured entities) over which the Group has control.

The Group controls an investee if:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (Cont'd.)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The income statement and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the income statement; and
- Reclassifies the parent's share of components previously recognised in OCI to the income statement or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.5 Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the income statement. It is then considered in the determination of goodwill.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(a) Business combinations and goodwill (Cont'd.)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139, is measured at fair value with changes in fair value recognised either in the income statement or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

(b) Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

(c) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(c) Investment in associates and joint ventures (Cont'd.)

The income statement reflects the Group's share of the results of operations of the associates or joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

The aggregate of the Group's share of profit or loss of the associates and joint ventures is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the associates or joint ventures.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in associates or joint ventures are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associates or joint ventures and their carrying values, then recognises the loss as "impairment loss on associates or joint ventures" in the income statement.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

In the Company's separate financial statements, investment in associates or joint ventures are stated at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in the income statement.

(d) Transactions with non-controlling interests

Non-controlling interests represent the portion of equity in subsidiaries not held directly or indirectly by the Group.

Non-controlling interests are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from the Group shareholders' equity. Any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. In such circumstances, the carrying amounts of the non-controlling interests shall be adjusted to reflect the changes in relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributable to the owners of the Group.

(e) Foreign currencies

(i) Functional and presentation currency

The Group's consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(e) Foreign currencies (Cont'd.)

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed, at which time, the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the income statement are also recognised in OCI or the income statement, respectively).

(iii) Group entities

On consolidation, the assets and liabilities of foreign subsidiaries and operations are translated into RM at the exchange rates prevailing at the reporting date and their income statements are translated at the average exchange rates for the financial year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign subsidiary or operation, the component of OCI relating to that particular foreign subsidiary or operation is recognised in the income statement.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Purchased computer software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Freehold land has an unlimited life and therefore, is not depreciated. Depreciation of other property and equipment is calculated on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(f) Property, plant and equipments (Cont'd.)

The annual depreciation rates for the various classes of property, plant and equipment are as follows:

Leasehold land	2% or remaining lease period, whichever is shorter
Freehold buildings	2%
Leasehold buildings	2% or over the term of short term lease, whichever is shorter
Leasehold improvements	20%
Motor vehicles	20%
Computer hardware	20%
Office and residential equipment, furniture and fittings	20% - 25%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, to ensure the amount, method and period of depreciation are consistent with the previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(g) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of investment properties is calculated on a straight-line basis over the estimated useful lives of the assets. The investment properties related to freehold land is not depreciated.

Investment properties belonging to the life insurance fund of the Group are measured initially at cost, including related and incidental expenditure incurred. Subsequent to initial recognition, these investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of these investment properties are recognised in the income statement of the life insurance fund in the financial year in which they arise. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

In the absence of current prices in an active market, alternative valuation methods are used such as recent prices on less active markets or discounted cash flow valuations. Discounted cash flow valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(g) Investment properties (Cont'd.)

Transfers are made to or from investment properties only when there are changes in use. For transfers from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied properties become investment properties, the Group accounts for the properties in accordance with the policy under property, plant and equipment up to the date of the change in use.

(h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) The Group as a lessee

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in “interest expense” in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term. The aggregate benefits of incentives provided by the lessor are recognised as a reduction of rental expenses over the lease term on a straight-line basis.

(ii) The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(i) Intangible assets, other than goodwill arising from business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category that is consistent with the function of the intangible assets.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(i) Intangible assets, other than goodwill arising from business combination (Cont'd.)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(i) Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual software project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development; and
- The ability to use the intangible asset generated.

Following initial recognition of the software development expenditure as an asset, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight-line basis over the period of expected benefit of 3 to 7 years, except for certain major core infrastructure projects where the useful life has been determined to be 10 years. During the period of development, the asset is tested for impairment annually.

(j) Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes party to the contractual provisions of the instrument. This includes regular way trades; purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(iii) Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as described below:

(a) Financial assets and financial liabilities at fair value through profit or loss: held-for-trading

Financial assets or financial liabilities held-for-trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "investment and trading income". Interest and dividend income or expense is recorded in "investment and trading income", "interest income" or "interest expense", as appropriate and in accordance with the terms of the contract, or when the right to the payment has been established.

Included in this classification are debt securities and equities.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement (Cont'd.)

(b) Financial assets and financial liabilities at fair value through profit or loss: designated as fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities designated at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "investment and trading income". Interest is earned or accrued in "interest income" or "interest expense", respectively, using the effective interest rate ("EIR"), while dividend income is recorded in "investment and trading income" when the right to the payment has been established.

(c) Financial assets and financial liabilities at fair value through profit or loss: derivatives

The Group uses derivatives such as interest rate swaps and futures, credit default swaps, cross-currency swaps, forward foreign exchange contracts and options on interest rates, foreign currencies and equities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in "investment and trading income".

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the income statement.

(d) Financial investments available-for-sale ("AFS")

Financial investments AFS include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Group has not designated any loans, advances and financing as AFS.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement (Cont'd.)

(d) Financial investments available-for-sale ("AFS") (Cont'd.)

After initial measurement, financial investments AFS are subsequently measured at fair value with unrealised gains or losses recognised in OCI in the "AFS reserve" until the investment is derecognised, at which time the cumulative gain or loss is recognised in "other operating income", or the investment is determined to be impaired, when the cumulative loss is reclassified from the "AFS reserve" to the income statement in "impairment losses on financial investments". Interest earned whilst holding financial investments AFS is reported as interest income using the EIR method. Dividends earned whilst holding financial investments AFS are recognised in the income statement as "other operating income" when the right to the payment has been established.

The Group evaluates whether the ability and intention to sell its financial investments AFS in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial investments due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial investments. Reclassification to loans and receivables is permitted when the financial investments meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial investments accordingly.

For a financial investment reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the investment that has been recognised in equity is amortised to the income statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Unquoted shares in organisations which are set up for specific socio-economic reasons and equity instruments received as a result of loan restructuring or loan conversion which do not have a quoted market price in an active market that are carried at cost as their fair values cannot be reliably measured are also classified as financial investments AFS.

(e) Financial investments held-to-maturity

Non-derivative financial instruments with fixed or determinable payments and fixed maturities are classified as financial investments held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, financial investments held-to-maturity are measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "interest income" in the income statement. The losses arising from impairment are recognised in the income statement in "impairment losses on financial investments".

If the Group were to sell or reclassify more than an insignificant amount of financial investments held-to-maturity before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as financial investments AFS. Furthermore, the Group would be prohibited from classifying any financial investments as held-to-maturity during the following two years.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement (Cont'd.)

(f) Financial assets at amortised cost – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "interest income" in the income statement. The losses arising from impairment are recognised in the income statement in "impairment losses on loans, advances and financing" for loans, advances and financing or "doubtful receivables" for losses other than loans, advances and financing.

(g) Financial liabilities at amortised cost

Financial liabilities issued by the Group, that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, term funding, debt capital and other borrowings are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

(h) "Day 1" profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in "investment and trading income". In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement (Cont'd.)

(i) Reclassification of financial assets

The Group may reclassify a non-derivative trading asset out of the "held-for-trading" category and "available-for-sale" category under rare circumstances and into the "loans, advances and financing" category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

For a financial asset reclassified out of the "available-for-sale" category, any previous gain or loss on that asset that has been recognised in equity is amortised to the income statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statement.

(iv) Derecognition of financial assets and financial liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
  - the Group has transferred substantially all the risks and rewards of the asset, or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(k) Repurchase and reverse repurchase agreements

Securities sold under repurchase agreements at a specified future date are not derecognised from the statement of financial position as the Group retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest, as a liability within "securities sold under repurchase agreements", reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the EIR. When the counterparty has the right to sell or repledge the securities, the Group reclassifies those securities in its statement of financial position to "financial assets held-for-trading pledged as collateral" or to "financial investments available-for-sale pledged as collateral", as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within "securities purchased under reverse repurchase agreements", reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in "net interest income" and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within "financial liabilities held-for-trading" and measured at fair value with any gains or losses included in "investment and trading income".

(l) Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in "net trading income".

(m) Sell and buy back agreements for Islamic securities

These are obligations of the Group to perform its commitment to buy back specified Islamic securities at maturity. Gains and losses are recognised upon sale and shown as trading gain or loss from financial assets held-for-trading.

(n) Fair value measurement

The Group and the Company measure financial instruments such as financial assets at fair value through profit or loss, financial investments available-for-sale and derivatives at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group and to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(n) Fair value measurement (Cont'd.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

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

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

The fair value hierarchies of financial instruments that are measured at fair value are disclosed in Note 53.

The fair value hierarchies of financial assets, financial liabilities and non-financial assets that are not measured at fair value, but for which fair value is disclosed, are also disclosed in Note 53.

(o) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Loans, advances and financing are classified as impaired in accordance with the criteria as disclosed in Note 52.2 Credit Risk Management - Impairment - Defination of past due and impaired loans.

(i) Financial assets carried at amortised cost – loans and receivables

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(o) Impairment of financial assets (Cont'd.)

(i) Financial assets carried at amortised cost – loans and receivables (Cont'd.)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Group has reclassified trading assets to loans, advances and financing, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income continues to be accrued as "interest income on impaired loans, advances and financing" in the income statement on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to "impairment losses on loans, advances and financing" in the income statement.

For financial assets which are not individually significant and that have been individually assessed but with no impairment loss are grouped together for collective impairment assessment. These financial assets are grouped based on the Group's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics of the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that do not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows for a group of assets should reflect and be directionally consistent with changes in related observable data from year to year. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The Group early adopted BNM's Guidelines that require the banking subsidiaries to maintain in aggregate, collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances, pursuant to paragraph 13.1 of the BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing. The regulatory reserves are maintained in addition to the collective impairment allowances recognised in accordance with MFRS, and it will be set aside from the retained profits to a separate reserve within equity as an additional credit risk absorbent.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(o) Impairment of financial assets (Cont'd.)

(ii) Financial investments AFS

For financial investments AFS, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "interest income". If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from OCI and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised in OCI.

(iii) Rescheduled and restructured loans

Where possible, the Group seeks to reschedule or restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been rescheduled or restructured, any impairment is measured using the original EIR as calculated before the modification of terms. Management continually reviews impaired rescheduled or restructured loans for a certain period to ensure all terms are adhered to and that future payments are likely to occur before reclassification back to performing status.

(iv) Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources. (See Note 52.2 for further analysis of collateral).

(v) Collateral repossessed

The Group's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Group's policy.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(p) Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, the Group applies hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognised in the income statement. For situations where the hedged item is a forecast transaction, the Group also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statement.

(i) Fair value hedges

The change in the fair value of a hedging derivative is recognised in "investment and trading income" in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in "investment and trading income" in the income statement.

For fair value hedges relating to items recorded at amortised cost, any adjustment to carrying value is amortised through the income statement over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the income statement.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the "cash flow hedge reserve", while any ineffective portion is recognised immediately in "investment and trading income" in the income statement.

Amounts recognised as OCI are transferred to the income statement when the hedged transaction affects the income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(p) Hedge accounting (Cont'd.)

(iii) Hedges of a net investment

Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in OCI while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

(q) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(r) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

The following assets have specific characteristics for impairment testing:

(i) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(ii) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(s) Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at cost less impairment losses. The policy for the measurement of foreclosed properties is in accordance with Note 2.5(o)(v) on collateral repossessed.

(t) Cash and cash equivalents

Cash and short-term funds in the statement of financial position comprise cash and bank balances with banks and other financial institutions and short-term deposits maturing within one month.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term funds as defined above, excluding deposits and monies held in trust and net of outstanding bank overdrafts.

(u) Assets held for sale

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. This condition is regarded as met only when the sale is probable and the assets are available for immediate sale in their present condition, management has committed to the sale and the sale is expected to have been completed within one year from the date of the classification. Such assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs;
- Classified as held for sale or already disposed in such a way; or
- A major line of business or major geographical area.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Additional disclosures are provided in Note 19 and Note 58. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(w) Contingent liabilities and contingent assets

A contingent liability is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or in extremely rare cases whereby there is a liability that cannot be recognised because it cannot be measured reliably. The contingent liability is not recognised but instead is disclosed in the financial statements. A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group is also disclosed as a contingent liability unless the probability of outflow or economic resources is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The Group does not recognise contingent assets in the financial statements but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(x) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(y) Profit Equalisation Reserve ("PER")

PER is the amount appropriated out of the total Islamic banking gross income in order to maintain a certain level of return to Investment Account Holders ("IAH") which is as stipulated by Bank Negara Malaysia's Guidelines on Profit Equalisation Reserve. This amount appropriated is shared by the IAH and the Group. The creation of PER establishes an obligation to manage distribution to the IAH from Shariah perspective. The PER of the IAH is classified as a liability and is recognised at cost. The subsequent apportionments of profit to the IAH are recognised in the income statement. The eventual distribution of PER as profit distributable to IAH will be treated as an outflow of funds due to the settlement of obligation to the IAH. The PER of the Group is allocated from retained profits and classified as a separate reserve in equity and is non-distributable. Subsequent apportionment from and distributions to retained profits are treated as transfers between reserves.

(z) Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Operating revenue of the Group comprises all types of revenue derived from commercial banking and non-financial services rendered by the subsidiaries.

Operating revenue of the Company comprises gross interest income, gross diviodend income, fee and commission earned and other income.

The following specific recognition criteria must be met before revenue is recognised.

(i) Interest/financing income and similar income and expense

For all financial assets and financial liabilities measured at amortised cost, interest bearing financial investments classified as AFS and financial assets and financial liabilities designated at fair value through profit or loss, interest/financing income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(z) Recognition of income and expenses (Cont'd.)

(i) Interest/financing income and similar income and expense (Cont'd.)

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded in the income statement. However, for a reclassified financial asset for which the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(a) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include loan arrangement, commission income, asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

(b) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

(iii) Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iv) Investment and trading income

Results arising from trading activities include all gains and losses from changes in fair value, dividends for financial investments held-for-trading and financial investments available-for-sale. This includes any ineffectiveness recorded in hedging transactions.

(v) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(z) Recognition of income and expenses (Cont'd.)

(vi) Sale of unit trusts

Revenue from sale of unit trusts is recognised upon allotment of units, net of cost of units sold.

(vii) Customer loyalty programmes

Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated between the award credits and the other components of the sale. Income generated from customer loyalty programmes is recognised in the income statement.

(aa) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution pension plan

The Group makes contributions to the Employee Provident Fund ("EPF") in Malaysia. Such contributions are recognised as an expense in the income statement as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plans

The calculation of defined benefit obligations is performed annually by qualified actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognised in the income statements on the earlier of:

- the date of the plan amendment or curtailment; or
- the date that the Company recognises restructuring-related costs.

Net interest and other expenses relating to defined benefit plans are calculated by applying the discount rate to the net defined benefit liability or asset and recognised in the income statement.

(iv) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(aa) Employee benefits (Cont'd.)

(v) Share-based payment transactions

The Company operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of the Company are granted to eligible directors and employees of the Group based on certain financial and performance criteria and such conditions as it may deem fit.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for the period is recorded in "personnel costs" and represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity-settled award are modified, the minimum expense recognised in "personnel costs" is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (Note 42).

(ab) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

(ac) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior financial years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside the income statement, either in OCI or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(ac) Taxes (Cont'd.)

(ii) Deferred tax (Cont'd.)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the income statement.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(ad) Zakat

This represents business zakat payable by the Group to comply with Shariah principles as approved by AmBank Islamic's Shariah Committee. Zakat provision is calculated using the profit and loss method at a zakat rate of 2.5% of the net profit after tax and is based on the percentage of Muslim shareholders of the Company.

In the financial year, the Group has fulfilled its obligation to pay business zakat to state zakat authorities and other identified beneficiaries (asnaf) comprising poor and needy students under the student adoption programme, flood victims and non-governmental organisations.

(ae) Earnings Per Share ("EPS")

The Group presents basic and diluted EPS data for its ordinary shares in Note 42. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period net of treasury shares. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(af) Segment reporting

Segment reporting in the financial statements are presented on the same basis as is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to operating segments. Reportable segments are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are distinguishable components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Group's segmental reporting is based on the following operating segments: retail banking, wholesale banking, insurance and operating segments, as disclosed in Note 55.

(ag) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all the liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

(ah) Shares held in trust for ESS and contracts on own shares

Own equity instruments of the Company that are acquired by the Company for the ESS are reflected in equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Company's own equity instruments is recognised directly in equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

When the Company holds own equity instruments on behalf of their clients, those holdings are not included in the Company's statement of financial position.

(ai) Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of their clients. Assets held in a fiduciary capacity are not recognised as assets of the Group.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(aj) Product classification

The insurance subsidiaries issue contracts that transfer insurance risks or financial risks or both.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance and takaful risk is the risk other than financial risk.

An insurance and takaful contract is a contract under which the insurance subsidiaries (the "insurer" and the "takaful operator") have accepted significant insurance and takaful risk from another party (the "policyholders" and the "participants") by agreeing to compensate the policyholders and the participants if a specified uncertain future event (the "insured" and the "covered event") adversely affects the policyholders and the participants. As a general guideline, the insurers and the takaful operators determine whether they have significant insurance and takaful risk, by comparing benefits paid with benefits payable if the insured and the covered event did not occur.

Investment contracts are those contracts that do not transfer significant insurance and takaful risk. Based on this definition, all certificates issued by the takaful operator have been assessed to be takaful contracts as at the reporting date.

Once a contract has been classified as an insurance and a takaful contract, it remains an insurance and a takaful contract for the remainder of its life-time, even if the insurance and takaful risk reduces significantly during this financial year, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participation features ("DPF"). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on the:
    - performance of a specified pool of contracts or a specified type of contract;
    - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
    - the profit or loss of the insurer, fund or other entity that issues the contract.

Under the terms of the contracts, surpluses in the DPF funds can be distributed to the policyholders and the shareholders respectively. The insurer has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance or investment contract liabilities, as appropriate.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation and unbundling is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/or investment contract itself is measured at fair value through profit or loss.

For the purpose of product classification under MFRS 4, Insurance Contracts ("MFRS 4"), the insurer adopts maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for realisable value of the insurance contract on surrender. The insurer defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at any point of the insurance contract in force. Based on this definition, all policy contracts issued by the insurer are considered insurance contracts as at the reporting date.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(ak) Reinsurance and retakaful

The insurer and the takaful operator cedes insurance and takaful risks in the normal course of business for all its businesses. Reinsurance and retakaful assets represent balances due from reinsurance and retakaful companies. Amounts recoverable from reinsurers and retakaful operators are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and the underlying takaful contracts and are in accordance with the related reinsurance contracts and the terms of the relevant retakaful arrangements.

Ceded reinsurance and retakaful arrangements do not relieve the insurer and the takaful operator from its obligations to the policyholders and the participants. Premiums, contributions and claims are presented on a gross basis for both ceded and assumed reinsurance and retakaful.

Retakaful arrangements entered into by the takaful operator meets the classification requirements of takaful contracts. Arrangements that do not meet these classification requirements are accounted for as financial assets. As at the reporting date, all retakaful arrangements entered into by the takaful operator during the financial year met the classification requirements of takaful contracts.

Reinsurance and retakaful assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairments occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance and retakaful asset that the insurer and the takaful operator may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the insurer and the takaful operator will receive from the reinsurer and the retakaful operator. The impairment loss is recorded in the income statement.

Gain and loss on buying reinsurance, if any, will be recognised in the income statement at the inception of the agreement.

The insurer also assumes reinsurance risk in the normal course of business for general and life insurance contracts when applicable.

Premiums, contributions and claims on assumed reinsurance and retakaful are recognised as revenue or expenses in the same manner as they would be if the reinsurance and retakaful were considered direct business, taking into account the product classification of the reinsured and retakaful business. Reinsurance and retakaful liabilities represent balances due to reinsurance and retakaful companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract and retakaful arrangement.

Reinsurance and retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Reinsurance and retakaful contracts that do not transfer significant insurance and takaful risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums, contributions or fees to be retained by the reinsured and takaful operator subjected to retakaful. Investment income on these contracts is accounted for using the effective yield method when accrued.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(al) Insurance and takaful receivables

Insurance and takaful receivables are amounts receivable under the contractual terms of an insurance and a takaful contract. On initial recognition, insurance and takaful receivables are measured at fair value based on the consideration received or receivable. Subsequent to initial recognition, insurance and takaful receivables are measured at amortised cost using the effective yield method.

Insurance and takaful receivables are assessed at each reporting date for objective evidence of impairment. If there is objective evidence that the insurance and takaful receivable is impaired, the insurer and the takaful operator reduces the carrying amount of the insurance and takaful receivables accordingly and recognises that impairment loss in the income statement. The insurer and the takaful operator gathers the objective evidence that an insurance and a takaful receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

Insurance and takaful receivables are derecognised when the rights to receive cash flows from them have expired or when they have been transferred and the insurer and the takaful operator has also transferred substantially all risks and rewards of ownership.

(am) General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account premiums, movements in premiums and claims liabilities and commissions.

(i) Gross premiums

Gross premiums are recognised in a financial year in respect of risks assumed during the particular financial year.

(ii) Reinsurance premiums

Inwards facultative reinsurance premiums are recognised in the financial year in respect of the facultative risk assumed during the particular financial year, as the case of direct policies, following individual risks' inception dates.

Inwards treaty reinsurance premiums comprise both proportional and non-proportional treaties. In respect of reinsurance premiums relating to proportional treaties it is recognised on the basis of periodic advices received from the cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inception dates of these risks and contractually accounted for, as such to reinsurers under the terms of the proportional treaties. In respect of reinsurance premiums relating to non-proportional treaties which cover losses occurring during a specified treaty period, the inwards treaty reinsurance premiums are recognised based on the contractual premiums already established at the start of the treaty period under the non-proportional treaty contract.

(iii) Premium liabilities

Premium liabilities represent the insurer's future obligations on insurance contracts as represented by premiums received for risks that have not yet expired. In determining premium liabilities at reporting date, the method that most accurately reflects the actual unearned premium is used, as described in Note 2.5 (an).

(iv) Claims liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance.

The amount of claims liabilities is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the reporting date.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(am) General insurance underwriting results (Cont'd.)

(iv) Claims liabilities (Cont'd.)

Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the reporting date, using a mathematical method of estimation.

(v) Acquisition costs

The gross costs of acquiring and renewing insurance policies and income derived from ceding reinsurance premiums are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

(an) General insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged. The valuation of general insurance contract liabilities is in accordance with the Risk-Based Capital ("RBC") Framework for Insurers issued by BNM.

These liabilities comprise claims liabilities and premium liabilities.

(i) Claims liabilities

Claims liabilities are recognised in respect of both direct insurance and inward reinsurance. Claims liabilities refer to the obligation by the insurer, whether contractual or otherwise to make future payments in relation to all claims that have been incurred as at valuation date. These include provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserve ("IBNER") together with related claims handling costs. Claims liabilities consist of the best estimate value of the claims liabilities and the Provision of Risk Margin for Adverse Deviation ("PRAD") calculated at the overall level. The liability is discounted at a risk free rate. No provision for equalisation or catastrophe reserve is recognised. The liabilities are derecognised when the claim is paid and settled, discharged or cancelled.

(ii) Premium liabilities

Premium liabilities are recorded at the higher of the following:

- aggregate of the unearned premium reserves ("UPR"); and
- the best estimate value of the insurer's unexpired risk reserve ("URR") as at the valuation date and the PRAD calculated at the overall level.

(iii) UPR

The UPR represent the portion of the premiums of insurance policies written less deductible acquisition costs that relate to the unexpired period of the policies at the end of the financial year.

In determining UPR at the end of the reporting period, the method that most accurately reflects the actual unearned premium used is as follows:

i. 25% method for Malaysian marine cargo, aviation cargo and transit business of annual Malaysian general policies business;
ii. Daily time apportionment method for all other classes; and
iii. 1/24th method for inward treaty business.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(an) General insurance contract liabilities (Cont'd.)

(iv) URR

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the insurer's expenses, including overheads and cost of reinsurance expected to be incurred during administering these policies and settling the relevant claims and expected future premium refunds. The URR is discounted at a risk free rate.

(v) Liability adequacy test

At each reporting date, the insurer reviews its unexpired risks and a liability adequacy test ("LAT") is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking account of the investment return expected to arise on assets relating to the relevant general insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums less related deferred acquisition costs is inadequate, the deficiency is recognised in the income statement by setting up a provision for liability adequacy.

(ao) Life insurance underwriting results

The surplus transferable from the life fund to the income statement is based on the surplus determined by an annual actuarial valuation of the long-term liabilities to policyholders.

(i) Gross premiums

Gross premiums are recognised as soon as the amount of the premiums can be reliably measured. First year premium is recognised from inception date and subsequent premium is recognised when it is due. At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured. Premiums not received on due dates are recognised as revenue in the income statement and reported as outstanding premiums in the statement of financial position.

(ii) Reinsurance premiums

Gross reinsurance premiums on ceded reinsurance are recognised as an expense when payable or on the date on which the policy is effective.

(iii) Creation of units

Net creation of units which represents premium paid by policyholders as payment for a new contract or subsequent payments to increase the amount of that contract are reflected in the income statement of investment linked funds. Net creation of units is recognised on a receipt basis.

(iv) Benefits, claims and expenses

Benefits and claims that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified. Benefits and claims, including settlement costs, are accounted for using the case-by-case method and for this purpose, the amounts payable under a policy are recognised as follows:

- maturity and other policy benefit payments due on specified dates are treated as claims payable on the due dates;
- death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered; and
- bonus on participating policy upon its declaration.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(ao) Life insurance underwriting results (Cont'd.)

(v) Commission and agency expenses

Commission and agency expenses, which are costs directly incurred in securing premium on insurance policies and income derived from reinsurers in the course of ceding of premiums to reinsurers, are charged to the income statement in the financial year in which they are incurred.

(ap) Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by using a prospective actuarial valuation method. The liability is determined as the sum of the present value of future guaranteed and, in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies and non-unit liabilities of investment-linked policies.

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners, are set as the liabilities if the accumulated amount is higher than the figure as calculated using the prospective actuarial valuation method.

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zerorisation.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the insurer.

Adjustments to the liabilities at each reporting date are recorded in the income statement. Profits originating from margins of adverse deviations on run-off contracts are recognised in the income statement over the life of the contract, whereas losses are fully recognised in the income statement during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled. At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, net of present value of in-force business ("PVIF") by using an existing liability adequacy test. Any deficiency is charged to the income statement.

The valuation of insurance contract liabilities is determined according to BNM's RBC Framework for Insurers and MFRS 4. The RBC Framework for Insurers issued by BNM meets the requirement of LAT under MFRS 4.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(aq) Family takaful fund

The family takaful fund is maintained in accordance with the requirements of the Islamic Financial Services Act 2013 and consists of Qard from the takaful operator, accumulated deficit in the family takaful fund and AFS reserve of the family takaful fund.

The family takaful fund surplus or deficit is determined by the takaful operator's appointed actuary by an annual actuarial valuation of the family takaful fund. Any deficit in the family takaful fund will be made good by the takaful operator fund via a loan or Qard. Surplus distributable to the participants is determined after deducting benefits paid and payable, retakaful, provisions, reserves and wakalah fees. The surplus may be distributed to the takaful operator and participants in accordance with the terms and conditions of the respective contracts.

Revenue of the family takaful fund consists of gross takaful contributions and investment income. Unrealised income is deferred and receipts in advance are treated as liabilities on the statement of financial position.

(i) Contribution income

Contribution is recognised as soon as the amount of the contribution can be reliably measured. First year contribution is recognised from inception date and subsequent contribution is recognised when it is due.

At the end of the financial year, all due contributions are accounted for to the extent that they can be reliably measured. Contributions not received on due date are recognised as revenue in the income statement and reported as outstanding contributions in the statement of financial position.

(ii) Investments of investment-linked business

Investments of investment-linked business are stated at fair values. Any increase or decrease in value of these investments is taken to the income statement.

All investments of investment-linked funds are stated at closing market prices or indicative market prices as at the end of each financial year.

(iii) Creation or cancellation of units

Amounts received for units created represent contributions paid by unit holders as payments for new contracts or subsequent payments to increase the amount of contracts.

Creation or cancellation of units is recognised in the financial statements at the next valuation date, after the request to purchase or sell units is received from the unit holders.

(iv) Provision for outstanding claims

A liability for outstanding claims is recognised when a claimable event occurs and/or the takaful operator is notified.

Claims and provision for claims arising from family takaful certificates, including settlement costs less retakaful recoveries, are accounted for using the case basis method and for this purpose, the benefits payable under family takaful certificates are recognised as follows:

- Maturity or other certificate benefit payments due on specified dates are treated as claims payable on the due dates;
- Death, surrender and other benefits without due dates are treated as claims payable on the date of receipt of intimation of death of the participant or occurrence of contingency covered.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(aq) Family takaful fund (Cont'd.)

(v) Actuarial liabilities

The actuarial liability is calculated using the discounted cash flow method. This is to ensure that any future negative cash flow resulting from insufficient tabarru' charges to meet expected benefit outgo are eliminated. Family takaful liabilities are recognised when contracts are entered into and contribution is charged.

The liabilities are based on best estimate assumptions as determined by the Appointed Actuary. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of liabilities.

In the case of a family certificate where a part of, or the whole of the contributions are accumulated in a fund, the accumulated amount, as declared to the participants, are set as liabilities. Zerorisation is applied at certificate level and no certificate is treated as an asset under the valuation method adopted.

Adjustments to the liabilities at each reporting date are recorded in the income statement. Profits originating from margins of adverse deviations on run-off contracts, are recognised in the income statement over the life of the contract, whereas losses are fully recognised in the income statement during the first year of run-off.

The liability is derecognised when the contract expires, is discharged or is cancelled. At each reporting date, an assessment is made of whether the recognised family takaful liabilities are adequate by using a LAT.

Any inadequacy is recorded in the income statement by establishing technical reserves for the loss. In subsequent years, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of loss recognition. Losses arising from liability adequacy testing can be reversed in future years if the liability no longer exists/required.

(ar) Takaful operator fund

(i) Wakalah fees, commission expenses and management expenses

In accordance with the principles of wakalah, as approved by the Shariah Committee of the takaful operator and agreed between the participants and the takaful operator, an agreed percentage of the gross contribution will be charged by the takaful operator on an upfront basis to the family takaful fund as wakalah fees.

The wakalah fees charged by the takaful operator to the participants are used to pay all management expenses and commission expenses in the takaful operator fund, which are incurred on behalf of the family takaful fund. All management expenses are recognised in the takaful operator fund as incurred.

Commission expenses, which are costs directly incurred in securing contributions on takaful certificates are recognised in the takaful operator fund as incurred and properly allocated to the years in which it is probable they give rise to income.

(ii) Expense liabilities

The expense liabilities of the takaful operator is required to match relevant projected costs of maintaining and servicing in-force contracts and associated overhead expenses for the full contractual obligation of the takaful certificates. The movement in expense liabilities is released over the term of the takaful contracts and recognised in the income statement.

2. ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(ar) Takaful operator fund (Cont'd.)

(ii) Expense liabilities (Cont'd.)

(a) Expense liabilities of takaful operator fund

The valuation of expense liabilities in relation to contracts of the family takaful fund is conducted separately by the Appointed Actuary in the takaful operator fund. The method used to value expense liabilities is consistent with the method used to value takaful liabilities of the corresponding family takaful contracts. In valuing the expense liabilities, the present value of expected future expenses payable by the takaful operator in managing the takaful fund for the full contractual obligation of the takaful contracts less any expected cash flows from future wakalah fee income, and any other income due to the takaful operator fund that can be determined with reasonable certainty, are taken into consideration.

(b) Liability adequacy test ("LAT")

At each financial year end, the takaful operator reviews the expense liabilities of the takaful operator fund to ensure that the carrying amount is sufficient or adequate to cover the obligations of the takaful operator fund for all managed takaful certificates.

In performing this review, the takaful operator considers all contractual cash flows and compares this against the carrying value of expense liabilities. Any deficiency is recognised in the income statement.

3. CHANGES IN ACCOUNTING POLICIES

3.1 New and amended standards and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations which became effective for the Group and the Company on 1 April 2014.

- Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities
- Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting

The adoption of these new and amended standards did not have any material impact on the financial statements of the Group and the Company except for the adoption of Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities.

The nature of the new and amended standards and interpretations are described below:

(a) Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. Upon adoption of the amendments, the Group has restated certain financial assets and liabilities in the statement of financial position of the Group which did not meet the offsetting criteria that were previously reported on a net basis. The effects of restatement are disclosed in Note 60.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.1 New and amended standards and interpretations adopted (Cont'd.)

(b) Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively subject to transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

(c) Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets

These amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation technique used which are in line with the disclosure required by MFRS 13 Fair Value Measurement.

(d) Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

3.2 Significant change in regulatory requirements: Bank Negara Malaysia ("BNM") Guidelines

On 4 February 2014, BNM issued a letter requiring banking institutions to maintain, in aggregate, collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances, pursuant to paragraph 13.1 of the BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing. The regulatory reserves are maintained in addition to the collective impairment allowances recognised in accordance with MFRS, and it will be set aside from the retained profits to a separate reserve within equity as an additional credit risk absorbent. Banking institutions are required to comply with this requirement by 31 December 2015. The Group early adopted this requirement.

During the financial year, AmInvestment Bank Berhad has transferred RM2.8 million from its retained earnings to the regulatory reserve in accordance with BNM's requirements. The early adoption of this requirement did not have any impact to the profit or loss of the Group and AmInvestment Bank Berhad.

Further details on the regulatory reserve are disclosed in Note 29.

3.3 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 Company's financial statements. The Group and the Company intend to adopt the relevant standards when they become effective.

Note	Description	Effective for financial year ending
3.2a(i)	Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions	31 March 2016
3.2a(ii)	Annual Improvements to MFRSs 2010-2012 Cycle	31 March 2016
3.2a(iii)	Annual Improvements to MFRSs 2011-2013 Cycle	31 March 2016
3.2b(i)	Annual Improvements to MFRSs 2012-2014 Cycle	31 March 2017
3.2b(ii)	Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	31 March 2017

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.

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

Note	Description	Effective for financial year ending
3.2b(iii)	Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	31 March 2017
3.2b(iv)	Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	31 March 2017
3.2b(v)	Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	31 March 2017
3.2b(vi)	Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	31 March 2017
3.2b(vii)	Amendments to MFRS 127 Equity Method in Separate Financial Statements	31 March 2017
3.2b(viii)	Amendments to MFRS 101 Disclosure Initiatives	31 March 2017
3.2b(ix)	MFRS 14 Regulatory Deferral Accounts	31 March 2017
3.2c(i)	MFRS 15 Revenue from Contracts with Customers	31 March 2018
3.2d(i)	MFRS 9 Financial Instruments	31 March 2019

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

(a) Standards effective for financial year ending 31 March 2016

(i) Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

(ii) Annual Improvements to MFRSs 2010-2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below.

(i) MFRS 2: Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

(a) Standards effective for financial year ending 31 March 2016 (Cont'd.)

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

(ii) MFRS 3: Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

(iii) MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

(iv) MFRS 116: Property, Plant and Equipment and MFRS 138 Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

(v) MFRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

(iii) Annual Improvements to MFRSs 2011-2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below.

(i) MFRS 3: Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

(ii) MFRS 13: Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

(a) Standards effective for financial year ending 31 March 2016 (Cont'd.)

(iii) Annual Improvements to MFRSs 2011-2013 Cycle (Cont'd.)

(iii) MFRS 140: Investment Property

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

(b) Standards effective for financial year ending 31 March 2017

(i) Annual Improvements to MFRSs 2012-2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below.

(i) MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to MFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(ii) MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

(iii) MFRS 119 Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

(iv) MFRS 134 Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements "if not disclosed elsewhere in the interim financial report".

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

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

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

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

(iii) Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 and are measured at fair value less costs to sell. The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted.

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

The amendments clarify that:

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

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

(v) Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

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

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

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

(vii) Amendments to MFRS 127 Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

(viii) Amendments to MFRS 101 Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

(ix) MFRS 14 Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group and the Company are existing MFRS preparers, this standard would not apply.

(c) Standards effective for financial year ending 31 March 2018

(i) 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.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

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

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

(i) MFRS 15 Revenue from Contracts with Customers (Cont'd.)

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 2017 with early adoption permitted.

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

(i) MFRS 9 Financial Instruments

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements.

4.1 Allowance for impairment on loans, advances and financing (Note 12 and Note 38)

The Group reviews its individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans, advances and financing that have been assessed individually and found not to be impaired and all individually insignificant loans, advances and financing are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether allowance should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan to collateral ratios, etc.), and judgements on cover model risks (e.g. errors for design/development process, data quality, data extraction and transformation) and macro risks (e.g. covering economic, portfolio and procedural issues).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

4.2 Impairment losses on financial investments AFS (Note 39)

The Group reviews its debt securities classified as financial investments AFS at each reporting date to assess whether they are impaired. This requires similar judgement as applied to the individual assessment of loans, advances and financing.

The Group also records impairment loss on AFS equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

4.3 Deferred tax assets (Note 15) and income taxes (Note 40)

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group is subjected to income taxes in several jurisdictions and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process may involve seeking advice of experts, where appropriate. Where the final liability for taxation assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.

4.4 Fair value measurement of financial instruments (Note 53)

When the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgement is required to establish fair values. Judgements include considerations of liquidity and model inputs such as volatility for longer-dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities.

4.5 Development costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future economic benefits. The capitalised development costs relates to the development and implementation of new Information Technology systems for the Group.

4.6 General insurance business – valuation of general insurance contract liabilities (Note 56(IV))

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of IBNR.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the liability at the reporting date. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Link Ratios, Chain Ladder and Bornhuetter-Ferguson methods.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

4.6 General insurance business – valuation of general insurance contract liabilities (Note 56(IV)) (Cont'd.)

The main assumption underlying these techniques is that the insurer's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. We use discounting and in most cases, explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example, to reflect once-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, level of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

4.7 Uncertainty in accounting estimates for general insurance business (Note 56(IV))

The principal uncertainty in the insurer's general insurance business arises from the technical provisions which include the premium liabilities and claims liabilities. The premium liabilities comprise UPR, URR and PRAD while claims liabilities comprise provision for outstanding claims.

Generally, premium and claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premiums and claims liabilities will not exactly develop as projected and may vary from the insurer's projections.

The estimates of premium and claims liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium and claim liabilities may vary from the initial estimates.

There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to the insurer. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim.

There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

4.8 Life insurance contract classifications (Note 56)

A contract is classified as insurance if at any point over the life of the contract the payout on the policy is likely to be more than 105% of the surrender benefit. A rate of 105% is used as many policies have a 101% life cover even though there is no significant insurance risk. Generally most insurance products have payouts of more than 105% on occurrence of an insured event (e.g. death payment).

4.9 Valuation of life insurance contract liabilities (Note 56(V))

The liability for life insurance contracts is based on current assumptions, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to LAT, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The insurer bases mortality and morbidity on established industry and Malaysian tables which reflect historical experiences, adjusted when appropriate to reflect the insurer's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk to longevity, prudent allowance is made for expected future mortality improvements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

4.9 Valuation of life insurance contract liabilities (Note 56(V)) (Cont'd.)

The valuation of insurance contract liabilities is determined according to BNM's RBC Framework for Insurers and MFRS 4. BNM's RBC Framework for Insurers meets the requirement of LAT under MFRS 4.

According to this framework, valuation of non-participating life insurance liabilities, participating life insurance liabilities on guaranteed benefits only and the non-unit investment-linked liabilities with the prescribed valuation bases aim to secure an overall level of sufficiency of policy reserves at the 75% confidence level. To secure this level of adequacy, the insurer is required to calculate the best estimate value of its insurance liabilities and apply a PRAD.

Estimates are also made for future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation adjustments, if appropriate. Lapse and surrender rates are based on the insurer's historical experience of lapses and surrenders.

The discount rate for non-participating policies, guaranteed benefits of participating policies and the non-unit liabilities of investment-linked policies accord a level of guarantee which is no less certain than that accorded by Malaysian Government Securities ("MGS"). In the case of the total benefit liabilities of participating policies, the discount rate is based on the historical yield and future investment outlook of the participating fund, net of tax on investment income of the Life Fund.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured using a prospective actuarial valuation method.

The liability is determined as the sum of the present value of future guarantees and in the case of a participating life policy, appropriate level of non-guaranteed benefits and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rates. The liability is based on the best estimate assumptions and with due regard to significant recent experiences. An appropriate allowance for PRAD from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies and the non-unit liabilities of investment-linked policies.

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefits liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners are set as the liabilities if the accumulated amount is higher than the figure as calculated using the prospective actuarial valuation method.

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zerorisation.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the insurer.

4.10 Provision for life policy cancellation (Note 17 and 56(V))

The provision is based on a projection of future premium cancellation using recent premium data and allowing for best estimate actuarial assumptions on mortality and lapsation experience. The projected premium cancellation are discounted at MGS spot rates and fund based yield for non-participating and participating products respectively, in line with the rates used for discounting actuarial liabilities. Estimates are made for future premium cancellation, where the main assumptions used relate to the decreasing rate used for premium projections, which is assumed to follow current trends.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

4.11 Uncertainty in accounting estimates for family takaful certificate liabilities (Note 17 and 56(V))

The estimation of the ultimate liability arising from claims made under family takaful certificates is a critical accounting estimate. There are several sources of uncertainty that need to be considered in estimation of the liabilities that the family takaful fund will ultimately be required to pay as claims.

For family takaful certificates, estimates are made for future deaths, disabilities, maturities, investment returns, voluntary terminations and expenses in accordance with contractual and regulatory requirements. The family takaful fund bases the estimate of expected number of deaths on statutory mortality tables, adjusted where appropriate to reflect the fund's unique risk exposures. The estimated number of death determines the value of possible future benefits paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future contributions.

For those certificates that cover risks related to disability, estimates are made based on recent past experience and emerging trends. However, epidemics, as well as wide ranging changes to lifestyle, could result in significant changes to the expected future exposures.

All of these will give rise to estimation uncertainties of projected ultimate liability of the family takaful fund. At each financial year end, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

The principal uncertainty in the takaful operator fund takaful certificate liabilities arises from the technical provisions, which comprise the expense liabilities of the family takaful fund.

The URR for family business is estimated assuming that the block of in-force contracts are to be maintained on a "going concern" basis. Under a "going concern" scenario, the contracts so valued are taken as a particular sub-block of contracts and the maintenance expenses for which are valued to the point the last certificate goes off the books.

The maintenance expenses related to such contracts include the cost of functions that are normally associated with the operations of a business on a "going concern" basis.

The URR is calculated using adjusted parameters to provide sufficient reserves at the appropriate percentile of statistical variation that is higher than the best estimate values. It is the present value of future maintenance expenses on the current in-force family takaful contracts and is further reduced by the present value of future shareholders' income that can be realised with reasonable certainty relating to those in-force family takaful contracts.

All of these will give rise to estimation uncertainties of projected expense liability of the takaful operator fund. At each financial year end, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

5. CASH AND SHORT-TERM FUNDS

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Cash and balances with banks and other financial institutions	1,568,263	1,052,956	12,464	53,189
Deposits and placements maturing within one month:				
Licensed banks	2,718,116	2,915,281	–	–
Bank Negara Malaysia	6,420,060	6,317,000	–	–
Other financial institutions	52,161	2,109	–	–
	10,758,600	**10,287,346**	**12,464**	**53,189**

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

As part of the securities purchased under resale agreements, the Group received securities that it was allowed to sell or repledge in the absence of default by their owner. The Group had an obligation to return the securities to its counterparties. There were no such agreements entered into by the Group and the Company as at 31 March 2015 and 31 March 2014.

7. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Licensed banks:				
Subsidiaries	–	–	25,131	212,103
Others	3,918,719	644,639	–	–
Licensed investment banks	150,000	–	–	–
Bank Negara Malaysia	100	300,100	–	–
Other financial institutions	–	118,383	–	–
	4,068,819	**1,063,122**	**25,131**	**212,103**

Included in the Group is an amount of RM200,000 (2014: RM200,000) made in favour of the Accountant General pursuant to Section 3(f) of the Trust Companies Act, 1949.

8. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	31 March 2015			31 March 2014		
Group	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000	Contract/ Notional Amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000
Trading derivatives						
Interest rate related contracts:	38,722,385	164,303	179,699	35,842,179	195,580	199,530
- One year or less	4,102,517	1,889	6,836	3,472,039	3,947	3,863
- Over one year to three years	16,054,025	45,803	37,764	10,306,519	25,961	32,412
- Over three years	18,565,843	116,611	135,099	22,063,621	165,672	163,255
Foreign exchange related contracts:	38,377,491	1,216,197	1,172,071	26,715,670	295,496	287,103
- One year or less	33,926,800	784,662	761,802	22,768,828	85,928	88,007
- Over one year to three years	2,356,883	202,122	217,705	3,046,876	119,716	121,018
- Over three years	2,093,808	229,413	192,564	899,966	89,852	78,078
Credit related derivative contracts:	654,404	40,705	8,931	612,486	23,804	4,322
- One year or less	–	–	–	–	–	–
- Over one year to three years	327,515	7,572	–	306,519	4,651	–
- Over three years	326,889	33,133	8,931	305,967	19,153	4,322
Equity and commodity related contracts:	676,506	3,262	3,835	751,538	5,408	45,129
- One year or less	606,676	1,506	2,079	420,433	4,927	44,649
- Over one year to three years	–	–	–	–	–	–
- Over three years	69,830	1,756	1,756	331,105	481	480
	78,430,786	**1,424,467**	**1,364,536**	**63,921,873**	**520,288**	**536,084**
Hedging derivatives						
Interest rate related contracts - interest rate swaps:						
Cash flow hedge	4,790,000	13,070	13,842	3,300,000	8,522	5,140
- One year or less	820,000	100	39	860,000	–	2,785
- Over one year to three years	1,380,000	1,165	2,642	720,000	1,167	1,742
- Over three years	2,590,000	11,805	11,161	1,720,000	7,355	613
Fair value hedge	350,000	–	7,100	–	–	–
- One year or less	–	–	–	–	–	–
- Over one year to three years	–	–	–	–	–	–
- Over three years	350,000	–	7,100	–	–	–
Total	**83,570,786**	**1,437,537**	**1,385,478**	**67,221,873**	**528,810**	**541,224**

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

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivative is one of the financial instruments engaged by the Group both for client solutions generating revenue for future as well as to manage the Group's own market risk exposure.

The principal foreign exchange rate contracts used are forward foreign exchange contracts, cross currency swaps and foreign exchange options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. A foreign exchange option is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified amount of one currency for another currency at a nominated strike rate during a certain period of time or on a specific date.

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

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

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

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

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

The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 52.

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

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

(i) Fair value hedge

The Group's fair value hedges principally consist of interest/profit rate swaps that are used to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market interest rates. The financial instruments previously hedged for interest rate risk by its wholly-owned subsidiary, AmBank (M) Berhad consist of the Hybrid Securities and loans sold to Cagamas Berhad ("hedged instruments"). With the termination of the fair value hedges on these hedged instruments, the unamortised fair values amounting to RM28,357,000 (2014: RM51,565,000) are amortised to the income statement on the remainng term to maturity of the hedged instruments using effective interest rate method.

During the current financial year, another wholly-owned subsidiary, AmBank Islamic Berhad has undertaken a fair value hedge to hedge the profit rate risk of its unquoted securities as disclosed in Note 13.

(ii) Cash flow hedge

The Group's cash flow hedges principally consist of interest rate swaps that are used to protect against exposures to variability in future interest cash flows on variable rate interest bearing assets and incurring liabilities. This hedging strategy is applied towards housing loan receivables and treasury fixed deposits and short-term treasury deposits. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for each portfolio on the basis of their contractual terms and other relevant factors, including estimates of early repayment for loans and withdrawal for deposits. The aggregate principal balances and interest cash flows over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedges of forecast transactions. Gains and losses are initially recognised directly in equity in the cash flow hedge reserve and are transferred to income statement when the forecast cash flows affect the income statement.

All underlying hedged cash flows are expected to be recognised in the income statement in the period in which they occur which is anticipated to take place over the next 10 years (2014: 10 years).

All gains and losses associated with the ineffective portion of the hedging derivatives are recognised immediately in income statement. The ineffectiveness recognised in the income statement in respect of cash flow hedges amounted to a loss of RM2,397,000 (2014: gain of RM3,216,000) for the Group.

9. FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	9,830	9,980	–	–
Malaysian Government Securities	797,037	532,163	–	–
Government Investment Issues	491,950	132,086	–	–
Cagamas bonds	109,111	–	–	–
Bank Negara Monetary Notes	14,767	–	–	–
	1,422,695	674,229	–	–
Quoted Securities:				
In Malaysia:				
Shares	71,323	172,165	–	–
Unit trusts	14,519	35,874	–	–
Warrants	–	6,067	–	–
Private debt securities	39,394	23,799	–	–
Outside Malaysia:				
Shares	95,933	–	–	–
	221,169	237,905	–	–
Unquoted Securities:				
In Malaysia:				
Private debt securities	2,863,838	2,805,150	–	–
Outside Malaysia:				
Private debt securities	166,521	118,877	–	–
	3,030,359	2,924,027	–	–
	4,674,223	**3,836,161**	**–**	**–**

10. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	39,691	6,575	–	–
Malaysian Government Securities	350,238	390,806	–	–
Government Investment Issues	576,623	806,663	–	–
Bank Negara Monetary Notes	634,483	4,140,975	–	–
Negotiable instruments of deposit	600,078	519,881	–	–
Islamic negotiable instruments of deposit	3,045,886	996,914	–	–
	5,246,999	6,861,814	–	–
Quoted Securities:				
In Malaysia:				
Shares	51,271	40,893	–	–
Unit trusts	681,686	581,707	110,704	186,825
Outside Malaysia:				
Shares	41,636	29,149	–	–
	774,593	651,749	110,704	186,825
Unquoted Securities:				
In Malaysia:				
Unit trusts	33,343	454,498	–	–
Private debt securities	3,910,263	3,252,612	–	–
Outside Malaysia:				
Unit trusts	314	2,953	–	–
Private debt securities	301,957	286,946	–	–
	4,245,877	3,997,009	–	–
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	119,643	121,852	–	9
Outside Malaysia:				
Shares	163	8,422	–	–
	119,806	130,274	–	9
	10,387,275	**11,640,846**	**110,704**	**186,834**

During the previous financial year, the Group reclassified securities amounting to RM69,781,000 out of the available-for-sale category to the loans and receivables category as the Group has the intention to hold the securities until maturity.

The fair value gain that would have been recognised in other comprehensive income for the current financial year if the securities had not been reclassified amounted to RM4,334,000 (2014: RM2,395,000).

11. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Company	
	31 March 2015 RM'000	31 March 2014 (Restated) RM'000	31 March 2015 RM'000	31 March 2014 RM'000
At Amortised Cost				
Money Market Instruments:				
Foreign Treasury Bills	518,486	522,405	–	–
Unquoted Securities:				
In Malaysia:				
Private debt securities	3,352,220	3,279,804	–	–
	3,870,706	3,802,209	–	–
Less: Accumulated impairment losses	(6,198)	(3,644)	–	–
	3,864,508	**3,798,565**	**–**	**–**

Impairment allowance

A reconciliation of the allowance for impairment losses is as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	3,644	194,009
Charge/(Writeback) for the financial year	2,554	(6,046)
Recoveries and reversal	–	(288)
Amount written off	–	(184,060)
Foreign exchange differences	–	29
Balance at end of financial year	**6,198**	**3,644**

12. LOANS, ADVANCES AND FINANCING

	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans	26,101,737	26,925,029
Revolving credit	10,990,796	9,491,102
Housing loans/financing	15,529,057	14,433,902
Staff loans	126,200	134,678
Hire-purchase receivables	24,096,098	27,160,304
Credit card receivables	1,712,916	2,027,373
Overdrafts	3,225,224	3,207,162
Claims on customers under acceptance credits	3,756,802	3,783,885
Trust receipts	1,330,515	1,139,161
Bills receivables	796,914	752,279
Others	156,783	233,638
Gross loans, advances and financing	87,823,042	89,288,513
Allowance for impairment on loans, advances and financing:		
Collective allowance	(1,413,424)	(1,950,384)
Individual allowance	(235,823)	(167,552)
	(1,649,247)	(2,117,936)
Net loans, advances and financing	**86,173,795**	**87,170,577**

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

	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000
Domestic banking institutions	6,718	19,029
Domestic non-bank financial institutions	2,162,647	1,883,490
Domestic business enterprises:		
Small and medium enterprises	12,154,408	11,920,015
Others	26,389,665	26,296,055
Government and statutory bodies	458,194	472,297
Individuals	45,016,784	46,836,327
Other domestic entities	196,804	234,365
Foreign individuals and entities	1,437,822	1,626,935
	87,823,042	**89,288,513**

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

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
In Malaysia	86,959,227	88,131,863
Outside Malaysia	863,815	1,156,650
	87,823,042	**89,288,513**

(c) Gross loans, advances and financing analysed by interest rate/rate of return sensitivity are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Fixed rate:		
Housing loans/financing	647,158	473,673
Hire purchase receivables	22,101,194	24,550,015
Other loans/financing	9,370,037	9,953,522
	32,118,389	34,977,210
Variable rate:		
Base rate and lending/financing rate plus	29,416,068	30,007,125
Cost plus	24,676,178	22,466,084
Other variable rates	1,612,407	1,838,094
	55,704,653	54,311,303
	87,823,042	**89,288,513**

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Agriculture	4,285,412	3,812,786
Mining and quarrying	3,075,692	3,459,803
Manufacturing	8,553,568	8,699,226
Electricity, gas and water	1,237,957	1,272,444
Construction	3,979,622	4,677,990
Wholesale and retail trade and hotels and restaurants	4,611,285	4,606,499
Transport, storage and communication	2,334,695	2,436,280
Finance and insurance	2,169,365	1,902,519
Real estate	8,667,880	7,388,126
Business activities	1,215,866	1,391,619
Education and health	1,707,568	1,445,747
Household of which:	45,494,173	47,315,636
Purchase of residential properties	15,389,672	14,346,180
Purchase of transport vehicles	22,713,649	25,336,610
Others	7,390,852	7,632,846
Others	489,959	879,838
	87,823,042	**89,288,513**

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

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Maturing within one year	20,990,183	18,920,352
Over one year to three years	10,034,651	11,150,878
Over three years to five years	12,803,857	13,953,074
Over five years	43,994,351	45,264,209
	87,823,042	**89,288,513**

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Gross		
Balance at beginning of financial year	1,662,141	1,680,471
Impaired during the financial year	1,989,676	1,722,721
Reclassified as non-impaired	(337,426)	(308,206)
Disposal of subsidiary	(9,905)	–
Recoveries	(666,728)	(602,212)
Amount written off	(1,065,479)	(830,633)
Exchange differences	451	–
Balance at end of financial year	**1,572,730**	**1,662,141**
Gross impaired loans, advances and financing as % of gross loans, advances and financing	1.8%	1.9%
Loan loss coverage (excluding collateral values)	104.9%	127.4%

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
In Malaysia	1,572,730	1,650,221
Outside Malaysia	–	11,920
	1,572,730	**1,662,141**

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

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Agriculture	9,142	17,877
Mining and quarrying	7,041	4,127
Manufacturing	206,878	232,786
Electricity, gas and water	21,361	24,376
Construction	21,685	35,335
Wholesale and retail trade and hotels and restaurants	43,289	33,568
Transport, storage and communication	24,277	61,298
Finance and insurance	451	1,887
Real estate	398,608	4,103
Business activities	15,921	23,858
Education and health	12,603	16,197
Household of which:	797,552	1,186,592
Purchase of residential properties	360,538	491,070
Purchase of transport vehicles	366,612	579,124
Others	70,402	116,398
Others	13,922	20,137
	1,572,730	**1,662,141**

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Collective allowance		
Balance at beginning of financial year	1,950,384	1,986,361
Allowances made during the financial year, net	504,597	602,488
Reclassified to held for sale	(25)	–
Amounts written off and others	(1,043,531)	(639,880)
Foreign exchange differences	1,999	1,415
Balance at end of financial year	**1,413,424**	**1,950,384**
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	1.6%	2.2%
Individual allowance		
Balance at beginning of financial year	167,552	186,556
Allowance made during the financial year, net	91,026	216,720
Disposal of subsidiary	(9,905)	–
Amount written off and others	(12,850)	(235,724)
Balance at end of financial year	**235,823**	**167,552**

13. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

	Group	
	31 March 2015 RM'000	31 March 2014 (Restated) RM'000
Unquoted private debt securities, at amortised cost	543,830	168,830
Fair value changes arising from fair value hedge	7,333	–
	551,163	**168,830**

During the current financial year, the Group has undertaken a fair value hedge on the profit rate risk of unquoted securities of RM350.0 million using profit rate swaps. The gain/(loss) arising from the fair value hedge is as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Relating to hedge item	7,333	–
Relating to hedge instrument	(7,100)	–
	233	**–**

14. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

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

15. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the statements of financial position, after offsetting:

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Deferred tax assets	83,434	127,121	–	–
Deferred tax liabilities	(116,557)	(116,870)	–	–
	(33,123)	**10,251**	**–**	**–**

15. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The movements on the deferred tax account are as follows:

Deferred tax assets

Group 31 March 2015	Balance at beginning of the financial year RM'000	Recognised in income statement RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	Assets held for sale RM'000	Balance at end of the financial year RM'000
Unabsorbed capital allowances	–	102	–	–	–	102
Unutilised tax losses	39,045	(36,547)	–	–	–	2,498
Allowance for impairment of foreclosed properties	1,687	1,317	–	–	–	3,004
Provision for expenses	84,896	(7,308)	–	–	–	77,588
Profit equalisation reserve	393	10	–	–	–	403
Other temporary differences	45,771	(1,323)	(17,773)	(4)	(476)	26,195
	171,792	**(43,749)**	**(17,773)**	**(4)**	**(476)**	**109,790**

Group 31 March 2014	Balance at beginning of the financial year RM'000	Recognised in income statement RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	Assets held for sale RM'000	Balance at end of the financial year RM'000
Unabsorbed capital allowances	1,596	(1,596)	–	–	–	–
Unutilised tax losses	1,938	37,107	–	–	–	39,045
Collective allowance for impaired loans, advances and financing	2,198	(2,198)	–	–	–	–
Allowance for impairment of foreclosed properties	43,220	(41,533)	–	–	–	1,687
Provision for expenses	89,093	(4,197)	–	–	–	84,896
Profit equalisation reserve	415	(22)	–	–	–	393
Other temporary differences	91,021	(53,927)	20,366	1,738	(13,427)	45,771
	229,481	**(66,366)**	**20,366**	**1,738**	**(13,427)**	**171,792**

15. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

Deferred tax liabilities

Group 31 March 2015	Balance at beginning of the financial year RM'000	Recognised in income statement RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	Assets held for sale RM'000	Balance at end of the financial year RM'000
Excess of capital allowance over depreciation	42,710	(18,163)	–	–	–	24,547
Deferred charges	18,704	(2,143)	–	–	–	16,561
Previously consolidated subsidiaries	–	5,005	–	–	(5,005)	–
Other temporary differences	100,127	5,266	(4,411)	1,656	(833)	101,805
	161,541	**(10,035)**	**(4,411)**	**1,656**	**(5,838)**	**142,913**

Group 31 March 2014	Balance at beginning of the financial year RM'000	Recognised in income statement RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	Assets held for sale RM'000	Balance at end of the financial year RM'000
Excess of capital allowance over depreciation	45,968	(3,258)	–	–	–	42,710
Deferred charges	50,439	(31,735)	–	–	–	18,704
Other temporary differences	105,874	205	342	(1,656)	(4,638)	100,127
	202,281	**(34,788)**	**342**	**(1,656)**	**(4,638)**	**161,541**

The effects of temporary differences and unutilised tax losses which would give rise to deferred tax assets are recognised only when it is probable that the respective subsidiaries will generate sufficient future taxable profit available against which the deductible temporary differences and unutilised tax losses can be utilised. As at 31 March 2015, the amount of estimated deferred tax assets of the Group, pertaining to unabsorbed capital allowances and unutilised tax losses which are not recognised in the financial statements are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Unabsorbed capital allowances	464,919	465,825
Unutilised tax losses	–	21,978

16. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS

	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
(a) Investment in subsidiaries		
At cost		
In Malaysia		
Unquoted shares	9,507,225	9,507,225

Details of the subsidiaries are as follows:

Subsidiaries	Principal activities	Effective equity interest 31 March 2015 %	Effective equity interest 31 March 2014 %
AmInvestment Group Berhad ("AIGB")	Investment holding	100.00	100.00
AMFB Holdings Berhad ("AMFB")	Investment holding	100.00	100.00
AMAB Holdings Sdn Bhd ("AMAB Holdings")	Investment holding	100.00	100.00
AmBank (M) Berhad ("AmBank")	Commercial banking	100.00	100.00
AmInvestment Bank Berhad ("AmInvestment Bank")	Investment banking	100.00	100.00
AmBank Islamic Berhad ("AmBank Islamic") (formerly known as AmIslamic Bank Berhad)	Islamic banking	100.00	100.00
MBF Cards (M'sia) Sdn Bhd	Collection of credit card receivables	100.00	100.00
AmSecurities Holding Sdn Bhd ("AMSH")	Investment holding	100.00	100.00
AmCard Services Berhad	Credit card-related services and asset financing agency	100.00	100.00
AmGeneral Holdings Berhad	Investment holding	51.00	51.00
AmGeneral Insurance Berhad	General assurance	51.00	51.00
AMSEC Holdings Sdn Bhd###	Dormant	100.00	100.00
AmInvestment Services Berhad ("AIS")	Managing unit trust funds, asset management services and distribution of wholesale funds	100.00	100.00
AmInvestment Management Sdn Bhd ("AIM")	Ceased operation	100.00	100.00
AmIslamic Funds Management Sdn Bhd ("AIFM")	Islamic fund management services and distribution of wholesale funds	100.00	100.00
AMMB Nominees (Tempatan) Sdn Bhd	Nominee services	100.00	100.00
AMMB Nominees (Asing) Sdn Bhd	Nominee services	100.00	100.00
AmProperty Trust Management Berhad ("AmPTMB")##	Dormant	100.00	100.00
AmPrivate Equity Sdn Bhd ("AmPrivate Equity")	Investment holding	80.00	80.00
AMMB Factors Sdn Bhd@	Dormant	–	100.00
AmTrustee Berhad ("AmTrustee")^	Trustee services	80.00	80.00
AmEquities Sdn Bhd##	Dormant	100.00	100.00
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	100.00	100.00
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	100.00	100.00
AmFutures Sdn Bhd ("AmFutures")	Futures broking	100.00	100.00
AmResearch Sdn Bhd ("AmResearch")	Investment research	100.00	100.00

16. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (Cont'd.)

Subsidiaries	Principal activities	Effective equity interest 31 March 2015 %	Effective equity interest 31 March 2014 %
AM Nominees (Tempatan) Sdn Bhd^	Nominee services	100.00	100.00
AM Nominees (Asing) Sdn Bhd	Nominee services	100.00	100.00
Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI")	Fund management and consultancy services	100.00	100.00
Am ARA REIT Holdings Sdn Bhd ("Am ARA Holdings")	Investment holding	70.00	70.00
Am ARA REIT Managers Sdn Bhd ("Am ARA REIT Managers")	Management of real estate investment trusts and properties	70.00	70.00
Everflow Credit & Leasing Corporation Sdn Bhd##	Dormant	100.00	100.00
MBf Information Services Sdn Bhd	Property investment	100.00	100.00
MBf Nominees (Tempatan) Sdn Bhd	Nominee services	100.00	100.00
MBf Trustees Berhad	Trustee services	60.00	60.00
AmProperty Holdings Sdn Bhd	Property investment	100.00	100.00
Teras Oak Pembangunan Sendirian Berhad	Dormant	100.00	100.00
AmCredit & Leasing Sdn Bhd@	Dormant	–	100.00
Bougainvillaea Development Sdn Bhd	Property investment	100.00	100.00
Malco Properties Sdn Bhd	Dormant	81.51	81.51
Komuda Credit & Leasing Sdn Bhd##	Dormant	100.00	100.00
AmPremier Capital Berhad ("AmPremier")	Issue of subordinated securities	100.00	100.00
Economical Enterprises Sendirian Berhad####	Dormant	100.00	100.00
AmMortgage One Berhad ("AmMortgage")	Securitisation of mortgage loans	100.00	100.00
AmCapital (B) Sdn Bhd^^ ***	Asset management and investment advisory services	100.00	100.00
AMMB Labuan (L) Ltd@	Dormant	–	100.00
AmLabuan Holdings (L) Ltd (formerly known as AmInternational (L) Ltd) ("AMIL")**	Investment holding	100.00	100.00
AmCapital (L) Inc@	Dormant	–	100.00
AMBB Capital (L) Ltd	Issue of hybrid capital securities	100.00	100.00
AmAsia Water Management (GP) Limited^	Fund management	100.00	100.00
PT. AmCapital Indonesia ("AMCI")^	Stock-broking and underwriting	99.00	99.00
PT. AMCI Manajemen Investasi Indonesia^	Investment management	99.00	99.00
AmSecurities (HK) Limited^^	Dormant	100.00	100.00
AmTrade Services Limited^^	Trade finance services	100.00	100.00
AmFraser International Pte. Ltd.^^	Investment holding	100.00	100.00
AmFraser Securities Pte. Ltd.^^&	Stock, share broking and investment banking	–	100.00
AmGlobal Investments Pte. Ltd.^^	Investment and advisory services	100.00	100.00
AmFraser Nominees Pte. Ltd.#*	Dormant	–	100.00
AmWater Investments Management Pte Ltd^####	Dormant	100.00	100.00
AmMetLife Insurance Berhad (refer to Note 17)	Life assurance	–	100.00
AmMetLife Takaful Berhad (refer to Note 17)	Takaful operator	–	100.00

16. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (Cont'd.)

The above subsidiaries are incorporated in Malaysia, except for the following:

Subsidiaries	Incorporated in
(i) PT. AmCapital Indonesia and its subsidiary	Indonesia
(ii) AmSecurities (HK) Limited	Hong Kong
(iii) AmTrade Services Limited	Hong Kong
(iv) AmCapital (B) Sdn Bhd	Brunei
(v) AmWater Investments Management Pte. Ltd.	Singapore
(vi) AmFraser International Pte. Ltd. and its subsidiaries	Singapore
(vii) AmAsia Water Management (GP) Limited	Cayman Islands

^ Subsidiaries not audited by Ernst & Young, Malaysia.
^^ Subsidiaries audited by a firm affiliated with Ernst & Young, Malaysia.
# Subsidiary commenced Members' Voluntary Liquidation on 30 April 2012.
Subsidiary commenced Members' Voluntary Liquidation on 31 July 2013.
Subsidiary commenced Members' Voluntary Liquidation on 6 August 2013.
Subsidiary commenced Members' Voluntary Liquidation on 25 September 2014.
@ Subsidiary wound up on 27 September 2014.
& Subsidiary disposed of on 30 January 2015 (See Note 58(2)).
* Subsidiary liquidated on 23 February 2015.
** This subsidiary surrendered its Labuan banking licence on 31 December 2014 and consequently changed its principal activity to investment holding.
*** This subsidiary ceased its operation on 1 May 2015.

<u>**Transactions during the current year**</u>

Disposal of AmMetLife and AmMetLife Takaful

During the financial year, the Company's wholly-owned subsidiary, AMAB Holdings, partially disposed of its equity interests in AmMetLife and AmMetLife Takaful. The details of the disposal is disclosed in Note 58(1).

Disposal of AmFraser Securities Pte. Ltd. ("AmFraser Securities")

During the financial year, the Company's wholly-owned subsidiary, AmFraser International Pte. Ltd. disposed 100% of its equity interests in AmFraser Securities. The details of the disposal is disclosed in Note 58(2).

Liquidation of other subsidiaries

During the current financial year, certain subsidiaries were liquidated. As these subsidiaries were dormant, there is no significant impact on the Group's income statement or statement of financial position arising from the liquidations.

<u>**Transactions during the prior financial year**</u>

Acquisition of AmGeneral Insurance Berhad

In the previous financial year ended 31 March 2013, the Company's 51% owned general insurance subsidiary, AmGeneral Holdings Berhad ("AMGH") completed the acquisition of AmGeneral Insurance Berhad ("AMGI"). As allowed by MFRS 3, Business Combinations ("MFRS 3"), the Group had previously accounted for the acquisition of the assets and liabilities of AMGI using a provisional fair value.

In the previous financial year ended 31 March 2014, the Group had completed its allocation of cost of business combination to the assets acquired and liabilities and contingent liabilities assumed. The fair value adjustment and intangible assets identified on acquisition are based on the finalised purchase price allocation ("PPA") exercise.

16. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (Cont'd.)

Accounting for acquisition of AMGI

At the Group level, the Group's acquisition of the assets and liabilities of AMGI were accounted as follows:

	RM'000
Cash and short-term funds	229,787
Deposits and placements with banks and other financial institutions	439,163
Financial investments available-for-sale	1,218,228
Loans, advances and financing	30,752
Deferred tax assets	4,423
Other assets	59,080
Reinsurance, retakaful assets and other insurance receivables	14,261
Investment properties	7,713
Property and equipment	155,682
Intangible assets	208,468
Other liabilities	(90,357)
Deferred tax liabilities	(63,083)
Insurance, takaful contract liabilities and other insurance payables	(1,303,981)
Total identifiable net assets	910,136
Goodwill	717,070
Cash consideration	**1,627,206**
Cash outflow on acquisition	**1,397,419**

16. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (Cont'd.)

Summarised consolidated financial statements of AmGeneral Holdings Berhad and its subsidiary

The summarised financial information of AmGeneral Holdings Berhad, its subsidiary and other investments ("AMGH Group") which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Non-controlling interest ("NCI") in AMGH Group

The Group's subsidiary that have material NCI is as follows:

	AMGH Group	
	31 March 2015 RM'000	31 March 2014 RM'000
NCI percentage of ownership interest and voting interest	49%	49%
Carrying amount of NCI	936,312	860,897
Share of net result	125,638	85,758
Share of other comprehensive loss	(9,928)	(10,279)
Share of other reserves movement	(91)	(64)
Dividend received	(9,702)	–
	1,042,229	936,312
Assets	5,503,267	5,212,836
Liabilities	(3,376,268)	(3,301,996)
Net assets	2,126,999	1,910,840
Equity attributable to owners of the company	1,084,770	974,528
NCI	**1,042,229**	**936,312**

(ii) Summarised statements of comprehensive income

	AMGH Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Operating revenue	1,635,619	1,686,221
Profit for the financial year	256,406	175,017
Attributable to:		
Equity holders of the company	130,768	89,259
NCI	125,638	85,758
Total comprehensive income		
Attributable to:		
Equity holders of the company	120,031	77,817
NCI	115,322	74,765
Dividend paid to NCI	9,702	–

16. INVESTMENT IN SUBSIDIARIES AND OTHER INVESTMENTS (CONT'D.)

(a) Investment in subsidiaries (Cont'd.)

Summarised consolidated financial statements of AmGeneral Holdings Berhad and its subsidiary (Cont'd.)

The summarised financial information of AmGeneral Holdings Berhad, its subsidiary and other investments ("AMGH Group") which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (Cont'd)

(iii) Summarised cash flow statements

	AMGH Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Operating activities	53,708	212,927
Investing activities	(27,946)	(14,028)
Financing activities	(25,800)	(6,000)
Net increase/(decrease) in cash and cash equivalents for the financial year	(38)	192,899

(b) Investment in collective investment schemes

Collective investment schemes held indirectly

In Malaysia Unquoted unit trusts		Effective equity interest	
		31 March 2015	31 March 2014
Name of fund	Category/Type of fund	%	%
AmCash Institutional 1	Wholesale Money Market/Income	51.00	51.00
AmCash Premium	Wholesale (Fixed Income Fund)	100.00	100.00
AmIncome Institutional 1	Wholesale Fixed Income/Growth and to a lesser extent income	51.00	51.00
AmIncome Institutional 2	Wholesale Fixed Income/Growth and to a lesser extent income	–	51.00
AmIncome Institutional 3	Wholesale Fixed Income/Growth and to a lesser extent income	51.00	51.00
AmIncome Institutional 5	Wholesale Fixed Income/Growth and to a lesser extent income	50.00	100.00

These collective investment schemes have been consolidated in accordance with MFRS 10 Consolidated Financial Statements.

17. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Unquoted shares, at cost	644,669	228,070
Share of post acquisition reserve	17,604	24,405
	662,273	**252,475**

(a) The carrying amount of interest in joint ventures of the Group amounting to approximately RM408,548,000 (2014: Nil) are included in the total carrying amount of investment in associates and joint ventures. As at 31 March 2015, the carrying amount of the Group's material joint venture, AmMetLife Insurance Berhad, amounted to approximately RM368,466,000.

(b) Information about associates and joint ventures which are all incorporated in Malaysia are as follows:

Name of associate/joint venture	Principal activities	Effective equity interest 31 March 2015 %	Effective equity interest 31 March 2014 %
Associates:			
AmFirst Real Estate Investment Trust ("AmFirst")	Investment in real estate	26.73	26.73
Bonuskad Loyalty Sdn Bhd ("Bonuskad")^	Managing customer loyalty schemes	33.33	33.33
Joint ventures:			
AmMetLife Takaful Berhad (formerly known as AmFamily Takaful Berhad) ("AmMetLife Takaful")	Takaful operator	50.00	100.00 #
AmMetLife Insurance Berhad (formerly known as AmLife Insurance Berhad) ("AmMetLife")	Life assurance	50.00	100.00 ##

^ The financial year end of Bonuskad is on 31 December 2014 and for the purpose of applying the equity method of accounting, appropriate adjustments have been made for the effects of significant transactions up to the Company's financial year ended 31 March 2015.

Previously an indirect wholly-owned subsidiary; partial disposal of equity interest in current financial year resulted in closing equity interest of 50% plus one share.

Previously an indirect wholly-owned subsidiary; partial disposal of equity interest in current financial year resulted in closing equity interest of 50% less one share.

17. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(c) The following table summarises the information of the Group's material associate and joint venture and other individually immaterial associate and joint venture:

	AmMetLife RM'000	AmFirst RM'000	Other individually immaterial associate and joint venture RM'000	Total RM'000
For the year ended 31 March 2015				
Revenue	515,202	107,527	140,253	762,982
Profit/(Loss) after tax from continuing operations	(10,696)	38,340	(1,503)	26,141
Other comprehensive income	1,827	–	3,112	4,939
Total comprehensive income/(loss)	**(8,869)**	**38,340**	**1,609**	**31,080**

	AmFirst RM'000	Individually immaterial associate RM'000	Total RM'000
For the year ended 31 March 2014			
Revenue	113,087	88,353	201,440
Profit after tax from continuing operations	63,068	13,413	76,481
Total comprehensive income	**63,068**	**13,413**	**76,481**

	AmMetLife RM'000	AmFirst RM'000	Other individually immaterial associate and joint venture RM'000	Total RM'000
As at 31 March 2015				
Total assets[1]	3,371,035	1,370,000	396,019	5,137,054
Total liabilities	(2,767,472)	(528,403)	(249,032)	(3,544,907)
Net assets	**603,563**	**841,597**	**146,987**	**1,592,147**

	AmFirst RM'000	Individually immaterial associate RM'000	Total RM'000
As at 31 March 2014			
Total assets[1]	1,312,730	191,782	1,504,512
Total liabilities	(462,866)	(127,688)	(590,554)
Net assets	**849,864**	**64,094**	**913,958**

[1] Includes fair value adjustments made by the Group at the time of acquisition.

17. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

(d) The above profit/(loss) after tax from continuing operations for the material joint venture and associate include the following:

	AmMetLife 31 March 2015 RM'000	AmFirst 31 March 2015 RM'000	AmFirst 31 March 2014 RM'000
Interest income	121,491	274	171
Interest expense	–	21,233	19,171
Depreciation of property and equipment	4,978	–	–
Amortisation of intangible assets	9,179	–	–
Taxation	1,693	–	–

The above amounts of assets and liabilities for the material joint venture and associate includes the following:

	AmMetLife 31 March 2015 RM'000	AmFirst 31 March 2015 RM'000	AmFirst 31 March 2014 RM'000
Cash and cash equivalents	421,848	4,703	4,296
Current financial liabilities (excluding trade, other payables and provisions)	2,426,008	143,201	20,788
Non current financial liabilities (excluding trade, other payables and provisions)	236,691	377,802	436,164

(e) Reconciliation of the summarised financial information to the carrying amount of the interest in the material joint venture and associate recognised in the consolidated financial statements:

	AmMetLife 31 March 2015 RM'000	AmFirst 31 March 2015 RM'000	AmFirst 31 March 2014 RM'000
Proportion of net assets at date of recognition	50.0%	26.7%	26.7%
Carrying amount at beginning of the financial year/initial recognition	372,901	227,186	223,722
Share of net results for the financial year	(5,348)	10,249	16,859
Share of other comprehensive income for the financial year	913	–	–
Dividend/Distribution received	–	(12,459)	(13,395)
Carrying amount of investment in joint venture and associate	**368,466**	**224,976**	**227,186**

18. OTHER ASSETS

		Group		Company	
		31 March 2015	31 March 2014 (Restated)	31 March 2015	31 March 2014
	Note	RM'000	RM'000	RM'000	RM'000
Trade receivables, net of allowance for impairment	(a)	495,569	1,138,686	–	–
Other receivables, deposits and prepayments, net of allowance for impairment	(b)	1,944,792	1,454,053	15,402	19,236
Interest receivables, net of allowance for impairment	(b)	255,473	227,268	–	–
Fee receivables, net of allowance for impairment	(b)	73,532	44,444	–	–
Amount due from originators		464,711	361,635	–	–
Amount due from agents, brokers and reinsurers		15,742	8,431	–	–
Foreclosed properties, net of allowance for impairment	(c)	61,822	66,805	–	–
Tax recoverable		355,404	99,457	4,979	4,658
		3,667,045	**3,400,779**	**20,381**	**23,894**

Trade receivables mainly relate to the stock and share-broking operations of the Group and represent amount outstanding from purchase contracts net of allowances for impairment.

Included in other receivables, deposits and prepayments of the Group and the Company are amounts due from subsidiaries and other related companies. These intercompany balances are unsecured, non-interest bearing and are payable on demand.

Amount due from originators represents housing loans, hire purchase and personal financing acquired from originators for onward sale to Cagamas Berhad as mentioned in Note 22.

(a) Trade receivables

The movement in allowance for impairment is as follows:

	Group	
	31 March 2015	31 March 2014
	RM'000	RM'000
Balance at beginning of the financial year	105,654	32,937
Charge for the financial year	8,915	72,845
Amount written off	(15,086)	(709)
Disposal of subsidiary	(76,892)	–
Foreign exchange differences	4,154	581
Reclassified to assets held for sale	(367)	–
Balance at end of the financial year	**26,378**	**105,654**

Trade receivables that are individually assessed to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

18. OTHER ASSETS (CONT'D.)

(b) Other receivables, deposits and prepayments, interest and fee receivables

(i) The movement in allowance for impairment is as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of the financial year	30,634	35,821
Charge for the financial year	4,859	1,199
Amount written off	(4,018)	(6,386)
Foreign exchange differences	8	–
Balance at end of the financial year	**31,483**	**30,634**

(ii) Other receivables, deposits and prepayments of the Group and the Company are shown net of impairment of RM28,028,000 (2014: RM27,931,000) and nil (2014: Nil) respectively.

(iii) Interest receivables of the Group are shown net of impairment of RM2,776,000 (2014: RM1,744,000).

(iv) Fee receivables of the Group are shown net of impairment of RM679,000 (2014: RM959,000).

(c) Foreclosed properties

The movement in allowance for impairment is as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of the financial year	6,905	173,337
Charge for the financial year	5,770	6,804
Recoveries	–	(100)
Amount written off	–	(173,136)
Balance at end of the financial year	**12,675**	**6,905**

(d) During the current financial year, the Inland Revenue Board had issued a notice of income tax assessments for the year of assessment 2008 and 2009 to one of its wholly-owned subsidiary, AmBank (M) Berhad. The said subsidiary 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 2009. The Group had sought legal advice on the appeals and pending the resolution of the appeals, the tax paid of approximately RM203,500,700 was recognised as tax recoverable as the Group is of the opinion that it has strong grounds to succeed in its appeals.

19. PROPERTY AND EQUIPMENT

Group 31 March 2015	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At beginning of the financial year	13,038	7,975	534	208,783	16,597	162,838	466,288	219,851	5,298	1,101,202
Additions	–	–	–	–	33	11,464	32,863	15,658	15,858	75,876
Disposals	–	–	–	–	(2,010)	(2)	(10,099)	(1,370)	–	(13,481)
Written off	–	–	–	–	–	(3,438)	(6,791)	(8,189)	–	(18,418)
Reclassification/Transfer	–	–	–	–	(619)	147	(6,038)	(6,153)	(3,140)	(15,803)
Reclassified to assets held for sale*#	–	–	–	(94,630)	(375)	(3,243)	(964)	(2,429)	–	(101,641)
Arising from disposal of equity interest in subsidiaries	–	–	–	–	–	–	(1,608)	(2,245)	–	(3,853)
Exchange adjustments	57	–	–	–	42	10	262	361	–	732
At end of the financial year	13,095	7,975	534	114,153	13,668	167,776	473,913	215,484	18,016	1,024,614
Accumulated Depreciation										
At beginning of the financial year	324	2,325	280	32,198	10,690	128,611	389,245	184,921	–	748,594
Depreciation for the financial year	–	–	–	3,980	1,234	12,352	31,580	13,312	–	62,458
Disposals	–	–	–	–	(1,692)	(1)	(10,064)	(1,325)	–	(13,082)
Written off	–	–	–	–	–	(3,354)	(6,729)	(8,155)	–	(18,238)
Reclassification/Transfer	–	–	–	–	(620)	557	(3,886)	(5,604)	–	(9,553)
Reclassified to assets held for sale*#	–	–	–	(8,123)	(367)	(2,481)	(821)	(1,582)	–	(13,374)
Arising from disposal of equity interest in subsidiaries	–	–	–	(52)	(8)	–	(190)	(258)	–	(508)
Exchange adjustments	20	–	–	–	42	24	186	336	–	608
At end of the financial year	344	2,325	280	28,003	9,279	135,708	399,321	181,645	–	756,905
Accumulated Impairment Loss										
At beginning of the financial year	–	254	–	886	–	–	–	–	–	1,140
Impairment for the financial year	–	–	–	4,116	–	–	–	–	–	4,116
Reclassified to asset held for sale*	–	–	–	(4,109)	–	–	–	–	–	(4,109)
At end of the financial year	–	254	–	893	–	–	–	–	–	1,147
Net Book Value										
As at 31 March 2015	**12,751**	**5,396**	**254**	**85,257**	**4,389**	**32,068**	**74,592**	**33,839**	**18,016**	**266,562**

19. PROPERTY AND EQUIPMENT (CONT'D.)

Group 31 March 2014	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At beginning of the financial year	13,016	7,975	534	239,955	21,926	152,011	451,349	235,688	22,886	1,145,340
Additions	–	–	–	–	999	15,779	26,656	18,437	12,248	74,119
Disposals	–	–	–	–	(4,578)	(333)	(6,798)	(787)	–	(12,496)
Written off	–	–	–	–	–	(5,278)	(3,066)	(6,356)	(645)	(15,345)
Reclassification/Transfer	–	–	–	(31,172)	(1,743)	738	(2,022)	(27,312)	(29,191)	(90,702)
Exchange adjustments	22	–	–	–	(7)	(79)	169	181	–	286
At end of the financial year	13,038	7,975	534	208,783	16,597	162,838	466,288	219,851	5,298	1,101,202
Accumulated Depreciation										
At beginning of the financial year	316	2,325	280	33,563	13,976	123,362	379,588	196,885	–	750,295
Depreciation for the financial year	–	–	–	5,193	1,975	10,548	37,536	14,086	–	69,338
Disposals	–	–	–	–	(4,020)	(214)	(6,853)	(734)	–	(11,821)
Written off	–	–	–	–	–	(5,122)	(2,936)	(6,317)	–	(14,375)
Reclassification/Transfer	–	–	–	(6,558)	(1,241)	99	(18,236)	(19,167)	–	(45,103)
Exchange adjustments	8	–	–	–	–	(62)	146	168	–	260
At end of the financial year	324	2,325	280	32,198	10,690	128,611	389,245	184,921	–	748,594
Accumulated Impairment Loss										
At beginning and end of the financial year	–	254	–	886	–	–	–	–	–	1,140
Net Book value										
As at 31 March 2014	**12,714**	**5,396**	**254**	**175,699**	**5,907**	**34,227**	**77,043**	**34,930**	**5,298**	**351,468**

* As disclosed in Note 58(4), the Group entered into a conditional Sale and Purchase Agreement for disposal of certain property and equipment with carrying amount of RM83,775,000. The disposal has not been completed as at the end of the financial year as certain conditions precedent have yet to be met. Consequently, the Group has reclassified the property and equipment to assets held for sale.

The property and equipment of PT. AmCapital Indonesia ("AMCI") have been presented as held for sale in the financial statements following a proposed disposal of AMCI during the financial year (Note 58(3)).

19. PROPERTY AND EQUIPMENT (CONT'D.)

Company	Motor vehicles RM'000	Computer hardware RM'000	Total RM'000
31 March 2015			
Cost			
At beginning/end of the financial year	1,402	2	1,404
Accumulated Depreciation			
At beginning of the financial year	699	–	699
Depreciation for the financial year	169	–	169
Disposals	–	–	–
At end of the financial year	868	–	868
Net book value			
As at 31 March 2015	**534**	**2**	**536**
31 March 2014			
Cost			
At beginning of the financial year	1,302	–	1,302
Additions	845	2	847
Disposals	(745)	–	(745)
At end of the financial year	1,402	2	1,404
Accumulated Depreciation			
At beginning of the financial year	925	–	925
Depreciation for the financial year	316	–	316
Disposals	(542)	–	(542)
At end of the financial year	699	–	699
Net book value			
As at 31 March 2014	**703**	**2**	**705**

20. INTANGIBLE ASSETS

The net carrying amount of intangible assets are as follows:

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000
Goodwill	(a)	2,811,037	2,838,981
Brand	(b)	94,440	94,440
Merchants relationship	(b)	13,333	18,333
Agent relationship	(b)	50,414	54,447
Credit cards relationship	(b)	29,133	32,933
Computer software	(b)	274,779	295,069
Trading right	(b)	1,073	–
Work-in-progress ("WIP") for computer software	(b)	73,912	49,459
		3,348,121	**3,383,662**

Brand

Brand relates to Kurnia Brand ("K-Brand") that arose from the acquisition of AMGI. K-Brand is deemed to have an indefinite useful life based on management's view that K-Brand has over 20 years of recognition and there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for AMGI.

K-Brand is reviewed for impairment annually and when there are indications of impairment. The recoverable amount of K-Brand is based on its value in use by discounting the expected future cash flows. The key assumptions for the computation of value in use include the growth rates and discount rates applied. Cash flow projection is based on the actual results for 2015 with premium growth rate of 1.0% to 2.3% over the next 5 years and terminal growth rate of 3.0%. The discount rate applied is 10.1% which is the estimated cost of equity plus a risk adjustment.

Merchants relationship

Merchants relationship arose from the acquisition of MBF Cards. The merchants relationship is deemed to have a finite useful life of 5 years and is amortised based on a straight-line basis.

Agent relationship

Agent relationship arose from the acquisition of AMGI. The agent relationship is deemed to have a finite useful life of 15 years and is amortised based on a straight-line basis.

Credit cards relationship

Credit cards relationship arose from the acquisition of MBF Cards. The credit cards relationship is deemed to have a finite useful life of 10 years and is amortised based on a straight-line basis.

20. INTANGIBLE ASSETS (CONT'D.)

The movements in intangible assets are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
(a) Goodwill		
Balance at beginning of the financial year	2,838,981	2,840,846
Arising from disposal of subsidiaries	(26,732)	–
Impairment	(1,212)	(1,865)
Balance at end of the financial year	**2,811,037**	**2,838,981**

Impairment test for goodwill

Goodwill is reviewed for impairment annually or when there are indications of impairment. At the date of acquisition, goodwill is allocated to the Group's cash generating units ("CGU") for impairment testing purposes, identified according to business segments expected to benefit from the synergies as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Investment banking	428,026	440,481
Asset and fund management	117,450	117,450
Commercial and retail: Conventional banking	1,495,009	1,495,009
Commercial and retail: Islamic banking	53,482	53,482
Insurance businesses	717,070	732,559
	2,811,037	**2,838,981**

The recoverable amount of the CGU, which are the reportable business segments, is based on their value in use, computed by discounting the expected future cash flows of the units. The key assumptions for the computation of value in use include the discount rates and growth rates applied. The discount rates applied to the cash flow projections are derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU. The discount rates applied for the financial year ranged from 7.7% to 10.3% (2014: 7.7% to 11.7%). Cash flow projection for all CGUs, other than general insurance CGU, are based on the most recent three-year financial budget approved by the Board, taking into account projected regulatory capital requirements. Cash flow projection for general insurance CGU is based on the approved one-year financial budget. Cash flows for the fourth to tenth years of the CGUs other than general insurance are extrapolated using the growth rate of 4.8% (2014: 4.8%) whereas cash flows for general insurance CGU for the second to fifth years (inclusive of terminal value) are extrapolated using a growth rate of 4.5%. The growth rate used does not exceed the long-term average growth rate for the markets in which the businesses operate. Impairment is recognised in the income statements when the carrying amount of a cash-generating unit exceeds its recoverable amount.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the cash generating units.

20. INTANGIBLE ASSETS (CONT'D.)

(b) Group

31 March 2015	Brand RM'000	In-force business RM'000	Merchants relationship RM'000	Agent relationship RM'000	Credit cards relationship RM'000	Trading right RM'000	Computer software RM'000	WIP for computer software RM'000	Total RM'000
Cost									
At beginning of the financial year	94,440	53,538	25,000	60,490	38,000	–	802,786	49,459	1,123,713
Additions	–	–	–	–	–	–	25,255	60,765	86,020
Disposals	–	–	–	–	–	–	(3,788)	–	(3,788)
Written off	–	–	–	–	–	–	(1,321)	–	(1,321)
Reclassification/Transfer	–	–	–	–	–	1,197	27,905	(36,312)	(7,210)
Reclassified to assets held for sale#	–	–	–	–	–	–	(754)	–	(754)
Arising from disposal of equity interest in subsidiaries	–	–	–	–	–	–	(1,711)	–	(1,711)
Exchange adjustments	–	–	–	–	–	–	(5)	–	(5)
At end of the financial year	94,440	53,538	25,000	60,490	38,000	1,197	848,367	73,912	1,194,944
Accumulated Amortisation									
At beginning of the financial year	–	53,538	6,667	6,043	5,067	–	507,717	–	579,032
Amortisation	–	–	5,000	4,033	3,800	–	72,340	–	85,173
Disposals	–	–	–	–	–	–	(3,788)	–	(3,788)
Written off	–	–	–	–	–	–	(1,321)	–	(1,321)
Reclassification/Transfer	–	–	–	–	–	–	–	–	–
Reclassified to assets held for sale#	–	–	–	–	–	–	(662)	–	(662)
Arising from disposal of equity interest in subsidiaries	–	–	–	–	–	–	(699)	–	(699)
Exchange adjustments	–	–	–	–	–	–	1	–	1
At end of the financial year	–	53,538	11,667	10,076	8,867	–	573,588	–	657,736
Accumulated Impairment Loss									
At beginning of the financial year	–	–	–	–	–	–	–	–	–
Impairment for the financial year	–	–	–	–	–	124	–	–	124
At end of the financial year	–	–	–	–	–	124	–	–	124
Net Book Value									
As at 31 March 2015	**94,440**	**–**	**13,333**	**50,414**	**29,133**	**1,073**	**274,779**	**73,912**	**537,084**

20. INTANGIBLE ASSETS (CONT'D.)

(b) Group (Cont'd.)

31 March 2014	Brand RM'000	In–force business RM'000	Merchants relationship RM'000	Agent relationship RM'000	Credit cards relationship RM'000	Computer software RM'000	WIP for computer software RM'000	Total RM'000
Cost								
At beginning of the financial year	94,440	53,538	25,000	60,490	38,000	651,056	97,200	1,019,724
Additions	–	–	–	–	–	29,945	126,950	156,895
Written off	–	–	–	–	–	(77)	–	(77)
Reclassification/Transfer	–	–	–	–	–	121,935	(174,691)	(52,756)
Exchange adjustments	–	–	–	–	–	(73)	–	(73)
At end of the financial year	94,440	53,538	25,000	60,490	38,000	802,786	49,459	1,123,713
Accumulated Amortisation								
At beginning of the financial year	–	40,153	1,667	2,011	1,267	463,965	–	509,063
Amortisation	–	13,385	5,000	4,032	3,800	68,261	–	94,478
Written off	–	–	–	–	–	(73)	–	(73)
Reclassification/Transfer	–	–	–	–	–	(24,378)	–	(24,378)
Exchange adjustments	–	–	–	–	–	(58)	–	(58)
At end of the financial year	–	53,538	6,667	6,043	5,067	507,717	–	579,032
Net Book Value								
As at 31 March 2014	**94,440**	**–**	**18,333**	**54,447**	**32,933**	**295,069**	**49,459**	**544,681**

The intangible assets of PT. AmCapital Indonesia ("AMCI") have been presented as held for sale in the financial statements following a proposed disposal of AMCI during the financial year (Note 58(3)).

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Licensed banks	913,644	2,228,756
Licensed investment banks	–	5,281
Bank Negara Malaysia	59,548	98,293
Other financial institutions	1,328,472	1,788,593
	2,301,664	**4,120,923**

22. RECOURSE OBLIGATION ON LOANS AND FINANCING SOLD TO CAGAMAS BERHAD

Recourse obligation on loans and financing sold to Cagamas Berhad represents the proceeds received from loans and financing sold directly and indirectly or those acquired from the originators (as disclosed in Note 18) to Cagamas Berhad with recourse. Under this arrangement for loans sold, the Group undertakes to administer the loans and financing on behalf of Cagamas Berhad and to buy back any loans and financing, which are regarded as defective based on prudential criteria with recourse to the Group. Under the back to back arrangement with the originators, the Group acts as the intermediary financial institution and undertakes to administer the receivables on behalf of Cagamas Berhad, and to buy back any receivables which are regarded as defective based on prudential criteria with recourse against the originators.

Previously, the Group had undertaken a fair value hedge on the interest rate risk of the loans sold directly to Cagamas Berhad but the hedge was terminated during the financial year ended 31 March 2012. Consequently, the fair value adjustment recognised of RM10,420,000 will be amortised to the income statement over the remaining term of maturity of the loans using the effective interest rate method. As at 31 March 2015, the unamortised fair value adjustment includes in the carrying amount of the recourse obligation on loans sold to Cagamas Berhad, after amortisation charge during the current financial year of RM1,737,000 (2014: RM1,675,000), amounted to RM5,635,000 (2014: RM3,898,000).

23. DEPOSITS FROM CUSTOMERS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Demand deposits	13,463,013	13,450,532
Savings deposits	5,254,753	5,290,440
Term/Investment deposits	73,401,321	70,903,023
Negotiable instruments of deposits	10,962	54,883
	92,130,049	**89,698,878**

Included in deposits from customers of the Group are deposits of RM1,516.4 million (2014: RM2,313.6 million) held as collateral for loans, advances and financing.

23. DEPOSITS FROM CUSTOMERS (CONT'D.)

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Due within six months	56,731,205	51,697,726
Six months to one year	12,548,912	15,068,341
Over one year to three years	3,068,885	3,072,324
Over three years to five years	1,063,281	1,119,515
	73,412,283	**70,957,906**

The deposits are sourced from the following types of customers:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Government and statutory bodies	10,745,204	10,116,686
Business enterprises	41,988,048	42,554,162
Individuals	35,775,692	34,508,342
Others	3,621,105	2,519,688
	92,130,049	**89,698,878**

24. TERM FUNDING

		Group		Company	
	Note	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Senior notes/sukuk	(a)	6,673,040	4,716,045	1,000,000	1,700,000
Credit-linked Notes	(b)	281,823	278,182	–	–
Other borrowings (net of unamortised issuance expenses of RM6,709,000 (2014: RM8,809,000))	(c)	1,347,491	1,650,414	206,000	206,000
		8,302,354	**6,644,641**	**1,206,000**	**1,906,000**

(a) The Senior notes/sukuk outstanding were issued under the following:

		Group		Company	
	Note	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Senior notes programme	(i)	3,351,745	4,166,045	1,000,000	1,700,000
Senior sukuk programme	(ii)	1,850,000	550,000	–	–
Euro Medium Term Note programme (net of unamortised issuance expenses of RM3,940,000 (2014: Nil))	(iii)	1,471,295	–	–	–
		6,673,040	**4,716,045**	**1,000,000**	**1,700,000**

24. TERM FUNDING (CONT'D.)

(a) The Senior notes/sukuk outstanding were issued under the following: (Cont'd.)

(i) - The Senior Notes issued by the Company is under a Senior and/or Subordinated Medium Term Notes ("MTN") Programme of up to RM2.0 billion nominal value. The proceeds raised from the MTN Programme shall be utilised for capital expenditures, investment, working capital, payment of fees and expenses in relation to the MTN Programme and other general funding requirements of the Company and/or its subsidiaries.

The MTN Programme has a tenor of up to 30 years from the date of the first issuance under the MTN Programme. The MTN shall be issued for a maturity of up to 30 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

The Company repaid its Senior Notes totaling RM700.0 million upon maturity.

The Senior Notes issued which remained outstanding as at reporting date of RM1,000.0 million has a fixed interest rate ranging from 4.30% to 4.50% per annum (2014: 3.80% to 4.50% per annum). No subordinated MTN had been issued from the MTN Programme to date. The Senior MTNs rank pari-passu with all other present and future unsecured and unsubordinated obligations of the Company.

- Senior notes of the Group also includes the Senior Notes Programme ("SNP") of up to RM7.0 billion nominal value by AmBank. The proceeds from the issuance of the Senior Notes is to be utilised for AmBank's general working capital requirements.

The SNP has a tenor of up to 30 years from the date of first issuance under the programme. Under the SNP, AmBank may issue Senior Notes with a tenor of more than 1 year and up to 10 years provided that the Senior Notes mature prior to the expiry of the SNP. Unless previously redeemed or purchased and cancelled, the Senior Notes shall be fully redeemed on the respective maturity date(s) at 100% of their nominal value.

The Senior Notes rank pari-passu with all other present and future unsecured and unsubordinated obligations (excluding deposits) of AmBank. RAM Ratings has assigned a long-term rating of AA2/Stable to the SNP. Upon maturity on 28 April 2014, AmBank repaid Senior Notes totalling RM775.0 million. During the year, AmBank had issued Tranche 5 and Tranche 6 of the Senior Notes amounting to RM400.0 million and RM1,400.0 million respectively. The Senior Notes issued which remains outstanding as at reporting date have a fixed interest rate ranging from 4.25% to 5.25% per annum (2014: 4.45% to 5.25% per annum) and are payable semi-annually. The Senior Notes outstanding are repayable between 1 year to 4.5 years (2014: 1 month to 3 years).

(ii) - On 20 September 2010, AmBank Islamic issued RM550 million Senior Sukuk under its programme of up to RM3 billion in nominal value. The Senior Sukuk bears profit rate at 4.30% per annum and has a tenor of 7 years.

On 5 November 2014, AmBank Islamic issued the second tranche of Senior Sukuk of RM100.0 million. This tranche bears profit rate of 4.40% per annum and has a tenor of 5 years.

On 6 March 2015, AmBank Islamic issued the third and fourth tranches of Senior Sukuk of RM300.0 million and RM900.0 million respectively. These tranches bear profit rates of 4.25% and 4.45% per annum and have a tenor of 2.5 years and 5 years respectively.

(iii) - On 3 July 2014, AmBank issued USD400 million Senior Notes under its USD 2 billion Euro Medium Term Note ("Euro MTN") programme in nominal value (or its equivalent in other currencies). The Euro MTN programme was approved by the Securities Commission on 4 July 2013.

The net proceeds from Euro MTN will be utilised by AmBank for its working capital, general funding requirements and other corporate purposes. The notes, with a tenor of 5 years and maturing on 3 July 2019, are rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's Ratings Services. The notes bear a coupon of 3.125% per annum and are payable semi annually.

(b) The Credit-Linked Notes ("CLNs") are structured investment products issued by AmBank and subscribed at nominal value. The nominal value of CLNs issued and outstanding at reporting date amounted to RM300 million (2014: RM438.4 million). The CLNs carry a fixed interest rate ranging from 4.0% to 4.7% per annum (2014: 4.0% to 4.7% per annum) and will mature between 2 years to 7.5 years (2014: 2 years to 7.5 years).

24. TERM FUNDING (CONT'D.)

(c) Other borrowings consists of term loans, revolving credit, trade refinancing facilities and structured deposit. The salient terms of these borrowings are as follows:

(i) The Company's short term loans and revolving credit obtained from financial institutions bear interest at rates ranging from 4.61% to 6.13% per annum (2014: 4.61% to 5.56%).

(ii) AmBank's USD30 million revolving credit facility extended for another one year by the Labuan branch of Australia and New Zealand Banking Group ("ANZ") upon maturity on 16 April 2014. This loan bears interest at 0.75% per annum above LIBOR. The loan was paid in full on 18 August 2014.

(iii) AmBank's USD50 million term loan was drawn on 7 January 2013 for working capital purposes. This term loan bears interest at 1.10% per annum above LIBOR. The term loan shall be due and payable in full two years from the date of disbursement. The loan was repaid in full on 7 January 2015.

(iv) AmBank's USD35 million term loan was drawn on 13 June 2012 for working capital purposes. This term loan bears interest at 0.65% per annum above the lender's cost of funds. This term loan shall be due and payable in full one year after the drawdown date. On 13 June 2013, the term loan had been extended for another year and was repaid on 13 June 2014.

(v) AmBank's USD30 million term loan was drawn on 19 July 2013 for working capital purposes. This term loan bears interest at 1.10% per annum above LIBOR. This term loan shall be due and payable in full 2 years after the drawdown date. On 30 July 2014, AmBank repaid USD20 million.

(vi) AmBank's USD300 million term loan was drawn on 31 March 2014 from ANZ for refinancing of existing term funding and working capital. This term loan bears interest at 0.90% per annum above LIBOR. This term loan shall be due and payable in full 3 years after the drawdown date.

(vii) Structured deposit is a non-principal guaranteed deposit placed by the customer in relation to an equity-linked investment linked to performance of an underlying share. Upon maturity, the customer will receive either cash payment or pre-determined units of the share. The structured deposit will mature on 13 April 2015.

25. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represented the commercial banking subsidiaries' own bills and acceptances rediscounted and outstanding in the market. There were no such balances as at 31 March 2015 and 31 March 2014.

26. DEBT CAPITAL

		Group	
	Note	31 March 2015 RM'000	31 March 2014 RM'000
Non-Cumulative Non-Voting Guaranteed Preference Shares	(a)	736,788	674,836
Medium Term Notes	(b)	1,310,000	1,557,800
Subordinated Notes and Sukuk (net of unamortised issuance expenses of RM1,215,000 (2014: RM1,437,000))	(c)	1,548,785	1,548,562
Non-Innovative Tier 1 Capital Securities	(d)	500,000	500,000
Innovative Tier 1 Capital Securities	(e)	485,000	485,000
		4,580,573	**4,766,198**

(a) Non-Cumulative Non-Voting Guaranteed Preference Shares

On 27 January 2006, AMBB Capital (L) Ltd, a wholly-owned subsidiary of AmBank issued USD200 million Hybrid Capital comprising 2,000 preference shares of USD100,000 each ("Hybrid Securities"). The Hybrid Securities are guaranteed by AmBank on a subordinated basis. The gross proceeds of USD200 million from the issue of Hybrid Securities were on-lent to AmBank in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing AmBank's working capital requirements.

The salient features of the Hybrid Securities are as follows:

(i) The Hybrid Securities bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, at a floating rate equal to 3 months US dollar LIBOR plus 2.90% if not redeemed on 27 January 2016. The non-cumulative dividends are payable on semi-annual basis.

(ii) The Hybrid Securities are perpetual securities and have no fixed final redemption date. The Hybrid Securities may be redeemed in whole but not in part at the option of the issuer (but not the holders) under certain circumstances.

The Hybrid Securities are listed on both the Labuan International Financial Exchange Inc. and the Singapore Exchange Securities Trading Limited and are offered to international institutional investors outside Malaysia. The Hybrid Securities qualify as Tier 1 Capital under BNM's capital adequacy framework up to 31 December 2012. Effective 1 January 2013, the Hybrid Securities qualify as additional Tier 1 Capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

Previously, the Group had undertaken a fair value hedge on the interest rate risk of the subordinated term loan but the hedge was terminated during the financial year ended 31 March 2012.

Consequently, the fair value adjustment recognised of RM93,475,000 is amortised to the income statement over the remaining term to maturity of the loans using the effective interest rate method. As at 31 March 2015, the unamortised fair value adjustments includes in the carrying amount of the subordinated term loan, after amortisation charge during the current financial year of RM24,927,000 (2014: RM23,246,000), amounted to RM23,572,000 (2014: RM45,043,000).

(b) Medium Term Notes

In the financial year 2008, AmBank implemented a RM2.0 billion nominal value Medium Term Notes ("MTN") Programme whereby the proceeds raised from the MTN Programme had been and will be utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN Programme has a tenor of up to 20 years from the date of the first issuance under the MTN programme. The MTN shall be issued for a maturity of up to 20 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

The MTN issued under the MTN Programme was included as Tier 2 Capital under BNM's capital adequacy framework. Effective 1 January 2013, the MTNs are recognised as a capital instrument under Tier 2 Capital and eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

26. DEBT CAPITAL (CONT'D.)

(b) Medium Term Notes (Cont'd.)

The salient features of the MTN issued and outstanding are as follows:

(i) Tranche 3 amounting to RM75 million was issued on 14 March 2008 is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum. This tranche was called and cancelled on its first call date of 16 March 2015.

(ii) Tranche 5 amounting to RM75 million was issued on 28 March 2008 is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.This tranche was called and cancelled on its first call date of 28 March 2015.

(iii) Tranche 6 amounting to RM600 million was issued on 9 April 2008 is for a tenor of 15 years Non-Callable 10 years and bears interest at 6.25% per annum. The interest rate of the MTN will step up by 0.5% per annum at the beginning of the 11th year and every anniversary thereafter, preceding the maturity date of the MTN.

(iv) Tranche 7 amounting to RM97.8 million was issued on 10 December 2009 is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.75% per annum. This tranche was called and cancelled on its first call date of 10 December 2014.

(v) Tranche 8 amounting to RM710 million was issued on 16 October 2012 is for a tenor of 10 years Non-Callable 5 years and bears interest at 4.45% per annum.

(c) Subordinated Notes and Sukuk

(i) On 30 September 2011, AmBank Islamic implemented a Subordinated Sukuk Musharakah programme ("Sukuk Musharakah") of RM2 billion. The purpose of the programme is to increase AmBank Islamic's Tier 2 Capital. The Sukuk Musharakah is for a period of 10 years. AmBank Islamic may exercise its call option and redeem in whole (but not in part) the Sukuk Musharakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

On the same date, RM600 million ("First Tranche") of the Sukuk Musharakah was issued, which carries a profit rate of 4.40% per annum, and is payable on a semi-annual basis.

On 31 January 2012, RM200 million ("Second Tranche") of the Sukuk Musharakah was issued, which carries a profit rate of 4.35% per annum, and is payable on a semi-annual basis.

On 24 December 2012, RM200 million ("Third Tranche") of the Sukuk Musharakah was issued, which carries a profit rate of 4.45% per annum, and is payable on a semi-annual basis.

The Sukuk Musharakah qualify as Tier 2 Capital under BNM's capital adequacy framework. Effective 1 January 2013, the Sukuk Musharakah qualify as Tier 2 Capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

AmBank Islamic has repurchased on the market and subsequently cancelled RM200.0 million of the Sukuk Musharakah between 19 December 2013 and 20 January 2014. The repurchases were granted prior approval by BNM and represent the portion of the Sukuk Musharakah that do not qualify for recognition as Tier 2 Capital in the computation of capital adequacy ratio for the calendar years 2013 and 2014, under the Basel III pronouncements.

26. DEBT CAPITAL (CONT'D.)

(c) Subordinated Notes and Sukuk (Cont'd.)

(ii) On 28 February 2014, AmBank Islamic has implemented a new Subordinated Sukuk Murabahah programme of RM3.0 billion. The objective of the programme is to enable the issuance of Tier 2 capital from time to time, for the purpose of enhancing the AmBank Islamic's total capital position. The programme is set-up in accordance to the requirements spelt out in the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM, and the securities issued under this programme are fully Basel III-compliant.

The programme has a tenor of 30 years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenor of at least 5 years from the issue date, and is callable on any coupon payment date after a minimum period of 5 years from the date of issuance of each tranche. The Tier 2 Subordinated Notes have been assigned a credit rating of AA3 by RAM Rating Services Berhad.

On 28 February 2014, AmBank Islamic has issued the first tranche of Tier 2 Subordinated Sukuk Murabahah under this programme of RM200.0 million. The profit rate of this tranche is at 5.07%, payable on a semi-annual basis, with a tenor of 10 years.

Subsequently, on 25 March 2014, AmBank Islamic has issued the second tranche of Tier 2 Subordinated Sukuk Murabahah under this programme of RM150.0 million. The profit rate of this tranche is at 5.05%, payable on a semi-annual basis, with a tenor of 10 years.

The full amount of both tranches issued qualify for recognition of capital adequacy ratio computation.

(iii) On 30 December 2013, the AmBank established a Subordinated Notes programme of RM4.0 billion. The objective of the programme is to enable the issuance of Tier 2 Capital from time to time, for the purpose of enhancing the AmBank's total capital position. The programme is set up in accordance to the requirements spelt out in the Capital Adequacy Framework (Capital Components) issued by BNM, and the securities issued under this programme are fully Basel III compliant.

The programme has a tenor of 30 years from the date of the first issuance under the programme. Each issuance of Tier 2 Subordinated Notes under this programme shall have a tenor of at least 5 years from the issue date, and is callable on any coupon payment date after a minimum period of 5 years from the date of issuance of each tranche. The Tier 2 Subordinated Notes have been assigned a credit rating of AA3 by RAM Rating Services Berhad ("RAM").

On 30 December 2013, AmBank issued the first tranche of the Subordinated Notes amounting to RM400.0 million for a tenor of 10 years. The interest rate of this tranche is 5.20%, payable on a half-yearly basis. The full amount issued qualifies as Tier 2 Capital for the purpose of capital adequacy ratio computation.

(d) Non-Innovative Tier 1 Capital Securities

In financial year 2009, AmBank issued up to RM500 million Non-Innovative Tier 1 Capital ("NIT1") under its programme of up to RM500 million in nominal value comprising:

(i) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by AmBank and stapled to the Subordinated Notes described below; and

(ii) Subordinated Notes ("SubNotes"), which are issued by AmPremier Capital Berhad ("AmPremier"), a wholly-owned subsidiary of AmBank.

(collectively known as "Stapled Capital Securities")

The SubNotes has a fixed interest rate of 9.0% per annum. However, the NCPCS distribution will not begin to accrue until the SubNotes are re-assigned to AmBank.

26. DEBT CAPITAL (CONT'D.)

(d) Non-Innovative Tier 1 Capital Securities (Cont'd.)

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of AmBank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a tenor of 30 years unless redeemed earlier under the terms of the SubNotes. The SubNotes are redeemable at the option of AmPremier on any interest payment date, which cannot be earlier than the occurrence of assignment events as stipulated under the terms of the Stapled Capital Securities.

The Stapled Capital Securities comply with BNM's Guidelines on Non-Innovative Tier 1 Capital Instruments. Effective 1 January 2013, the Stapled Capital Securities qualify as additional Tier 1 Capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

(e) Innovative Tier 1 Capital Securities

On 18 August 2009, AmBank issued up to RM485 million Innovative Tier 1 Capital Securities under its RM500 million Innovative Tier 1 Capital Securities ("ITICS") Programme. The ITICS bears a fixed interest (non-cumulative) rate at issuance date (interest rate is 8.25% per annum) and step up 100 basis points after the First Call Date (10 years after issuance date) and interest is payable semi annually in arrears. The maturity date is 30 years from the issue date. The ITICS facility is for a tenor of 60 years from the First Issue date and has a principal stock settlement mechanism to redeem the ITICS via cash through the issuance of AmBank's ordinary shares. Upon BNM's approval, AmBank may redeem in whole but not in part the relevant tranche of the ITICS at any time on the 10th anniversary of the issue date of that tranche or on any interest payment date thereafter.

Effective 1 January 2013, the ITICS qualify as Additional Tier 1 Capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accord.

27. OTHER LIABILITIES

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
Trade payables		482,916	1,046,177	–	–
Other payables and accruals		2,342,662	1,838,615	33,949	34,825
Interest payable on deposits and borrowings		811,443	736,777	6,812	8,792
Lease deposits and advance rental		11,874	19,526	–	–
Provision for commitments and contingencies	(i)	156,266	174,965	–	–
Bank overdraft		–	759	–	–
Amount due to subsidiaries		–	–	112	9,009
Profit equalisation reserve	(ii)	1,680	1,571	–	–
Provision for taxation		110,834	23,179	–	–
		3,917,675	**3,841,569**	**40,873**	**52,626**

Trade payables mainly relate to the stock and share-broking operations of the investment banking subsidiaries and represent contra gains owing to clients and amount payable in outstanding sales contracts.

27. OTHER LIABILITIES (CONT'D.)

Included in other payables and accruals is provision for retirement benefits of a subsidiary which amounted to RM19,495,000 (2014: RM20,636,000).

(i) Provision for commitments and contingencies

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	174,965	204,795
Writeback made during the financial year, net	(19,255)	(30,519)
Amount reversed	–	(202)
Foreign exchange differences	556	891
Balance at end of financial year	**156,266**	**174,965**

(ii) Profit equalisation reserve

The movements in profit equalisation reserve relating to the Islamic banking business are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	1,571	1,659
Provision during the financial year	35,379	10,743
Utilisation during the financial year	(35,270)	(10,831)
Balance at end of financial year	**1,680**	**1,571**

28. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1.00 each		Amount	
	31 March 2015 Units'000	31 March 2014 Units'000	31 March 2015 RM'000	31 March 2014 RM'000
Authorised:				
Ordinary shares of RM1.00 each	5,000,000	5,000,000	5,000,000	5,000,000
Convertible preference shares of RM1.00 each	200,000	200,000	200,000	200,000
Balance at beginning and end of financial year	**5,200,000**	**5,200,000**	**5,200,000**	**5,200,000**
Issued and fully paid:				
Ordinary shares of RM1.00 each				
Balance at beginning and end of financial year	**3,014,185**	**3,014,185**	**3,014,185**	**3,014,185**

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

The Company has an Executives' Share Scheme ("ESS") under which options to subscribe for the Company's ordinary shares have been granted to certain employees of the Group. Details of the ESS are disclosed in Note 30.

29. RESERVES

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
Share premium	(a)	2,537,372	2,537,372	2,536,065	2,536,065
Statutory reserve	(b)	1,938,849	1,938,849	–	–
Regulatory reserve	(c)	2,800	–	–	–
Profit equalisation reserve	(d)	3,904	1,260	–	–
Available-for-sale reserve/(deficit)	(e)	21,822	(41,687)	–	–
Cash flow hedging reserve/(deficit)	(f)	(481)	3,030	–	–
Foreign currency translation reserve	(g)	68,456	8,213	–	–
Executives' Share Scheme ("ESS") reserve	(h)	69,993	79,456	69,993	79,456
Shares held in trust for ESS	(i)	(86,110)	(58,434)	(86,110)	(58,434)
Non-participating funds	(j)	54,175	132,993	–	–
Retained earnings	(k)	6,830,180	5,527,704	2,895,435	2,454,052
		11,440,960	**10,128,756**	**5,415,383**	**5,011,139**

(a) Share premium is used to record premium arising from new shares issued in the Company.

(b) Statutory reserve is maintained in compliance with the provisions of the Banking and Financial Institutions Act, 1989. The statutory reserve is not distributable as cash dividends. When Financial Servcies Act ("FSA") 2013 and Islamic Financial Service Act ("IFSA") 2013 came into effect to replace the repealed BAFIA, the maintenance of this reserve is in accordance with Section 47(2)(f) of the FSA and Section 57(2)(f) of the IFSA.

(c) Regulatory reserve is maintained in accordance with paragraph 13.1 of the the BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing as an additional credit risk absorbent.

(d) Profit equalisation reserve of the Group is classified as a separate reserve in equity in accordance with BNM Revised Guidelines on Profit Equalisation Reserve issued in May 2011.

(e) Available-for-sale reserve/(deficit) is in respect of unrealised fair value gains/(losses) on financial investments available-for-sale.

(f) Cash flow hedging reserve/(deficit) comprises the portion of the gains/(losses) on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

(g) Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(h) Executives' Share Scheme reserve represents the equity-settled scheme shares and options granted to employees (Note 30). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the scheme shares and options.

(i) Shares held in trust for ESS represent shares purchased under the Executives' Share Scheme as mentioned in Note 30.

(j) This non-participating funds unallocated surplus is only available for distribution to shareholders based on the amount recommended by the appointed actuary.

(k) The Company can distribute dividends out of its entire retained earnings under the single-tier system.

30. EXECUTIVES' SHARE SCHEME

At the 22nd Extraordinary General Meeting held on 26 September 2008, the shareholders approved the proposal by the Company to establish an executives' share scheme ("ESS") of up to fifteen percent (15%) (which was subsequently reduced to ten percent (10%) as approved by the Board of Directors pursuant to the ESS By-Laws) of the issued and paid-up ordinary share capital of the Company at any point in time for the duration of the ESS for eligible executives (including senior management) and executive directors of the Group (excluding subsidiaries which are dormant or such other subsidiaries which may be excluded under the terms of the By-Laws) who fulfil the criteria for eligibility stipulated in the By-Laws governing the ESS ("Eligible Executives"). The ESS is implemented and administered by an executives' share scheme committee ("ESS Committee"), in accordance with the By-Laws. The functions of the ESS Committee has since been consolidated with that of Group Nomination and Remuneration Committee ("GNRC") from 29 October 2013. The ESS was established on 12 January 2009 and would be in force for a period of ten (10) years.

The awards granted to such Eligible Executives can comprise shares and/or options to subscribe for shares ("Options"). Shares to be made available under the ESS ("Scheme Shares") will only vest or Options are only exercisable by Eligible Executives who have duly accepted the offers of awards under the ESS ("Scheme Participants") subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the GNRC.

The awards included in the "ESS" are :

(i) Short term Incentive ("STI") Award

The STI Award is a share incentive scheme for the selected executives in recognition of their services as an important contribution to the current on-going development, growth and success of the Group. Under the Award, a selected executive is granted a specified number of shares which will be vested in him upon the fulfilment of the service period and such other conditions (if any) imposed by the ESS Committee.

(ii) Long term Incentive ("LTI") Award

The LTI Award is a share incentive scheme for the selected executives in motivating attainment of higher performance goals and exceptional achievements by selected executives. Under the Award, a selected executive is granted a specified number of shares and share options which will be vested in him upon fulfilment of the service period as well as fulfilment of certain performance targets and such other conditions (if any) imposed by the ESS Committee.

To facilitate the implementation of the ESS, the Company entered into a Trust via the signing of a Trust Deed on 24 February 2009 with an appointed Trustee. The Trustee shall, at such times as the ESS Committee shall direct, subscribe for or acquire the necessary number of new or existing ordinary shares to accommodate any future transfer of Scheme Shares to Scheme Participants. For the aforementioned purpose and to enable the Trustee to meet payment of expenses in relation to the administration of the Trust, the Trustee will be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

ESS is implemented wherein shares ("Scheme Shares") and/or options to subscribe for shares ("Option") are granted to eligible directors and executives of the Company and its subsidiaries based on the financial and performance targets/criteria and such other conditions as it may deem fit.

The salient features of the ESS are as follows:

(i) Any executive director or executive of a corporation in the Group, subject to the discretion of the ESS Committee, shall be eligible to participate in the ESS, if the executive director or executive meets the following criteria ("Eligible Executives"):

    (a) has attained the age of eighteen (18) years and is not an undischarged bankrupt;

    (b) employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice of resignation or received a notice of termination;

    (c) employment has been confirmed in writing;

    (d) in the case of an executive director of the Company, the specific allocation of shares made available to him and options to subscribe for shares by the Company to him in his capacity as an executive director under the ESS has been approved by the shareholders at a general meeting;

30. EXECUTIVES' SHARE SCHEME (CONT'D.)

(i) Any executive director or executive of a corporation in the Group, subject to the discretion of the ESS Committee, shall be eligible to participate in the ESS, if the executive director or executive meets the following criteria ("Eligible Executives"): (Cont'd.)

  (e) if he is serving in a specific designation under an employment contract for a fixed duration but not merely employed for a specific project;

  (f) is not participating or entitled to participate in any other employee share or incentive scheme implemented by any other corporation which is in force for the time being provided that he may be eligible for consideration notwithstanding his participation or entitlement to participate if the ESS Committee shall so determine; and

  (g) fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time.

(ii) The maximum number of shares which may be made available under the ESS shall not exceed in aggregate ten percent (10%) of the issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the ESS and out of which not more than fifty percent (50%) of the shares shall be allocated, in aggregate, to executive directors and senior management. In addition, not more than ten percent (10%) of the shares available under the ESS shall be allocated to any Eligible Executive who, either individually or collectively through persons connected to him/her, holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company.

(iii) The Share Grant Price (being the reference price which is used to determine the number of Scheme Shares to be granted under the awards) and Option Price (being the share price to be paid for subscription or acquisition of each Scheme Share pursuant to the exercise of the option) may be at a discount (as determined by the ESS Committee) of not more than ten percent (10%) of the five (5) days weighted average market price of the Company's shares transacted on Bursa Malaysia Securities Berhad immediately preceding the date on which an offer is made or the par value of the shares at the material time, whichever is higher.

(iv) The Scheme Shares to be allotted and issued or transferred to Scheme Participant pursuant to the By-Laws are not subjected to any retention period unless otherwise stipulated by the ESS Committee in the offer.

(v) The ESS Committee may in its discretion decide that the Scheme Shares be satisfied either by way of issuance of new ordinary shares, acquisition of existing ordinary shares or a combination of both issuance of new ordinary shares and acquisition of existing ordinary shares.

(vi) The Company established a Trust administered by a Trustee for the purposes of subscribing for new ordinary shares of the Company and/or acquiring existing ordinary shares of the Company and transferring them to the Scheme Participants. For this purpose and to pay expenses in relation to the administration of the Trust, the Trustee is entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

30. EXECUTIVES' SHARE SCHEME (CONT'D.)

The following shares were granted under STI Award:

(a) Share Grants

	Number of Shares					
		Movements During the Financial Year				
	Balance at 1 April 2014 '000	Granted '000	Transferred '000	Vested '000	Forfeited '000	Balance at 31 March 2015 '000
Group						
2010 ESS	4	–	–	(4)	–	–
2011 ESS	–	–	–	–	–	–
2012 ESS	1,564	–	–	(1,546)	(18)	–
2013 ESS	2,254	–	–	(1,158)	(76)	1,020
2014 ESS	–	2,079	–	(137)	(53)	1,889
	3,822	**2,079**	**–**	**(2,845)**	**(147)**	**2,909**
Company						
2010 ESS	–	–	–	–	–	–
2011 ESS	–	–	–	–	–	–
2012 ESS	66	–	–	(66)	–	–
2013 ESS	195	–	–	(97)	–	98
2014 ESS	–	268	–	–	–	268
	261	**268**	**–**	**(163)**	**–**	**366**

The following shares and options were granted under LTI Award:

(a) Share Grants

	Number of Shares					
		Movements During the Financial Year				
	Balance at 1 April 2014 '000	Granted '000	Transferred '000	Vested '000	Forfeited '000	Balance at 31 March 2015 '000
Group						
2009 ESS	–	–	–	–	–	–
2010 ESS	–	–	–	–	–	–
2011 ESS	3,454	–	–	(2,776)	(678)	–
2012 ESS	3,896	–	–	(63)	(419)	3,414
2013 ESS	3,778	–	–	(48)	(385)	3,345
2014 ESS	–	3,635	–	(10)	(245)	3,380
	11,128	**3,635**	**–**	**(2,897)**	**(1,727)**	**10,139**
Company						
2009 ESS	–	–	–	–	–	–
2010 ESS	–	–	–	–	–	–
2011 ESS	115	–	–	(94)	(21)	–
2012 ESS	130	–	–	–	–	130
2013 ESS	127	–	–	–	–	127
2014 ESS	–	150	–	–	–	150
	372	**150**	**–**	**(94)**	**(21)**	**407**

30. EXECUTIVES' SHARE SCHEME (CONT'D.)

(b) Share Options

	Number of Options					
		Movements During the Financial Year				
	Balance at 1 April 2014 '000	Granted '000	Transferred '000	Exercised '000	Forfeited '000	Balance at 31 March 2015 '000
Group						
2008 ESS	35	–	–	(35)	–	–
2009 ESS	1,161	–	–	(949)	–	212
2010 ESS	2,924	–	–	(983)	(66)	1,875
	4,120	**–**	**–**	**(1,967)**	**(66)**	**2,087**
WAEP* (RM)	4.24	–	–	3.87	4.73	4.56
Company						
2010 ESS	52	–	–	(52)	–	–
WAEP* (RM)	4.73	–	–	4.73	–	4.73

* WAEP: Weighted average exercise price

Number of options exercisable at the end of the financial year amounted to 2,086,400 (2014: 4,120,500).

(c) Aggregate maximum and actual percentage granted in regard to Share Grants and Share Options to directors and key management personnel:

	Share Grants	
	Maximum allocation %	Actual allocation %
Group		
2008 ESS	9.8	9.8
2009 ESS	10.0	10.0
2010 ESS	16.0	16.0
2011 ESS	15.2	15.2
2012 ESS	16.2	16.2
2013 ESS	14.6	14.6
2014 ESS	19.1	19.1

	Share Options	
	Maximum allocation %	Actual allocation %
Group		
2008 ESS	16.5	16.5
2009 ESS	17.5	17.5
2010 ESS	14.6	14.6

30. EXECUTIVES' SHARE SCHEME (CONT'D.)

(vii) Details of share options and share grants at the end of the financial year:

(a) 2008 ESS

The exercise price of the 2008 share options is RM2.20. The exercise period is up to 3 years from the date of notification of entitlement ("vesting date"). The vesting date of the share options and share grants is determined by the ESS Committee after the end of the performance period, which is from 1 April 2008 to 31 March 2012, upon fulfilment of the conditions stipulated.

(b) 2009 ESS

The exercise price of the 2009 share options is RM3.05. The exercise period is up to 3 years from the date of notification of entitlement ("vesting date"). The vesting date of the share options and share grants is determined by the ESS Committee after the end of the performance period, which is from 1 April 2009 to 31 March 2013, upon fulfilment of the conditions stipulated.

(c) 2010 ESS

The exercise price of the 2010 share options is RM4.73. The exercise period is up to 3 years from the date of notification of entitlement ("vesting date"). The vesting date of the share options and share grants is determined by the ESS Committee after the end of the performance period, which is from 1 April 2010 to 31 March 2013, upon fulfilment of the conditions stipulated.

The weighted average remaining contractual life of the above options at the end of the financial year is 0.92 years (2014: 1.8 years).

(viii) Share options exercised during the financial year

For share options exercised during the financial year, the weighted average share price during the exercise period was RM6.79 (2014: RM7.32).

30. EXECUTIVES' SHARE SCHEME (CONT'D.)

(ix) Fair value of share options and share grants awarded at end of financial year:

The fair value of share options granted was estimated using the trinomial valuation model, taking into account the terms and conditions upon which the options/shares were granted. The fair value of share options measured at grant date was based on the following assumptions:

	2014 ESS	2013 ESS	2012 ESS	2011 ESS	2010 ESS	2009 ESS	2008 ESS
Fair value of shares as at grant dates (RM)							
- 10 April 2009	–	–	–	–	–	–	2.76
- 21 July 2009	–	–	–	–	–	3.78	–
- 21 July 2010	–	–	–	–	5.12	–	–
- 21 July 2011	–	–	–	6.34	–	–	–
- 11 July 2012	–	–	6.49	–	–	–	–
- 15 August 2013	–	7.97	–	–	–	–	–
- 04 August 2014	7.17	–	–	–	–	–	–
Fair value of share options as at grant dates (RM)							
- 10 April 2009	–	–	–	–	–	–	1.06
- 21 July 2009	–	–	–	–	–	1.48	–
- 21 July 2010	–	–	–	–	1.81	–	–
Weighted average share price (RM)	6.79	7.27	6.39	6.40	4.98	3.39	2.44
Weighted average exercise price (RM)	–	–	–	–	4.73	3.05	2.20
Expected volatility (%)	–	–	–	–	40.00	40.00	38.00
First possible exercise date	–	–	–	–	31 Mar 2013	25 June 2012	11 Mar 2012
Option expiry date	–	–	–	–	31 Mar 2016	23 June 2015	11 Mar 2015
Average risk free rate (%)	–	–	–	–	4.23	4.50	3.30
Average expected dividend yield (%)	–	–	–	–	3.66	2.40	2.02

The expected life of the share options is based on the exercisable period of the option and is not necessarily indicative of exercise patterns that may occur. The expected volatility used was based on the historical volatility of the share price over a period equivalent to the expected life of the options prior to its date of grant, which assumed that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option share option/share award were incorporated into the measurement of fair value.

The fair value of shares granted under the ESS is measured at acceptance date, using the closing price of the Company's shares.

31. NON-CONTROLLING INTERESTS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	951,448	873,594
Share in net results of subsidiaries	114,866	78,522
Transfer of ESS shares recharged difference on purchase price for shares vested	(100)	(68)
Redemption of shares in AmPrivate Equity	(2,543)	–
Dividends received by non-controlling interests	(11,392)	(600)
Balance at end of financial year	**1,052,279**	**951,448**

32. INTEREST INCOME

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Short-term funds and deposits with financial institutions	198,769	249,933	4,655	8,789
Financial assets held-for-trading	111,923	144,041	–	–
Financial investments available-for-sale	284,967	206,803	–	–
Financial investments held-to-maturity	99,601	189,788	–	–
Loans, advances and financing	3,598,969	3,863,959	–	–
Impaired loans and advances	7,055	4,891	–	–
Others	25,950	17,618	–	–
	4,327,234	**4,677,033**	**4,655**	**8,789**

33. INTEREST EXPENSE

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Deposits from customers	1,823,126	1,846,924	–	–
Deposits and placements of banks and other financial institutions	24,533	38,643	–	–
Senior notes	191,473	193,978	55,317	66,867
Credit-Linked Notes	16,541	18,960	–	–
Recourse obligation on loans sold to Cagamas Berhad	40,764	40,825	–	–
Term loans	29,268	26,407	11,799	10,877
Subordinated deposits and term loans	20,094	21,754	–	–
Interest on bonds	20,941	5,237	–	–
Medium term notes	80,827	82,819	–	–
Hybrid and Innovative Tier 1 capital securities	83,658	81,735	–	–
Others	14,874	40,377	–	–
	2,346,099	**2,397,659**	**67,116**	**77,744**

34. OTHER OPERATING INCOME

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Fee income:				
Fees on loans, financing and securities	225,086	286,645	–	–
Corporate advisory	21,274	35,893	–	–
Guarantee fees	57,469	50,368	–	–
Underwriting commission	12,360	3,969	–	–
Portfolio management fees	36,780	34,752	–	–
Unit trust management fees	107,098	101,397	–	–
Property trust management fees	6,162	6,305	–	–
Brokerage fees and commission	69,418	79,347	–	–
Wealth management fees	26,606	24,157	–	–
Other fee and commission income	95,043	90,739	300	150
	657,296	713,572	300	150
Investment and trading income:				
Net loss from sale of financial assets held-for-trading	(25,020)	(43,571)	–	–
Net gain from sale of financial investments available-for-sale	56,980	96,254	–	–
Net gain on redemption of financial investments held-to-maturity	–	8,319	–	–
Net gain/(loss) on revaluation of financial assets held-for-trading	26,476	(72,216)	–	–
Net foreign exchange gain[1]	37,369	122,046	–	–
Net gain on derivatives	103,683	59,696	–	–
Gain on disposal of equity interest in subsidiaries	475,873	–	–	–
Gross dividend income from:				
Subsidiaries	–	–	1,381,267	651,579
Financial assets held-for-trading	7,247	9,096	–	–
Financial investments available-for-sale	33,506	58,570	3,609	5,603
Others	890	(85)	–	–
	717,004	238,109	1,384,876	657,182
Other income:				
Net non-trading foreign exchange gain/(loss)	17,103	(1,963)	–	–
Gain/(Loss) on disposal of property and equipment	30	461	–	(202)
Rental income	4,922	11,525	–	–
Profit from sale of goods and services	30,808	31,654	–	–
Others	30,422	32,915	182	–
	83,285	74,592	182	(202)
	1,457,585	**1,026,273**	**1,385,358**	**657,130**

[1] Foreign exchange gain includes gains and losses from spot and forward contracts and other currency derivatives.

35. OTHER OPERATING EXPENSES

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
Personnel costs:					
Salaries, allowances and bonuses		906,240	957,869	–	–
Shares/options granted under ESS		31,386	35,945	–	–
Pension costs		145,715	141,228	–	–
Social security cost		6,658	6,979	–	–
Others		116,822	113,486	116	224
		1,206,821	1,255,507	116	224
Establishment costs:					
Depreciation of property and equipment (Note 19)		58,776	67,123	169	316
Amortisation of intangible assets (Note 20)		84,674	94,272	–	–
Computerisation costs		183,802	175,429	–	–
Rental of premises		100,127	101,647	–	–
Cleaning, maintenance and security		33,512	30,391	1	3
Others		47,518	44,342	14	20
		508,409	513,204	184	339
Marketing and communication expenses:					
Sales commission		9,838	12,920	–	–
Advertising, promotional and other marketing activities		59,110	70,592	256	295
Telephone charges		19,990	17,904	15	13
Postage		13,860	16,837	27	7
Travel and entertainment		18,836	25,634	24	25
Others		30,227	35,688	157	42
		151,861	179,575	479	382
Administration and general expenses:					
Professional services		130,328	108,734	1,035	2,506
Donations		813	5,848	–	–
Travelling		8,518	12,598	27	–
Others		94,843	99,627	9,383	3,638
		234,502	226,807	10,445	6,144
Expenses capitalised		(12,151)	(42,035)	–	–
		2,089,442	**2,133,058**	**11,224**	**7,089**

The above expenditure includes other statutory disclosures as follows:

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
Directors' remuneration	36	9,138	11,611	4,268	8,747
Intangible assets written off	20	–	4	–	–
Property and equipment written off	19	180	970	–	–
Hire of motor vehicles and office equipment		16,306	17,228	14	20
Auditors' remuneration:					
Parent auditor					
Audit		2,233	2,601	100	76
Regulatory and assurance related		1,182	885	25	5
Other services		1,088	1,045	–	–
Firms affiliated with parent auditor					
Audit		140	215	–	–
Other services		–	–	–	–
Other auditors					
Audit		49	45	–	–

Personnel costs include salaries, bonuses, contributions to defined contribution plan and all other staff related expenses. Contributions to defined contribution plan of the Group amounted to RM145,715,000 (2014: RM141,228,000) of which RM144,151,000 (2014: RM120,867,000) was contributed to the state pension scheme Employees' Provident Fund, a substantial shareholder of the Company.

36. DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of the directors of the Company are as follows:

31 March 2015	Remuneration received from Group Fees RM'000	Salaries RM'000	Other Emolument RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Director:						
Dato' Seri Ahmad Johan bin Mohammad Raslan	62	–	10	–	–	72
Ashok Ramamurthy	400	1,794	924	1,829	42	4,989
	462	1,794	934	1,829	42	5,061
Non-Executive Directors:						
Tan Sri Azman Hashim	1,065	–	2,343	–	38	3,446
Dato' Azlan Hashim	210	–	44	–	12	266
Tun Mohammed Hanif Omar	650	–	68	–	–	718
Tan Sri Datuk Dr Aris Osman @ Othman	350	–	164	–	–	514
Tan Sri Datuk Clifford Francis Herbert	650	–	320	–	–	970
Dato' Rohana binti Mahmood	350	–	107	–	–	457
Dato' Gan Nyap Liou @ Gan Nyap Liow	376	–	163	–	–	539
Soo Kim Wai	200*	–	39	–	–	239
Shayne Cary Elliott*	200	–	16	–	–	216
Mark David Whelan*	200	–	40	–	–	240
Gilles Planté*	104	–	32	–	–	136
Chin Yuen Yin	589	–	281	–	–	870
Suzette Margaret Corr*	37	–	9	–	–	46
Allistair Marshall Bulloch	–	–	2	–	–	2
	4,981	–	3,628	–	50	8,659
Total Directors' remuneration	**5,443**	**1,794**	**4,562**	**1,829**	**92**	**13,720**

31 March 2014	Remuneration received from Group Fees RM'000	Salaries RM'000	Other Emolument RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Director:						
Ashok Ramamurthy	208*	1,794	2,508	1,364	72	5,946
	208	1,794	2,508	1,364	72	5,946
Non-Executive Directors:						
Tan Sri Azman Hashim	655	–	2,349	–	47	3,051
Dato' Azlan Hashim	95	–	46	–	3	144
Tun Mohammed Hanif Omar	315	–	100	–	–	415
Tan Sri Datuk Dr Aris Osman @ Othman	165	–	169	–	–	334
Tan Sri Datuk Clifford Francis Herbert	315	–	253	–	–	568
Shayne Cary Elliott	71	–	8	–	–	79
Gilles Planté	90	–	64	–	–	154
Allistair Marshall Bulloch	–	–	–	–	–	–
Mark David Whelan*	90	–	38	–	–	128
Soo Kim Wai	90*	–	32	–	–	122
Dato' Gan Nyap Liou @ Gan Nyap Liow	240	–	216	–	–	456
Dato' Rohana binti Mahmood	155	–	55	–	–	210
Alexander Vincent Thursby	4	–	–	–	–	4
	2,285	–	3,330	–	50	5,665
Total Directors' remuneration	**2,493**	**1,794**	**5,838**	**1,364**	**122**	**11,611**

36. DIRECTORS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the directors of the Company are as follows:

31 March 2015	Remuneration received from Company Fees RM'000	Salaries RM'000	Other Emolument RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Director:						
Dato' Seri Ahmad Johan bin Mohammad Raslan	62	–	10	–	–	72
Ashok Ramamurthy**	–	–	–	–	–	–
	62	–	10	–	–	72
Non-Executive Directors:						
Tan Sri Azman Hashim	210	–	1,451	–	38	1,699
Dato' Azlan Hashim	210	–	44	–	12	266
Tun Mohammed Hanif Omar	200	–	38	–	–	238
Tan Sri Datuk Dr Aris Osman @ Othman	200	–	96	–	–	296
Tan Sri Datuk Clifford Francis Herbert	200	–	104	–	–	304
Dato' Rohana binti Mahmood	200	–	56	–	–	256
Dato' Gan Nyap Liou @ Gan Nyap Liow	150	–	56	–	–	206
Soo Kim Wai	200*	–	39	–	–	239
Shayne Cary Elliott*	200	–	16	–	–	216
Mark David Whelan*	200	–	40	–	–	240
Gilles Planté*	104	–	32	–	–	136
Chin Yuen Yin	39	–	13	–	–	52
Suzette Margaret Corr*	37	–	9	–	–	46
Allistair Marshall Bulloch	–	–	2	–	–	2
	2,150	–	1,996	–	50	4,196
Total Directors' remuneration	**2,212**	**–**	**2,006**	**–**	**50**	**4,268**

31 March 2014	Remuneration received from Company Fees RM'000	Salaries RM'000	Other Emolument RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Director:						
Ashok Ramamurthy**	–	–	–	–	–	–
	–	–	–	–	–	–
Non-Executive Directors:						
Tan Sri Azman Hashim	100	–	1,461	–	47	1,608
Dato' Azlan Hashim	95	–	46	–	3	144
Tun Mohammed Hanif Omar	90	–	37	–	–	127
Tan Sri Datuk Dr Aris Osman @ Othman	90	–	96	–	–	186
Tan Sri Datuk Clifford Francis Herbert	90	–	78	–	–	168
Shayne Cary Elliott	71	–	8	–	–	79
Gilles Planté	90	–	64	–	–	154
Allistair Marshall Bulloch	–	–	–	–	–	–
Mark David Whelan*	90	–	38	–	–	128
Soo Kim Wai	90*	–	32	–	–	122
Dato' Gan Nyap Liou @ Gan Nyap Liow	90	–	75	–	–	165
Dato' Rohana binti Mahmood	90	–	45	–	–	135
Alexander Vincent Thursby	4	–	–	–	–	4
	990	–	1,980	–	50	3,020
Total Directors' remuneration	**990**	**–**	**1,980**	**–**	**50**	**3,020**

* Paid to the respective companies to which they represent
** Paid by a subsidiary

37. ACQUISITION AND BUSINESS EFFICIENCY EXPENSES

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Business efficiency costs:		
Personnel costs	42,793	7,422
Professional fees	19,178	19,014
Depreciation of property and equipment (Note 19)	3,682	2,215
Amortisation of intangible assets (Note 20)	499	206
Others	2,284	422
	68,436	**29,279**

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Allowance for impaired loans, advances and financing:		
Individual allowance, net	91,026	216,720
Collective allowance, net	504,597	602,488
Recovery from loans sold to Danaharta	(1,732)	(2,950)
Impaired loans, advances and financing:		
Recovered, net	(624,425)	(748,498)
	(30,534)	**67,760**

39. IMPAIRMENT LOSSES/(WRITEBACK) ON FINANCIAL INVESTMENTS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Financial investments available-for-sale	(13)	12,606
Financial investments held-to-maturity	2,554	(6,046)
	2,541	**6,560**

40. TAXATION AND ZAKAT

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Current tax:				
Estimated current tax payable	531,888	514,020	1,197	2,147
Under/(Over) provision in prior years	(7,279)	30,429	–	2,734
	524,609	544,449	1,197	4,881
Deferred tax:				
Origination and reversal of temporary differences	44,887	9,692	–	–
(Over)/Under provision in prior years	(14,922)	21,886	–	–
Effect of change in tax rate	3,749	–	–	–
	33,714	31,578	–	–
Taxation	558,323	576,027	1,197	4,881
Zakat	1,404	1,156	–	–
	559,727	**577,183**	**1,197**	**4,881**

Domestic income tax is calculated at the statutory tax rate of 25.0% (2014: 25.0%) on the estimated chargable profit for the financial year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The income tax rate will be reduced to 24.0% effective year of assessment 2016. The computation of deferred tax for the current financial year is based on the tax rate of 24.0% (tax rate of 25.0% for 2014).

A reconciliation of the taxation applicable to profit before taxation and zakat at the statutory tax rate to taxation at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Profit before taxation and zakat	2,604,280	2,448,238	1,311,673	581,086
Taxation at Malaysian statutory tax rate of 25.0% (2014: 25.0%)	651,070	612,060	327,918	145,272
Effect of different tax rates in Labuan and certain subsidiaries	(12,779)	(18,803)	–	–
Deferred tax relating to changes in tax rates	3,749	–	–	–
(Over)/Under provision of income tax in prior years	(7,279)	30,429	–	2,734
Income not subject to tax	(128,375)	(121,724)	(346,264)	(164,296)
Expenses not deductible for tax purposes	66,890	113,690	19,543	21,171
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	–	(68,495)	–	–
Deferred tax asset/Tax recoverable recognised on income subject to tax remission	(3,571)	(2,745)	–	–
(Over)/Under provision of deferred tax in prior years	(14,922)	21,886	–	–
Deferred tax assets not recognised	1,337	15,048	–	–
Tax provision for potential tax liability	3,000	–	–	–
Tax on share in results of associates and joint ventures	(797)	(5,319)	–	–
Taxation for the financial year	**558,323**	**576,027**	**1,197**	**4,881**

41. OTHER COMPREHENSIVE INCOME/(LOSS)

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000	Company 31 March 2015 RM'000	Company 31 March 2014 RM'000
Items that may be reclassified to income statement					
Translation of foreign operations		60,237	14,290	–	–
		60,237	14,290	–	–
Cash flow hedge:					
Gains/(Losses) arising during the financial year		(7,069)	24,114	–	–
Less: Reclassification adjustments for loss/(gains) included in the income statement		2,397	(3,216)	–	–
		(4,672)	20,898	–	–
Financial investments available-for-sale					
Gains/(Losses) arising during the financial year		120,046	(11,050)	–	–
Share of reserve in equity accounted joint ventures		3,303	–	–	–
Less: Reclassification adjustments for gains included in the income statement		(56,980)	(96,254)	–	–
		66,369	(107,304)	–	–
Items that will not be reclassified to income statement					
Remeasurement of defined benefit liability		1,016	1,942	–	–
Total other comprehensive income/(loss)		122,950	(70,174)	–	–
Income tax relating to other comprehensive income/(loss)	(a)	(13,362)	20,024	–	–
		109,588	**(50,150)**	**–**	**–**

(a) Income tax effects relating to other comprehensive income/(loss)

Group	Before tax RM'000	Tax credit/ (charge) RM'000	Net of tax RM'000
31 March 2015			
Foreign exchange differences on translating foreign operations	60,237	–	60,237
Net movement on cash flow hedge	(4,672)	1,161	(3,511)
Financial investments available-for-sale	66,369	(14,299)	52,070
Remeasurement of defined benefit liability	1,016	(224)	792
	122,950	**(13,362)**	**109,588**
31 March 2014			
Foreign exchange differences on translating foreign operations	14,290	–	14,290
Net movement on cash flow hedge	20,898	(5,224)	15,674
Financial investments available-for-sale	(107,304)	25,734	(81,570)
Remeasurement of defined benefit liability	1,942	(486)	1,456
	(70,174)	**20,024**	**(50,150)**

42. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Net profit attributable to equity holders of the Company	1,918,630	1,782,380
Weighted average number of ordinary shares in issue	3,014,185	3,014,185
Effect of ordinary shares purchased for the ESS, net of number vested to eligible executives	(8,333)	(8,186)
	3,005,852	**3,005,999**
Basic earnings per share (sen)	63.83	59.29

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue during the year plus dilutive effect of share options vested but not exercised by eligible executives under the ESS as at the reporting date.

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Net profit attributable to equity holders of the Company	1,918,630	1,782,380
Weighted average number of ordinary shares in issue (as in (a) above)	3,005,852	3,005,999
Effect of executives' share scheme	687	1,917
	3,006,539	**3,007,916**
Diluted earnings per share (sen)	63.82	59.26

43. DIVIDENDS

Dividends paid and proposed by the Company are as follows:

	RM'000
In respect of financial year ended 31 March 2015	
Interim single-tier dividend of 12.0% on 3,014,184,844 ordinary shares of RM1.00 each	361,702
Proposed final single-tier dividend of 15.3% on 3,014,184,844 ordinary shares of RM1.00 each	461,170
In respect of financial year ended 31 March 2014	
Interim single-tier dividend of 7.2% on 3,014,184,844 ordinary shares of RM1.00 each	217,021
Final single-tier dividend of 16.9% on 3,014,184,844 ordinary shares of RM1.00 each	509,397

43. DIVIDENDS (CONT'D.)

(a) Proposed final dividend

The directors propose payment of a final single-tier dividend of 15.3% in respect of the current financial year ended 31 March 2015, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 March 2016.

(b) Dividends paid during the financial year

During the financial year, the Company paid a final single-tier dividend of 16.9% in respect of financial year ended 31 March 2014 amounting to RM509,397,243 on 12 September 2014 to shareholders whose names appeared in the Record of Depositors on 29 August 2014.

An interim single-tier dividend of 12.0% for the financial year ended 31 March 2015 amounting to RM361,702,181 was paid on 16 December 2014 to shareholders whose names appeared in the Record of Depositors on 4 December 2014.

(c) Dividends paid by the Company's subsidiaries to non-controlling interests

Dividends paid by the Company's subsidiaries to non-controlling interests amounted to RM600,000 during the financial year ended 31 March 2015 (31 March 2014: RM11,392,000).

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial or operational decisions, vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and the Company are:

(i) Subsidiaries

Transactions between the Company and its subsidiaries which are related parties of the Company, have been eliminated on consolidation. Details of subsidiaries are shown in Note 16.

(ii) Associates and Joint Ventures

Details of associates and joint ventures are disclosed in Note 17.

(iii) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly. The key management personnel of the Group and the Company include Executive and Non-Executive Directors of the Company and certain members of senior management of the Group and heads of major subsidiaries (including close member of their families) of the Group.

(iv) Companies in which certain directors have substantial financial interest

These are entities in which significant voting power in such entities directly or indirectly resides with certain Directors of the Company.

(v) Companies which have significant influence over the Group

These are entities who are substantial shareholders of the Company.

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Subsidiaries		Associates		Key management personnel		Companies in which certain Directors have substantial financial interest		Companies which have significant influence over the Group	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Group										
Income										
Interest on loans, advances and financing	–	–	–	–	48	83	–	–	–	–
	–	**–**	**–**	**–**	**48**	**83**	**–**	**–**	**–**	**–**
Expenses										
Interest on deposits	–	–	–	–	1,334	1,120	–	–	–	–
Rental of premises	–	–	45,858	47,468	–	–	6,184	6,567	–	–
Insurance premiums	–	–	–	–	–	–	24,506	29,235	–	–
Travelling expenses	–	–	–	–	–	–	5,140	6,288	–	–
Computer maintenance	–	–	–	–	–	–	1,321	221	13,146	9,117
Europay, Mastercard, Visa card personalization, fulfilment services	–	–	4,459	–	–	–	499	357	–	–
Food and beverage	–	–	–	–	–	–	–	18	–	–
Information service provider	–	–	–	–	–	–	639	802	–	–
Marketing	–	–	–	–	–	–	8	–	–	–
Training and consultancy	–	–	–	–	–	–	995	4,305	–	–
	–	**–**	**50,317**	**47,468**	**1,334**	**1,120**	**39,292**	**47,793**	**13,146**	**9,117**
Company										
Income										
Interest on deposits	4,655	8,789	–	–	–	–	–	–	–	–
Investment income	3,609	5,603	–	–	–	–	–	–	–	–
Dividend income – gross	1,381,267	651,579	–	–	–	–	–	–	–	–
	1,389,531	665,971	–	–	–	–	–	–	–	–
Expenses										
Service transfer pricing	443	417	–	–	–	–	–	–	–	–
	443	**417**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(b) The significant outstanding balances of the Group and the Company with its related parties are as follows:

	Subsidiaries		Associates		Key management personnel		Companies in which certain Directors have substantial financial interest		Companies which have significant influence over the Group	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Group										
Amount due from:										
Loans (hire purchase, credit card, personal loan and housing loan)	–	–	–	–	1,657	5,267	–	–	–	–
Amount due to:										
Deposits and placements	–	–	–	–	68,043	60,171	–	–	–	–
	–	**–**	**–**	**–**	**69,700**	**65,438**	**–**	**–**	**–**	**–**
Company										
Amount due from:										
Cash and short-term funds	12,460	53,185	–	–	–	–	–	–	–	–
Deposits and placements with banks and other financial institutions	25,131	212,103	–	–	–	–	–	–	–	–
Interest receivables	49	647	–	–	–	–	–	–	–	–
Amount due from subsidiaries	15,043	18,584	–	–	–	–	–	–	–	–
	52,683	**284,519**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amount due to:										
Deposits and placements	–	–	–	–	–	–	–	–	128,107	–
Amount due to subsidiaries	112	9,009	–	–	–	–	–	–	–	–
Interest payable	–	–	–	–	–	–	–	–	36	–
Other liabilities	28,431	33,007	–	–	–	–	–	–	163	–
	28,543	**42,016**	**–**	**–**	**–**	**–**	**–**	**–**	**128,306**	**–**

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(c) There were no granting of loans to the Directors of the Company. Loans made to other key management personnel of the Group is on similar terms and conditions generally available to other employees within the Group. All related party transctions are conducted at arm's length basis and on normal commercial term which are not more favourable than those generally available to the public. No provisions have been recognised in respect of loans given to key management personnel (2014: Nil).

(d) Key management personnel compensation

The remuneration of Directors of the Company and other key management personnel during the financial year are as follows:

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Directors:				
Fees	5,443	2,493	2,212	990
Salaries and other remuneration	8,185	8,996	2,006	1,980
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	92	122	50	50
Total short-term employee benefits	**13,720**	**11,611**	**4,268**	**3,020**
Other key management personnel:				
Salaries and other remuneration	33,712	36,847	–	–
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	915	1,384	–	–
Total short-term employee benefits	**34,627**	**38,231**	**–**	**–**

45. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	31 March 2015	31 March 2014
Outstanding credit exposures with connected parties (RM'000)	3,298,414	2,947,092
Percentage of outstanding credit exposures to connected parties:		
as a proportion of total credit exposures (%)	3.22	2.85
which is impaired or in default (%)	0.42	0.20

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

Based on these guidelines, a connected party refers to the following:

(i) Directors of AmBank, AmInvestment Bank and AmBank Islamic ("the Banks") and their close relatives;

(ii) Controlling shareholder and his close relatives;

(iii) Influential shareholder and his close relatives;

(iv) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Banks, and his close relatives;

(v) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;

(vi) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (v) above, or in which they have an interest as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

45. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES (CONT'D.)

(vii) Any person for whom the persons listed in (i) to (v) above is a guarantor; and

(viii) Subsidiary of or an entity controlled by the Banks and their connected parties.

Credit transactions and exposures to connected parties as disclosed above include the extension of credit facilities and/or commitments and contingencies transactions that give rise to credit/counterparty risk, the underwriting and acquisition of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions not more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

46. FIDUCIARY DUTY IN RESPECT OF INVESTMENT PORTFOLIO MANAGEMENT

Investment portfolio funds managed by the Group on behalf of customers as at 31 March 2015 amounted to RM46,246,500,000 (2014: RM41,731,170,000).

47. CAPITAL COMMITMENTS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Authorised and contracted:		
Purchase of office equipment, IT equipment and solutions	63,747	24,175
Purchase of leasehold improvements	3,075	10,042
	66,822	34,217
Authorised but not contracted for:		
Purchase of office equipment, IT equipment and solutions	145,066	95,431
Purchase of other investments	–	6,364
	145,066	101,795
	211,888	**136,012**

48. OPERATING LEASE COMMITMENTS

The Group has lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. The future minimum lease payments under the non-cancellable operating lease, net of sub-leases are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Within one year	111,659	109,116
Between one and five years	59,936	101,210
More than five years	17	5,236
	171,612	**215,562**

The minimum lease rentals are not adjusted for operating expenses which the Group is obligated to pay. These amounts are insignificant in relation to the minimum lease obligations. In the normal course of business, leases that expire will be renewed or replaced by leases on other properties, thus it is anticipated that future annual minimum lease commitments will not be less than the rental expenses for the financial year.

49. COMMITMENTS AND CONTINGENCIES

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

As at the reporting date, the principal/notional amounts of commitments and contingencies are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	15,126,229	17,895,665
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,970,928	6,169,893
Unutilised credit card lines	3,955,894	4,235,678
Forward asset purchases	824,066	275,872
	24,877,117	28,577,108
Contingent Liabilities		
Direct credit substitutes	996,116	1,336,108
Transaction related contingent items	6,355,902	5,370,402
Obligations under underwriting agreements	250,000	296,375
Short term self liquidating trade related contingencies	715,135	677,065
	8,317,153	7,679,950
Derivative Financial Instruments		
Interest/Profit rate related contracts:	43,862,385	39,142,179
One year or less	4,922,517	4,332,039
Over one year to five years	31,036,563	28,559,303
Over five years	7,903,305	6,250,837
Foreign exchange related contracts:	38,377,491	26,715,670
One year or less	33,926,800	22,768,828
Over one year to five years	2,500,277	3,051,273
Over five years	1,950,414	895,569
Credit related contracts:	654,404	612,486
One year or less	–	–
Over one year to five years	327,515	306,519
Over five years	326,889	305,967
Equity and commodity related contracts:	676,506	751,538
One year or less	606,676	420,433
Over one year to five years	69,830	331,105
Over five years	–	–
	83,570,786	67,221,873
	116,765,056	**103,478,931**

49. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

(a) The Company has given unsecured guarantees amounting to RM150,000,000 (2014: RM150,000,000) on behalf of AmFutures Sdn Bhd for the payment and discharge of all monies due on trading accounts maintained by customers.

(b) AmBank (M) Berhad has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") on behalf of AmLabuan Holdings (L) Ltd (formerly known as AmInternational (L) Ltd) ("AMIL"), a wholly owned offshore banking subsidiary to meet all its liabilities and financial obligations and requirements. AMIL had surrendered its Labuan banking license with effect from 31 December 2014.

(c) AmTrustee Berhad ("AmTrustee") was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") for alleged loss and damage amounting to RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Malaysian Assurance Alliance Berhad ("MAA") for alleged loss and damages amounting to RM19,602,119.23 together with interest and costs ("MAA Suit"). MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of the insurance funds were deposited by Meridian with AmTrustee. The claim by MAA in the MAA Suit is part of the portion of the claim as mentioned in the above Meridian Suit. Just before the trial proceeded, MAA added Meridian as a Co-Defendant in the MAA Suit.

Proceedings at High Court

AmTrustee was also served on 2 September 2009 with a copy of a Third Party Notice dated 12 August 2009 by solicitors acting for Meridian. The Third Party Notice was taken against AmTrustee by Meridian to indemnify Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007. AmTrustee filed an application to strike out the Third Party Notice. The court allowed AmTrustee's application. Meridian appealed against this decision to the Court of Appeal and the Court of Appeal dismissed the appeal on 1 November 2010 ("Order"). With this Order, AmTrustee is no longer involved in KWAP's claim against Meridian. Decision was handed down by the High Court against Meridian in KWAP's claim on 5 May 2012 for a sum of RM7,254,050.42 with interest on the said sum from the date of the misappropriation of the said sum to the date of judgment and a further interest of 8% on the said sum from the date of judgment to the date of settlement of the judgment sum.

In the MAA Suit, prior to the commencement of the trial, MAA amended its Statement of Claim to include Meridian as a second Defendant. Prior to this MAA's amendment, AmTrustee had already filed a Third Party Notice against Meridian on 6 November 2006 in the MAA Suit seeking indemnification/contribution from Meridian. Meridian in turn filed a counter claim against AmTrustee over AmTrustee's Third Party Notice which in essence introduced the same argument and claim as in their Meridian Suit.

Parties filed several interim applications in the Meridian Suit amongst which was an application by Meridian to:-

- add another subsidiary of the Banking Group, namely AmInvestment Bank Berhad as Co-Defendant; and
- to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84.

The High Court dismissed Meridian's application to add AmInvestment Bank Berhad as a party to the Meridian's Suit Order but allowed Meridian's application to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84. No appeal was filed by Meridian against this Order, hence no litigation is pending today against AmInvestment Bank Berhad by Meridian.

As facts of both the Meridian and MAA suit are similar in nature with the same parties involved, the court has ordered that these two suits are to be heard together.

Trial proceeded on 3rd to 5th of December 2012 and on 10th and 13th December 2012 and continued on 18th to 20th February 2013. Matter was fixed for decision and or clarification on 11 April 2013.

49. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(c) **High Court Decision**
After clarification of the matter on 11 April 2013 the court decided as follows ("High Court Decision"):

In the MAA Suit:

- the court dismissed MAA's claim against AmTrustee with costs of RM100,000.00 and interest at 5% on the cost from the date of the decision to the date of settlement. Meridian on the other hand was found to be fully liable to MAA and was ordered to pay the sum of RM19,602,119.23 with interest from the date of filing of the writ to the date of realization and costs of RM100,000.00 with interest at 5% on the cost from the date of the decision to the date of settlement.

In the Meridian Suit:

- the court found that AmTrustee is liable to contribute and indemnify Meridian for 40% of the amount that Meridian has been found liable to MAA and KWAP.

This essentially means that Meridian has to pay MAA and KWAP for all the damages claimed by MAA and KWAP and AmTrustee has to pay 40% of that amount that Meridian has paid to MAA and KWAP. Court further awarded Meridian to pay AmTrustee cost of RM20,000.00.

Proceedings at Court of Appeal
Both Meridian and MAA to date have filed their appeals against the Decision on 8 May 2013 and 9 May 2013 respectively. The appeals were called up for Case Management on 20 June 2013, wherein parties were directed to take steps prior to the actual hearing of the appeals and is now refixed for further Case Management on 6 August 2013.

AmTrustee obtained solicitors advice on MAA appeal and Meridian appeal. AmTrustee's solicitors advised AmTrustee to file its cross appeals against MAA's appeal and Meridian's appeal so as to reduce AmTrustee's 40% contribution of amount that Meridian has paid to MAA and KWAP. AmTrustee's solicitors are of the view that AmTrustee has a fair chance of succeeding in its cross-appeals.

On 6 August 2013, the Court of Appeal ordered MAA and Meridian to file their Supplementary Record of Appeal by 23 August 2013 and AmTrustee to file its notice of cross-appeals by 2 September 2013.

On 23 August 2013, MAA and Meridian filed their Supplementary Record of Appeal on 23 August 2013 and AmTrustee filed its notice of cross-appeals on 30 August 2013.

Altogether, there will be 6 appeals by the parties in the Court of Appeal:

MAA Suit:	(i)	MAA's appeal against the Decision in the MAA Suit;
	(ii)	Meridian's appeal against the Decision in the MAA Suit;
	(iii)	AmTrustee's cross-appeal against MAA's appeal in the MAA Suit;
	(iv)	AmTrustee's cross-appeal against Meridian's appeal in the MAA Suit;
Meridian's Suit:	(v)	Meridian's appeal against the Decision in the Meridian Suit;
	(vi)	AmTrustee's appeal against Meridian's appeal in the Meridian Suit.

The Court of Appeal was fixed the appeals for further case management on 5 September 2013 for parties to update Court of Appeal on the status of their appeals. On 5 September 2013 the Court of Appeal fixed 29 January 2014 for the parties to file Written Submissions. The Court of Appeal also had fixed the hearing on the appeals and cross appeals on 14 February 2014.

On 22 November 2013, the Court of Appeal notified that hearing for the appeals is now re-scheduled to 21 April 2014.

On 13 January 2014, the Court of Appeal informed that:
(i) the originally fixed appeal hearing date of 21 April 2014 was vacated;
(ii) all parties shall file their written submission for the appeals by 5 May 2014;
(iii) the appeals by MAA, Meridian and AmTrustee in the MAA Suit and Meridian Suit, together with Meridian's appeal in the KWAP -V- Meridian case, will now be heard on 19 May 2014.

49. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(c) **High Court Decision (Cont'd.)**

Court of Appeal Decision
On 19 May 2014, the Court of Appeal heard the appeals by all parties on 19 May 2014. On 20 May 2014, the Court of Appeal gave its decision as follows ("Court of Appeal Decision"):

MAA Suit: - MAA's appeal against the High Court Decision was allowed;
- Meridian's appeal against the High Court Decision was dismissed;
- AmTrustee's cross-appeal against MAA's appeal was dismissed;
- AmTrustee's cross-appeal against Meridian's appeal was dismissed.

Meridian's Suit: - Meridian's appeal against the High Court Decision was dismissed;
- AmTrustee's appeal against Meridian's appeal was dismissed.

On 28 May 2014, MAA and AmTrustee had agreed to the stay of execution of the Court of Appeal Decision pending the disposal of AmTrustee's application for leave to appeal to Federal Court ("Leave Application").

Proceedings at Federal Court
On 17 June 2014, AmTrustee filed its notice of motion for the Leave Application at Federal Court. AmTrustee's Leave Application is now fixed for case management on 9 February 2015. On 9 February 2015, the Court fixed the Leave Application for case management on 11 May 2015, pending the availability of grounds of judgment. On 8 April 2015, Grounds of Judgment was issued and the Federal Court has fixed the Leave Application for case management on 21 April 2015. At the case management on 21 April 2015, AmTrustee's Leave Application was fixed for hearing before the Federal Court on 1 July 2015.

(d) As at 31 March 2015, AmFutures Sdn Bhd ("AmF") and AmInvestment Bank Berhad ("AMIB") were served with a total of 19 suits by 19 individuals ("Claimants") in relation to a purported investment scheme called Futures Crude Palm Oil ("Alleged Scheme") allegedly offered by person(s) unknown to AmF and AMIB to the Claimants. In the suits, the Claimants claim for the return of their alleged principal investment sum and the return of investment in the Alleged Scheme.

The parties to the suits had agreed that trial of one test case to be heard first by the Court and the decision in the test case shall be binding on all the other suits filed by the Claimants. The trial hearing dates for the test case is fixed on from 27 April 2015 to 29 April 2015. Decision for the test case trials has been fixed on 9 June 2015. Solicitors for AmF and AMIB is of the view that AmF and AMIB have a good chance of successfully defending the suits.

(e) During the year, AmMetLife Insurance Berhad (formerly known as AmLife Insurance Berhad) ("AmMetLife") received complaints from 9 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. The Company was notified of these complaints by way of letter dated 10 April 2015 from MetLife International Holdings, Inc. ("MetLife"), the Company's co-shareholder in AmMetLife. The Company and MetLife are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

Under the terms for the sale by the Company to MetLife of shares in AmMetLife, the Group would fully indemnify MetLife or AmMetLife from any losses arising from incidences of mis-selling of certain specified insurance products occurring prior to the share sale (see Note 58(1) for further details).

50. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Group 31 March 2015	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
ASSETS			
Cash and short-term funds	10,758,600	–	10,758,600
Deposits and placements with banks and other financial institutions	4,068,819	–	4,068,819
Derivative financial assets	782,954	654,583	1,437,537
Financial assets held-for-trading	4,674,223	–	4,674,223
Financial investments available-for-sale	4,755,116	5,632,159	10,387,275
Financial investments held-to-maturity	518,485	3,346,023	3,864,508
Loans, advances and financing	30,419,957	55,753,838	86,173,795
Receivables: Investments not quoted in active markets	–	551,163	551,163
Statutory deposits with Bank Negara Malaysia	–	3,214,591	3,214,591
Deferred tax assets	–	83,434	83,434
Investment in associate and joint ventures	–	662,273	662,273
Other assets	2,686,515	980,530	3,667,045
Reinsurance, retakaful assets and other insurance receivables	291,320	142,609	433,929
Investment properties	–	7,713	7,713
Property and equipment	–	266,562	266,562
Intangible assets	–	3,348,121	3,348,121
Assets held for sale	204,236	–	204,236
TOTAL ASSETS	**59,160,225**	**74,643,599**	**133,803,824**
LIABILITIES			
Deposits and placements of banks and other financial institutions	2,023,514	278,150	2,301,664
Recourse obligation on loans and financing sold to Cagamas Berhad	832,355	1,937,230	2,769,585
Derivative financial liabilities	765,553	619,925	1,385,478
Deposits from customers	87,997,884	4,132,165	92,130,049
Term funding	245,905	8,056,449	8,302,354
Debt capital	764,281	3,816,292	4,580,573
Redeemable cumulative convertible preference share	–	198,821	198,821
Deferred tax liabilities	–	116,557	116,557
Other liabilities	3,777,301	140,374	3,917,675
Insurance, takaful contract liabilities and other insurance payables	2,410,570	134,079	2,544,649
Liabilities directly associated with assets held for sale	48,995	–	48,995
TOTAL LIABILITIES	**98,866,358**	**19,430,042**	**118,296,400**

50. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

Group 31 March 2014 (Restated)	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
ASSETS			
Cash and short-term funds	10,287,346	–	10,287,346
Deposits and placements with banks and other financial institutions	1,062,474	648	1,063,122
Derivative financial assets	92,908	435,902	528,810
Financial assets held-for-trading	3,836,161	–	3,836,161
Financial investments available-for-sale	7,142,403	4,498,443	11,640,846
Financial investments held-to-maturity	522,406	3,276,159	3,798,565
Loans, advances and financing	28,534,761	58,635,816	87,170,577
Receivables: Investments not quoted in active markets	–	168,830	168,830
Statutory deposits with Bank Negara Malaysia	–	3,122,961	3,122,961
Deferred tax assets	–	127,121	127,121
Investment in associate and joint venture	–	252,475	252,475
Other assets	2,568,652	832,127	3,400,779
Reinsurance, retakaful assets and other insurance receivables	84,830	388,182	473,012
Investment properties	–	7,713	7,713
Property and equipment	–	351,468	351,468
Intangible assets	–	3,383,662	3,383,662
Assets held for sale	3,126,042	–	3,126,042
TOTAL ASSETS	**57,257,983**	**75,481,507**	**132,739,490**
LIABILITIES			
Deposits and placements of banks and other financial institutions	3,738,798	382,125	4,120,923
Recourse obligation on loans and financing sold to Cagamas Berhad	662,791	2,655,472	3,318,263
Derivative financial liabilities	137,409	403,815	541,224
Deposits from customers	85,507,040	4,191,838	89,698,878
Term funding	3,199,153	3,445,488	6,644,641
Debt capital	–	4,766,198	4,766,198
Redeemable cumulative convertible preference share	–	193,137	193,137
Deferred tax liabilities	–	116,870	116,870
Other liabilities	3,521,251	320,318	3,841,569
Insurance, takaful contract liabilities and other insurance payables	1,749,100	818,931	2,568,031
Liabilities directly associated with assets held for sale	2,835,367	–	2,835,367
TOTAL LIABILITIES	**101,350,909**	**17,294,192**	**118,645,101**

50. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONT'D.)

Company 31 March 2015	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
ASSETS			
Cash and short-term funds	12,464	–	12,464
Deposits and placements with banks and other financial institutions	25,131	–	25,131
Financial investments available-for-sale	–	110,704	110,704
Investment in subsidiaries and other investments	–	9,507,225	9,507,225
Other assets	20,381	–	20,381
Property and equipment	–	536	536
TOTAL ASSETS	**57,976**	**9,618,465**	**9,676,441**
LIABILITIES			
Term funding	206,000	1,000,000	1,206,000
Other liabilities	32,794	8,079	40,873
TOTAL LIABILITIES	**238,794**	**1,008,079**	**1,246,873**

Company 31 March 2014	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
ASSETS			
Cash and short-term funds	53,189	–	53,189
Deposits and placements with banks and other financial institutions	212,103	–	212,103
Financial investments available-for-sale	–	186,834	186,834
Investment in subsidiaries and other investments	–	9,507,225	9,507,225
Other assets	23,894	–	23,894
Property and equipment	–	705	705
TOTAL ASSETS	**289,186**	**9,694,764**	**9,983,950**
LIABILITIES			
Term funding	906,000	1,000,000	1,906,000
Other liabilities	42,588	10,038	52,626
TOTAL LIABILITIES	**948,588**	**1,010,038**	**1,958,626**

51. CAPITAL MANAGEMENT

The capital and risk management of the banking subsidiaries of AMMB Holdings Berhad ("AMMB") are managed collectively at group level. The Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board of Directors. The capital plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained by the Group to support its strategy.

The capital plan takes the following into account:

(a) Regulatory capital requirements:

- forecast demand for capital to support the credit ratings; and
- increases in demand for capital due to business growth and market shocks.

51. CAPITAL MANAGEMENT (CONT'D.)

(b) Or stresses:

- available supply of capital and capital raising options; and
- internal controls and governance for managing the Group's risk, performance and capital.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them. In addition, the models enable the Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

Stress testing and scenario analysis are used to ensure that the Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Group and how these events could be mitigated. The Group's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The Group's assessment of risk appetite is closely integrated with the Group's strategy, business planning and capital assessment processes, and is used to inform senior management's views on the level of capital required to support the Group's business activities.

The Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the Group's management disciplines.

The capital that the Group is required to hold is determined by its statement of financial position, commitment and contingencies, counterparty and other risk exposures after applying collateral and other mitigants, based on the Group's risk rating methodologies and systems. We discuss these outcomes with BNM on a regular basis as part of our normal regulatory liaison activities. BNM has the right to impose further capital requirements on Malaysian Financial Institutions via its Financial Market Supervision remit.

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. Where we operate in other jurisdictions, capital is maintained on the basis of the local regulator's requirements. It is overseen by the Group Asset and Liability Committee ("GALCO"), which is responsible for managing the Group's statement of financial position, capital and liquidity.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board of Directors. The Risk Management Committee of Directors ("RMCD") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels. The Audit and Examination Committee ("AEC") reviews specific risk areas and the issues discussed at the key capital management committees.

GALCO proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. These ranges are 8.5 per cent to 11.5 per cent for the Tier 1 capital ratio and 12.0 per cent to 16.0 per cent for the total capital ratio. The Group has been (knowingly) operating in excess of these ranges for the last 3 years as the Group was conservatively positioned for any repercussions from the Global Financial Crisis.

A dedicated team, the Capital and Balance Sheet Management Department, is responsible for the ongoing assessment of the demand for capital and the updating of the Group's capital plan.

In light of the uncertain economic environment and evolving regulatory debate on banking institutions' capital structures, we believe it is appropriate to remain strongly capitalised above our target ranges.

51. CAPITAL MANAGEMENT (CONT'D.)

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

	31 March 2015			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
Before deducting proposed dividends:				
CET1 Capital ratio	10.653%	9.200%	24.196%	10.975%
Tier 1 Capital ratio	12.446%	9.200%	24.196%	12.245%
Total Capital ratio	16.020%	14.371%	24.196%	16.233%
After deducting proposed dividends:				
CET1 Capital ratio	10.023%	9.200%	22.820%	10.508%
Tier 1 Capital ratio	11.816%	9.200%	22.820%	11.778%
Total Capital ratio	15.390%	14.371%	22.820%	15.766%

	31 March 2014 (Restated)			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
Before deducting proposed dividends:				
CET1 Capital ratio	9.451%	9.829%	16.863%	10.075%
Tier 1 Capital ratio	11.416%	9.829%	16.863%	11.510%
Total Capital ratio	14.913%	15.805%	16.863%	15.818%
After deducting proposed dividends:				
CET1 Capital ratio	9.145%	9.201%	16.863%	9.696%
Tier 1 Capital ratio	11.110%	9.201%	16.863%	11.131%
Total Capital ratio	14.607%	15.178%	16.863%	15.439%

Notes:

- The Group has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, the capital adequacy ratios are computed in accordance with BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which is based on the Basel III capital accord. The minimum regulatory capital adequacy requirements are as follows:

	Transitional arrangements Calendar Year		
	2013	2014	2015 onwards
CET1 Capital ratio	3.5%	4.0%	4.5%
Tier 1 Capital ratio	4.5%	5.5%	6.0%
Total Capital ratio	8.0%	8.0%	8.0%

- Group* figures presented in this Report represent an **aggregation** of the consolidated capital positions and risk weighted assets ("RWA") of our regulated banking institutions. The consolidated positions of each entity are published at www.ambankgroup.com.

- The capital position and RWA of AmBank refers to the combined capital base and RWA of AmBank (M) Bhd and its wholly-owned offshore banking subsidiary, AmLabuan Holdings (L) Ltd (formerly known as AmInternational (L) Ltd). On 31 December 2014, the said subsidiary had ceased to carry on Labuan banking business. Consequently, the above capital adequacy ratios of AmBank as at 31 March 2015 refers to only AmBank's capital base as a ratio of its RWA.

51. CAPITAL MANAGEMENT (CONT'D.)

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

	31 March 2015			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group * RM'000
CET1 Capital				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	–	1,667,029
Retained earnings	4,874,087	747,523	82,533	5,953,934
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	1,323	(6,592)	1,024	(4,309)
Foreign exchange translation reserve	50,585	–	–	87,982
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	–	–	2,800	2,800
Profit equalisation reserve	–	3,904	–	3,904
Capital reserve	–	–	–	2,815
Merger reserve	–	–	–	111,805
Cash flow hedging reserve	(481)	–	–	(481)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	–	–	–	–
Intangible assets	(327,689)	(20)	(1,710)	(337,689)
Deferred tax assets	(98,869)	–	(2,782)	(105,328)
Profit equalisation reserve	–	(3,904)	–	(3,904)
Cash flow hedging reserve	481	–	–	481
55% of cumulative gains of AFS financial instruments	(728)	–	(563)	(1,256)
Regulatory reserve	–	–	(2,800)	(2,800)
Investment in ordinary shares of unconsolidated financial and insurance/ takaful entities	(28,652)	–	(52,370)	(12,846)
Deduction in excess of Tier 2 capital**	–	–	(74,446)	(13,922)
CET1 Capital	**7,214,234**	**2,411,363**	**351,686**	**10,495,815**
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,214,570	–	–	1,214,570
Tier 1 Capital	**8,428,804**	**2,411,363**	**351,686**	**11,710,385**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	350,000	–	750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,310,000	700,000	–	2,010,000
Collective allowance and regulatory reserve	753,172	305,338	4,111	1,059,188
Less: Regulatory adjustments applied on Tier 2 Capital	(42,978)	–	(4,111)	(5,348)
Tier 2 Capital	**2,420,194**	**1,355,338**	**–**	**3,813,840**
Total Capital	**10,848,998**	**3,766,701**	**351,686**	**15,524,225**
Credit RWA	60,253,770	25,790,830	1,122,413	86,924,956
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	–	(1,363,811)	–	(1,363,811)
Total Credit RWA	60,253,770	24,427,019	1,122,413	85,561,145
Market RWA	2,774,466	230,629	16,101	3,122,643
Operational RWA	4,694,931	1,553,441	314,533	6,946,680
Large exposure risk RWA for equity holdings	–	–	438	1,474
Total Risk Weighted Assets	**67,723,167**	**26,211,089**	**1,453,485**	**95,631,942**

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

51. CAPITAL MANAGEMENT (CONT'D.)

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

	31 March 2014 (Restated)			
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	Group * RM'000
CET1 Capital				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	–	1,667,029
Retained earnings	4,408,666	698,125	57,377	5,343,662
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	(72,241)	(18,442)	1,707	(87,776)
Foreign exchange translation reserve	(1,990)	–	–	32,527
Statutory reserve	980,969	483,345	200,000	1,664,314
Profit equalisation reserve	–	1,260	–	1,260
Capital reserve	–	–	–	2,815
Merger reserve	48,516	–	–	111,805
Cash flow hedging reserve	3,029	–	–	3,029
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	–	–	–	(11,243)
Intangible assets	(330,679)	(26)	(1,714)	(336,694)
Deferred tax assets	(51,825)	–	(14,164)	(104,652)
Profit equalisation reserve	–	(1,260)	–	(1,260)
Cash flow hedging reserve	(3,029)	–	–	(3,029)
55% of cumulative gains of AFS financial instruments	–	–	(939)	(968)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(67,722)	–	(25,536)	(6,074)
Deduction in excess of Tier 2 Capital**	–	–	(98,062)	(17,763)
CET1 Capital	**6,676,902**	**2,350,109**	**318,669**	**9,740,268**
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,388,080	–	–	1,388,080
Tier 1 Capital	**8,064,982**	**2,350,109**	**318,669**	**11,128,348**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	350,000	–	750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,557,800	800,000	–	2,357,800
Collective allowance and regulatory reserve	783,541	279,038	4,085	1,063,297
Less: Regulatory adjustments applied on Tier 2 capital	(270,888)	–	(4,085)	(6,535)
Tier 2 Capital	**2,470,453**	**1,429,038**	**–**	**4,164,562**
Total Capital	**10,535,435**	**3,779,147**	**318,669**	**15,292,910**
Credit RWA	62,683,302	22,773,142	1,483,738	86,863,731
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	–	(450,133)	–	(450,133)
Total Credit RWA	62,683,302	22,323,009	1,483,738	86,413,598
Market RWA	2,839,123	68,731	38,766	3,033,666
Operational RWA	4,977,955	1,519,289	366,407	7,088,670
Large exposure risk RWA for equity holdings	143,864	–	875	144,739
Total Risk Weighted Assets	**70,644,244**	**23,911,029**	**1,889,786**	**96,680,673**

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

52. RISK MANAGEMENT

52.1 General Risk Management

The Risk Management Framework takes its lead from the Board of Directors' ("Board") Approved Risk Appetite Framework which provides the catalyst to setting the risk/reward profile required by the Board, together with the related business strategies, limit framework and policies required to enable successful execution.

The Risk Appetite Framework is approved annually by the Board taking into account the Group's desired external rating and targeted profitability/return on equity ("ROE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/amendments taking into account prevailing or expected changes to the operational environment.

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

Board Approved Risk Appetite Statement

The Group strategic goals are to sustain the top quartile return on equity ("ROE"), and to maintain the credit rating of BBB+ or better (from international rating agencies) for the next one to two years. This is supported by sustainable asset quality and continued portfolio diversification within retail, non-retail, and insurance businesses, with greater contribution from non-interest income, complemented by robust management of liquidity, disciplined execution of interest rate risk/rate of return risk in the balance sheet, and with support from strong level of capital.

The Group intends to maintain sufficient quantity and quality of capital in excess of Basel III requirement for Common Equity Tier 1, Tier 1 Capital, and Total Capital. Our capital requirements are robustly tested over a three year period.

We enforce conservative approach to liquidity management, maintaining stable and diversified funding base consistent with Basel 3 liquidity matrix (Net Stable Funds Ratio, and Liquidity Coverage Ratios). Our targeted Adjusted Loan Deposit Ratio is within 90% range with continually improving current account and savings account ("CASA") deposit composition and market share.

The Group manages Operational Risk by setting the operational risk appetite statements and measurements that the Group is willing to tolerate to support its business strategies and objectives. The Group manages its reputational risk by not engaging in any activity that has potential to result in a material event or loss that would be outside the expectations of its stakeholders. The Group also manages its by setting positive compliance culture and ensuring that the letter and spirit of regulatory requirements, applicable laws, rules, and standards in the respective jurisdictions are complied with.

The Group manages Shariah risk by ensuring that its operations, business, affairs and activities are in compliance with rulings of the BNM's Shariah Advisory Council ("SAC") and the bank's Shariah Committee.

The Group manages trading activities by instituting appropriate governance, culture, and controls to promote acceptable trading behaviour.

Risk Management Governance

The Board is ultimately responsible for the management of risks within the Group. The Risk Management Committee of Directors is formed to assist the Board in discharging its duties in overseeing the overall management of all risks covering market risk management, liquidity risk management, credit risk management and operational risk management.

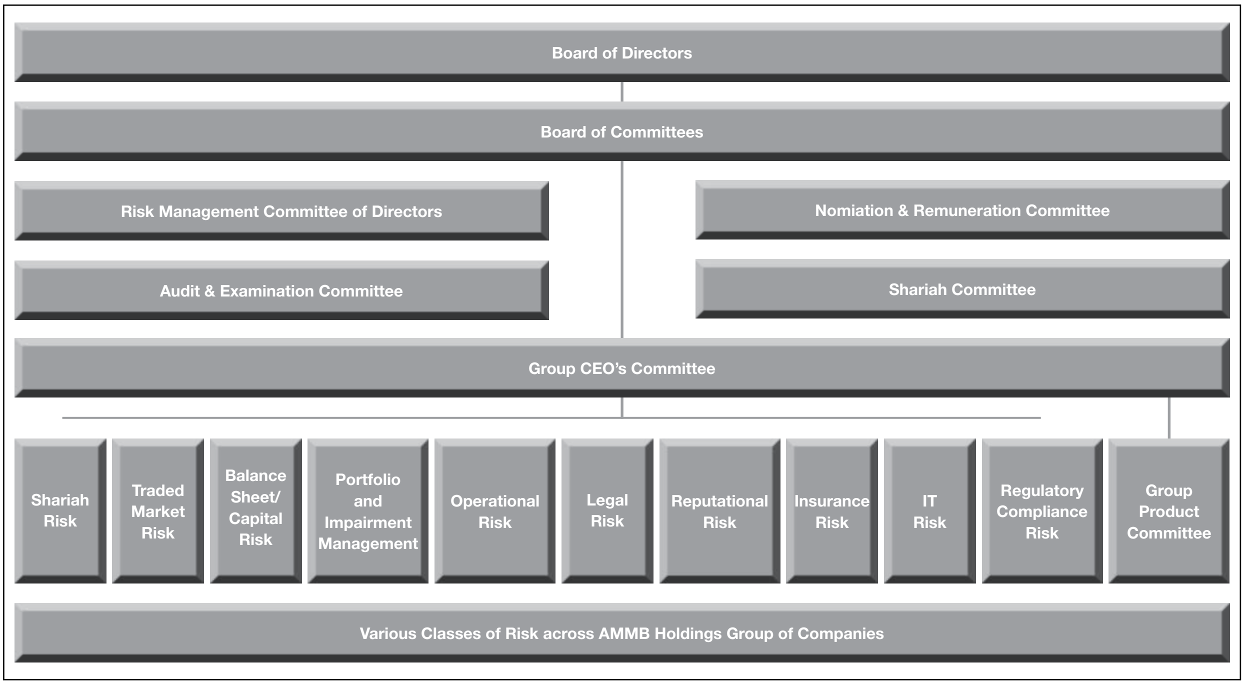
The Board has also established the Group CEOs Committee to assist it in managing the risks and businesses of the Group. The committee addresses all classes of risk within its Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, Shariah risk, compliance risk, reputational risk, product risk and business and IT risk.

In July 2013, the Group Product Committee ("GPC") was re-established as a sub-committee of the Group CEOs Committee. The GPC is to oversee activities in managing products for the Group; and to advise and report to the Group CEOs Committee on product related matters.

The following chart sets out the organisational structure of the Group CEOs Committee and an overview of the Group CEOs Committee's roles and responsibilities.

52. RISK MANAGEMENT (CONT'D.)

52.1 General Risk Management (Cont'd.)



Strategic Risk
Strategic risk is the risk of not achieving the Group's corporate strategic goals. The Group's overall strategic planning reflects the Group's vision and mission, taking into consideration the Group's internal capabilities and external factors.

The Board is actively involved in setting of strategic goals, and is regularly updated on matters affecting corporate strategy implementation and corporate projects/initiatives.

Reputational Risk
The Group recognises that maintaining its reputation among clients, investors, regulators and the general public is an important aspect of minimising legal and operational risk. Maintaining our reputation depends on a large number of factors, including the selection of our clients and business partners and the conduct of our business activities.

The Group seeks to maintain its reputation by screening potential clients and business partners and by conducting our business activities in accordance with high ethical standards and regulatory requirements.

52.2 Credit Risk Management

The credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD") • Exposure at default ("EAD")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits, Benchmark Returns • Collateral & tailored facility structures
Monitoring/ Review	• Monitor and report portfolio mix • Review customer under Watchlist • Undertake post mortem review

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending/financing, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions as well as Shariah compliance risk.

The primary objective of credit risk management is to maintain accurate risk recognition-identification and measurement, to ensure that credit risk exposure is in line with the Group's Risk Appetite Framework and related credit policies.

For non-retail credits, risk recognition begins with an assessment of the financial standing of the borrower or counterparty using credit rating model. The model consists of quantitative and qualitative scores that are then translated into rating grades. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Group's credit exposures.

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes.

To support credit risk management, our rating models for major portfolios have been upgraded to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- loan loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Lending/financing activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board. The Group's Risk Appetite Framework is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix. Credit Risk portfolio management strategies include, amongst others:

- Concentration threshold/review trigger:
  - single counterparty credit;
  - industry sector; and
  - country
- Asset writing strategies for industry sectors and portfolio composition (by Risk Grade and Security Indicator);
- Setting Loan/Financing to Value limits for asset backed loans/financing (i.e., property exposures and other collateral);
- Watch-list processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers; and
- Setting Benchmark Returns which serve as a guide to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

Individual credit risk exposure exceeding certain thresholds are escalated to Credit and Commitments Committee ("CACC") for approval. In the event such exposure exceeds CACC authority it will be reported to Executive Committee of Directors ("EXCO"). Portfolio credit risk is reported to the relevant management and board committees.

The Group CEOs Committee regularly meets to review the quality and diversification of the Group's loan/financing portfolio, approve new and amended credit risk policy, and review the portfolio risk profile against the Group Risk Appetite Framework ("GRAF").

Group Risk prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan/financing delinquency buckets and exposures by industry sectors are reported monthly by Group Risk to executive management and to all meetings of the Board.

The Group applies the Standardised Approach to determine the regulatory capital charge related to credit risk exposure.

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

MAXIMUM CREDIT RISK EXPOSURE AND CONCENTRATION

Credit Risk Exposure and Concentration
The Group's concentrations of risk are managed by industry sector, risk grade asset quality and single customer limit. The Group applies single customer limits ("SCL") to monitor the large exposures to single counterparty risk.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements equals the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For committed facilities which are undrawn, the maximum exposure to credit risk is the full amount of the committed facilities.

The following tables show the maximum exposure to credit risk from financial instruments, including derivatives, by industry and by geography, before taking into account of any collateral held or other credit enhancements.

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

52.2.1a Industry Analysis

Group 31 March 2015	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale, retail trade, restaurant and hotel RM'000	Transport, storage and communication RM'000	Finance and insurance RM'000	Government and central bank RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	–	–	–	–	–	–	–	4,332,516	6,426,084	–	–	–	–	–	10,758,600
Deposits and placements with banks and other financial institutions	–	–	–	–	–	–	–	4,068,819	–	–	–	–	–	–	4,068,819
Derivative financial assets	2,090	82,303	100,213	–	5,613	9,168	8,031	1,191,908	–	2,399	35,684	126	–	2	1,437,537
Financial assets held-for-trading	–	56,227	–	19,592	15,143	–	40,504	2,802,619	1,322,287	141,162	–	–	–	94,914	4,492,448
Money Market Securities	–	–	–	–	–	–	–	119,109	1,303,586	–	–	–	–	–	1,422,695
Quoted Private Debt Securities	–	–	–	–	–	–	–	39,394	–	–	–	–	–	–	39,394
Unquoted Private Debt Securities	–	56,227	–	19,592	15,143	–	40,504	2,644,116	18,701	141,162	–	–	–	94,914	3,030,359
Financial investments available-for-sale	67,991	200,793	110,771	183,722	1,175,875	94,854	274,612	4,973,437	1,711,833	178,837	88,878	–	55,765	375,195	9,492,563
Money Market Securities	–	–	–	–	–	–	–	3,645,964	1,601,035	–	–	–	–	–	5,246,999
Unquoted Private Debt Securities	67,991	200,793	110,771	183,722	1,175,875	94,854	274,612	1,327,473	110,798	178,837	88,878	–	55,765	375,195	4,245,564
Financial investments held-to-maturity	–	–	–	–	1,391,876	–	45,000	417,467	2,010,166	–	–	–	–	–	3,864,509
Money Market Securities	–	–	–	–	–	–	–	–	518,486	–	–	–	–	–	518,486
Unquoted Private Debt Securities	–	–	–	–	1,391,876	–	45,000	417,467	1,491,680	–	–	–	–	–	3,346,023
Loans, advances and financing	4,285,412	3,069,742	8,416,217	1,224,926	3,978,518	4,600,573	2,321,617	2,254,565	–	8,637,613	1,208,755	1,706,590	45,392,729	489,962	86,173,795
Hire purchase	6,472	1,074	13,619	1,486	36,504	36,570	19,998	11,302	–	788	17,202	33,007	22,789,364	12,342	22,979,728
Mortgage	15,586	2,999	82,355	2,730	85,118	145,966	14,491	5,069	–	126,492	76,483	104,707	17,850,857	139,804	18,652,657
Credit card	–	–	185	–	–	–	–	–	–	–	–	–	1,757,324	19	1,757,528
Other loans and financing	88,835	27,721	207,168	8,286	175,862	260,475	92,913	3,368	–	38,287	192,611	64,511	2,002,117	111,905	3,274,059
Corporate loans, advance and financing	4,174,519	3,037,948	8,112,890	1,212,424	3,681,034	4,157,562	2,194,215	2,234,826	–	8,472,046	922,459	1,504,365	993,067	225,892	40,923,247
Term loans and bridging loans	2,344,112	2,682,267	2,351,821	1,065,892	1,512,603	1,444,184	1,133,884	1,078,645	–	6,215,706	507,610	1,081,389	42,527	65,506	21,526,146
Revolving credits	1,533,436	332,033	1,915,291	109,355	1,345,807	385,171	820,393	1,149,650	–	1,575,228	187,837	396,302	949,763	85,674	10,785,940
Overdrafts	180,328	20,994	472,077	22,318	455,524	543,668	141,401	–	–	648,963	164,209	22,403	777	37,272	2,709,934
Trade	116,643	2,654	3,370,682	14,859	262,982	1,782,214	98,537	6,531	–	32,149	60,664	4,271	–	37,440	5,789,626
Factoring	–	–	3,019	–	104,118	2,325	–	–	–	–	2,139	–	–	–	111,601
Collective allowance	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,413,424)
Receivables: investments not quoted in active markets	–	357,333	–	–	69,830	–	–	25,000	–	99,000	–	–	–	–	551,163
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	–	–	–	3,214,591	–	–	–	–	–	3,214,591
Other financial assets	1,407	14,631	1,609	6,607	28,665	1,766	15,193	503,938	396,488	19,580	438,736	5,321	412,604	893,620	2,740,165
	4,356,900	3,781,029	8,628,810	1,434,847	6,665,520	4,706,361	2,704,957	20,570,269	15,081,449	9,078,591	1,772,053	1,712,037	45,861,098	1,853,693	126,794,190
Contingent liabilities	53,597	561,625	1,441,025	532,237	2,610,927	624,514	316,500	1,027,114	–	692,008	198,759	46,357	285	212,206	8,317,154
Commitments	856,551	523,748	4,186,461	167,423	3,366,939	1,967,043	718,581	1,604,668	–	415,300	2,120,583	437,720	8,407,664	104,437	24,877,118
Total	**910,148**	**1,085,373**	**5,627,486**	**699,660**	**5,977,866**	**2,591,557**	**1,035,081**	**2,631,782**	**–**	**1,107,308**	**2,319,342**	**484,077**	**8,407,949**	**316,643**	**33,194,272**

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

52.2.1a Industry Analysis (Cont'd.)

Group 31 March 2015	Agriculture RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale, retail trade, restaurant and hotel RM'000	Transport, storage and communication RM'000	Finance and insurance RM'000	Government and central bank RM'000	Real estate RM'000	Business activities RM'000	Education and health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	–	–	–	–	–	–	–	3,951,284	6,336,062	–	–	–	–	–	10,287,346
Deposits and placements with banks and															
other financial institutions	–	–	–	–	–	–	–	763,122	300,000	–	–	–	–	–	1,063,122
Derivative financial assets	2,258	6,902	20,716	–	4,161	3,061	2,924	464,575	–	159	14,822	158	–	9,074	528,810
Financial assets held-for-trading	4,753	–	63,804	93,861	207,079	–	377,153	1,353,384	684,541	79,207	19,978	–	–	738,295	3,622,055
Money Market Securities	–	–	–	–	–	–	–	–	674,229	–	–	–	–	–	674,229
Quoted Private Debt Securities	–	–	–	–	–	–	–	23,799	–	–	–	–	–	–	23,799
Unquoted Private Debt Securities	4,753	–	63,804	93,861	207,079	–	377,153	1,329,585	10,312	79,207	19,978	–	–	738,295	2,924,027
Financial investments available-for-sale	66,157	223,741	123,714	343,611	1,170,375	–	334,434	2,321,022	5,428,309	81,472	82,571	–	–	225,966	10,401,372
Money Market Securities	–	–	–	–	–	–	–	1,516,795	5,345,019	–	–	–	–	–	6,861,814
Unquoted Private Debt Securities	66,157	223,741	123,714	343,611	1,170,375	–	334,434	804,227	83,290	81,472	82,571	–	–	225,966	3,539,558
Financial investments held-to-maturity	–	–	–	–	1,358,964	–	45,000	6,591	2,388,010	–	–	–	–	–	3,798,565
Money Market Securities	–	–	–	–	–	–	–	–	522,405	–	–	–	–	–	522,405
Unquoted Private Debt Securities	–	–	–	–	1,358,964	–	45,000	6,591	1,865,605	–	–	–	–	–	3,276,160
Loans, advances and financing	3,812,776	3,456,675	8,590,297	1,251,204	4,683,624	4,606,294	2,427,532	1,902,520	–	7,388,003	1,388,865	1,445,747	47,275,108	892,316	87,170,576
Hire purchase	12,120	2,220	27,841	2,225	64,443	70,906	38,844	21,336	–	1,697	28,827	56,881	25,432,390	23,555	25,783,285
Mortgage	23,187	6,288	140,095	4,935	137,431	320,092	24,328	2,619	–	132,044	112,729	125,208	16,432,956	176,851	17,638,763
Credit card	–	–	–	–	–	–	–	–	–	–	–	–	2,075,599	–	2,075,599
Other loans and financing	124,202	26,662	204,581	7,532	161,766	234,978	117,618	1,900	–	39,257	203,775	83,755	3,317,486	115,827	4,639,339
Corporate loans, advance and financing	3,653,267	3,421,505	8,217,780	1,236,512	4,319,984	3,980,318	2,246,742	1,876,665	–	7,215,005	1,043,534	1,179,903	16,677	576,083	38,983,975
Term loans and bridging loans	2,374,781	2,739,763	2,803,237	1,103,959	2,157,237	1,382,074	1,338,849	1,079,084	–	5,619,400	543,069	755,483	14,036	183,149	22,094,121
Revolving credits	1,001,463	636,811	1,676,387	88,495	1,265,549	343,727	681,836	778,748	–	1,004,738	226,794	381,302	–	325,426	8,411,276
Overdrafts	147,005	35,370	628,501	28,672	443,657	551,344	105,043	–	–	555,610	197,255	31,329	1,908	32,899	2,758,593
Trade	130,018	9,561	3,105,297	13,706	295,743	1,695,058	121,004	18,833	–	35,257	69,067	11,789	733	34,416	5,540,482
Factoring	–	–	4,358	1,680	157,798	8,115	10	–	–	–	7,349	–	–	193	179,503
Collective allowance	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,950,384)
Receivables: investments not quoted in active															
markets	–	–	–	–	69,830	–	–	–	–	99,000	–	–	–	–	168,830
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	–	–	–	3,122,961	–	–	–	–	–	3,122,961
Other financial assets	416	3,394	17,894	9,949	32,643	701	11,083	1,080,668	490,534	17,615	372,792	–	422,611	440,275	2,900,575
	3,886,360	**3,690,712**	**8,816,425**	**1,698,625**	**7,526,676**	**4,610,056**	**3,198,126**	**11,843,166**	**18,750,417**	**7,665,456**	**1,879,028**	**1,445,905**	**47,697,719**	**2,305,926**	**123,064,213**
Contingent liabilities	34,532	246,776	1,270,387	447,392	2,613,907	659,941	461,433	743,406	–	504,962	215,886	197,262	5,170	278,896	7,679,950
Commitments	1,508,708	194,657	5,703,088	457,039	3,588,783	2,984,024	1,184,388	915,550	39,572	2,979,303	651,872	297,387	7,961,025	111,714	28,577,110
Total	**1,543,240**	**441,433**	**6,973,475**	**904,431**	**6,202,690**	**3,643,965**	**1,645,821**	**1,658,956**	**39,572**	**3,484,265**	**867,758**	**494,649**	**7,966,195**	**390,610**	**36,257,060**
Company															
31 March 2015															
Cash and short-term funds	–	–	–	–	–	–	–	12,464	–	–	–	–	–	–	12,464
Deposits and placements with banks and															
other financial institutions	–	–	–	–	–	–	–	25,131	–	–	–	–	–	–	25,131
Other financial assets	–	–	–	–	–	–	–	49	–	–	–	–	–	–	49
	–	**–**	**–**	**–**	**–**	**–**	**–**	**37,644**	**–**	**–**	**–**	**–**	**–**	**–**	**37,644**
31 March 2014															
Cash and short-term funds	–	–	–	–	–	–	–	53,189	–	–	–	–	–	–	53,189
Deposits and placements with banks and															
other financial institutions	–	–	–	–	–	–	–	212,103	–	–	–	–	–	–	212,103
	–	**–**	**–**	**–**	**–**	**–**	**–**	**265,292**	**–**	**–**	**–**	**–**	**–**	**–**	**265,292**

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

52.2.1b Geographical Analysis

Group 31 March 2015	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	9,848,676	909,924	10,758,600
Deposits and placements with banks and other financial institutions	4,068,281	538	4,068,819
Derivative financial assets	1,020,239	417,298	1,437,537
Financial assets held-for-trading	4,325,927	166,521	4,492,448
Money Market Securities	1,422,695	–	1,422,695
Quoted Private Debt Securities	39,394	–	39,394
Unquoted Private Debt Securities	2,863,838	166,521	3,030,359
Financial investments available-for-sale	9,190,606	301,957	9,492,563
Money Market Securities	5,246,999	–	5,246,999
Unquoted Private Debt Securities	3,943,607	301,957	4,245,564
Financial investments held-to-maturity	3,346,023	518,486	3,864,509
Money Market Securities	–	518,486	518,486
Unquoted Private Debt Securities	3,346,023	–	3,346,023
Loans, advances and financing	85,311,712	862,083	86,173,795
Hire purchase	22,979,728	–	22,979,728
Mortgage	18,652,657	–	18,652,657
Credit card	1,757,528	–	1,757,528
Other loans and financing	3,247,437	26,622	3,274,059
Corporate loans, advance and financing	40,086,055	837,192	40,923,247
Term loans and bridging loans	21,066,417	459,729	21,526,146
Revolving credits	10,461,674	324,266	10,785,940
Overdrafts	2,709,934	–	2,709,934
Trade	5,736,429	53,197	5,789,626
Factoring	111,601	–	111,601
Collective allowance	(1,411,693)	(1,731)	(1,413,424)
Receivables: investments not quoted in active markets	551,163	–	551,163
Statutory deposits with Bank Negara Malaysia	3,214,591	–	3,214,591
Other financial assets	2,541,755	197,405	2,739,160
	123,418,973	**3,374,212**	**126,793,185**
Contingent liabilities	8,145,970	171,184	8,317,154
Commitments	24,766,566	110,552	24,877,118
Total	**32,912,536**	**281,736**	**33,194,272**

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

52.2.1b Geographical Analysis (Cont'd.)

Group 31 March 2015	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	9,123,315	1,164,031	10,287,346
Deposits and placements with banks and other financial institutions	1,045,536	17,586	1,063,122
Derivative financial assets	323,087	205,723	528,810
Financial assets held-for-trading	3,503,178	118,877	3,622,055
Money Market Securities	674,229	–	674,229
Quoted Private Debt Securities	23,799	–	23,799
Unquoted Private Debt Securities	2,805,150	118,877	2,924,027
Financial investments available-for-sale	10,114,426	286,946	10,401,372
Money Market Securities	6,861,814	–	6,861,814
Unquoted Private Debt Securities	3,252,612	286,946	3,539,558
Financial investments held-to-maturity	3,276,160	522,405	3,798,565
Money Market Securities	–	522,405	522,405
Unquoted Private Debt Securities	3,276,160	–	3,276,160
Loans, advances and financing	86,040,007	1,130,570	87,170,577
Hire purchase	25,783,285	–	25,783,285
Mortgage	17,638,763	–	17,638,763
Credit card	2,075,599	–	2,075,599
Other loans and financing	4,602,570	36,769	4,639,339
Corporate loans, advance and financing	37,876,012	1,107,963	38,983,975
Term loans and bridging loans	21,259,723	834,398	22,094,121
Revolving credits	8,151,106	260,170	8,411,276
Overdrafts	2,758,593	–	2,758,593
Trade	5,527,087	13,395	5,540,482
Factoring	179,503	–	179,503
Collective allowance	(1,936,222)	(14,162)	(1,950,384)
Receivables: investments not quoted in active markets	168,830	–	168,830
Statutory deposits with Bank Negara Malaysia	3,122,961	–	3,122,961
Other financial assets	2,570,934	329,640	2,900,574
	119,288,434	**3,775,778**	**123,064,212**
Contingent liabilities	7,511,902	168,048	7,679,950
Commitments	28,318,893	258,215	28,577,108
Total	**35,830,795**	**426,263**	**36,257,058**
Company			
31 March 2015			
Cash and short-term funds	12,464	–	12,464
Deposits and placements with banks and other financial institutions	25,131	–	25,131
Other financial assets	49	–	49
	37,644	**–**	**37,644**
31 March 2014			
Cash and short-term funds	53,189	–	53,189
Deposits and placements with banks and other financial institutions	212,103	–	212,103
	265,292	**–**	**265,292**

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

MAIN TYPES OF COLLATERAL

Main Types of Collateral Taken by the Group

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. Types of collateral typically taken by the Group include:

- Cash and term deposits
- Exchange traded shares, bonds, sukuks, convertible bonds and marketable securities
- Non-exchange traded debt securities/sukuks
- Unit trusts (including Amanah Saham Nasional, Amanah Saham Bumiputera and mutual funds)
- Non-exchange traded shares
- Residential and non-residential property
- Plantation land, mining land, quarry land and vacant land
- Passenger vehicle, commercial vehicle, construction vehicle and vessel
- Plant and machineries

In the case of the Group's Islamic Banking operations, only Shariah approved assets can be accepted as permissible collateral.

Where the customer risk profile is considered very sound (or by nature of the product, for instance small limit products such as credit cards), a transaction may be provided on an "unsecured" basis, i.e., not be supported by collateral.

In addition to rating customer's probability of default via an internal risk rating system, the Group uses Security Indicators ("SIs") in its non-retail portfolio to assess the strength of collateral supporting its exposures.

Processes for Collateral Management

To support the development of processes around collateral valuation and management, the concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

Guarantee Support

Guarantee support for lending proposals are an integral component in transaction structuring for the Group. The guarantee of a financially strong party can help improve the risk grade of a transaction through its explicit support of the borrower, where borrower's risk grade will be enhanced with guarantor's risk grade.

Guarantees that are recognised for risk grading purposes may be provided by parties that include associated entities, banks or sovereigns. Credit policy provides threshold parameters to determine acceptable counterparties in achieving risk grade enhancement of the transaction. Guarantee by a counterparty with lower rating than the Borrower is not recognised as part of the risk grade enhancement.

Use of Credit Derivatives and Netting for Risk Mitigation

Currently, the Group does not use credit derivatives and netting for risk mitigation.

Transaction Structuring to Mitigate Credit Risk

Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the number of years the loan/financing is extended, amortisation schedules and loan/financing covenants. These assist in managing credit risk and in providing early warning signals, whereby should loan/financing covenants be breached, the Group and the customer can work together to address the underlying causes and as appropriate, restructure facilities.

The main types of collateral undertaken by the Group are properties, motor vehicles and exchange traded shares.

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

CREDIT QUALITY

Credit Quality

The credit quality of financial assets are analysed based on broad categories. Internal credit rating grades assigned to corporate and retail lending business are mapped to the following categories based on the descriptions appended below.

Description of the Categories

Credit Quality Classification	Definition
Very Strong	Counterparty's profile reflect very strong capacity to meet its financial commitments and exhibits a high degree of resilience to adverse domestic and external development. These companies/business entities have very strong business fundamentals such as: i. In good industries with stable revenues with long term growth potential; and, ii. Exhibits very strong financial position such as very low leverage ratio and superior cash flows position; and, iii. Very low risk business franchise with dominant market position; and, iv. Very strong management capability.
Strong	Counterparty has strong capacity to meet its financial commitments and is generally in a position to withstand adverse domestic and external developments. These companies/ business entities have strong business fundamentals such as good business track records, strong financials, sustained market position, and strong management capability.
Satisfactory	Counterparty has adequate capacity to meet its financial commitments as the business entity is generally in a position to resolve any apparent shortcoming within an acceptable timeframe. While adverse domestic or external developments are likely to weaken its capacity to meet its financial commitments, these companies/business entities exhibits satisfactory business fundamentals such as acceptable business track records, satisfactory overall financials, reasonable market position, and satisfactory management capability.
Substandard	Counterparty exhibits some weaknesses in its business fundamentals, financials and management capacity. While currently able to meets its financial commitments, the counterparty's financial capacity over the medium and longer terms may be vulnerable to adverse domestic or external developments.
Impaired	Counterparty has been classified as "impaired" as per the Policy on Definition of Default/Impaired for Credit Facility.

The table below provides the External Credit Assessment Institutions ("ECAIs") rating that broadly corresponds to the broad internal credit quality categories.

Credit Quality Classification	Moody's	S&P	Fitch	RAM	MARC
Very Strong	AAA to Baa3	AAA to BBB-	AAA to BBB-	AAA to AA3	AAA to AA
Strong	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	A1 to BBB3	AA- to A+
Satisfactory	B1 to B3	B+ to B-	B+ to B-	BB1 to B1	A to BBB-
Substandard	Caa1 to C	CCC+ to C	CCC to C	B2 to C3	BB+ to C
Impaired	D	D	D	D	D

The above ECAIs used by the Group are:
- Standard & Poor's Rating services ("S&P")
- Moody's Investors Service ("Moody's")
- Fitch Rating ("Fitch")
- Malaysian Rating Corporation Berhad ("MARC")
- Rating Agency Malaysia ("RAM")

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

IMPAIRMENT

Definition of Past Due and Impaired Loans

All loans, financing and advances are categorised as either:

- Neither past due nor impaired;
- Past due but not impaired; or
- Impaired

An asset is considered past due when any payment (whether principal and/or interest/rate of return) due under the contractual terms are received late or missed.

A loan/financing is classified as impaired under the following circumstances:

(a) where the principal or interest/profit or both is past due[1] or the amount outstanding is in excess of approved limit (for revolving facilities), each for more than 90 days or 3 months on any material obligation[2]; or

(b) For loans/financing where repayments are scheduled on intervals of 3 months or longer, the loan/financing is to be classified as impaired 1+30 days or 1day+1 month past due (the 30-days grace period is to allow for exclusion of administrative default[3]);

(c) For trade bills/facilities, an account is deemed default and impaired when the past due is 90 days from due date of the bill;

(d) A loan/financing may also be classified as impaired:

   i. As deemed appropriate by the Watch and Control Committee where it is determined the loans/financing have a high probability of default; or
   ii. Cross-default occurs when:

      - a default of a loan/financing obligation of a borrower triggers a default of another loan/financing obligation of the same borrower or
      - a default of a loan/financing obligation of a borrower triggers a default of a loan/financing obligation of other borrowers within the same borrower group.

   The Credit and Commitments Committee ("CACC") is allowed to waive the declaration of cross default across all accounts of the same borrower or accounts of all borrowers within the same borrower group;

(e) Debt instruments (for example, fixed income securities, debt converted instrument etc.) shall be classified as impaired when the coupon or interest payment is 1 day past due; or

(f) In the case of stock broking and futures broking:

   i. For margin lending, it is impaired when there is a shortfall to carrying value i.e. difference between the collateral value (if any) and the outstanding balance.
   ii. For contra losses, it is impaired when the facility is overdue by 30 days.

1 For credit card facilities, an account is "past due" when the card member fails to settle the minimum monthly repayment due before the next billing date.

2 Material obligation as determined by Management.

3 Administrative defaults include cases where exposures become overdue because of oversight on the part of the obligor and/or the banking institution. Instances of administrative defaults may be excluded from the historical default count, subject to appropriate policies and procedures established by the banking institution to evaluate and approve such cases.

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

52.2.1c Credit Quality By Class of Financial Assets

Group	Neither past due nor impaired									
31 March 2015	Very strong credit profile RM'000	Strong credit profile RM'000	Satisfactory risk RM'000	Sub-standard RM'000	Unrated RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Gross amount individually impaired RM'000	Individual allowance RM'000
Cash and short-term funds	10,661,632	96,008	–	–	960	–	–	10,758,600	–	–
Deposits and placements with banks and other financial institutions	3,918,819	150,000	–	–	–	–	–	4,068,819	–	–
Derivative financial assets	909,190	511,940	10,346	519	5,542	–	–	1,437,537	–	–
Financial assets held-for-trading	4,302,837	73,107	86,199	–	30,305	–	–	4,492,448	–	–
Money Market Securities	1,422,695	–	–	–	–	–	–	1,422,695	–	–
Quoted Private Debt Securities	39,394	–	–	–	–	–	–	39,394	–	–
Unquoted Private Debt Securities	2,840,748	73,107	86,199	–	30,305	–	–	3,030,359	–	–
Financial investments available-for-sale	9,187,315	305,239	–	–	–	–	9	9,492,563	5,009	(5,000)
Money Market Securities	5,147,559	99,440	–	–	–	–	–	5,246,999	–	–
Unquoted Private Debt Securities	4,039,756	205,799	–	–	–	–	9	4,245,564	5,009	(5,000)
Financial investments held-to-maturity *	3,862,526	–	–	–	1,982	–	6,198	3,870,706	6,198	(6,198)
Money Market Securities	518,486	–	–	–	–	–	–	518,486	–	–
Unquoted Private Debt Securities	3,344,040	–	–	–	1,982	–	6,198	3,352,220	6,198	(6,198)
Gross loans, advances and financing *	30,137,255	27,969,935	14,831,431	3,009,726	10,917	10,291,048	1,572,730	87,823,042	390,690	(235,823)
Hire purchase	9,785,890	4,152,268	1,405,246	270,068	535	6,975,925	390,988	22,980,920	1,209	(1,192)
Mortgage	7,846,692	6,714,363	1,135,187	328,190	3,632	2,222,163	409,326	18,659,553	13,947	(6,896)
Credit card	89,122	1,069,346	187,715	26,469	–	366,417	18,459	1,757,528	–	–
Other loans and financing	160,106	2,049,783	589,782	93,415	–	296,251	113,115	3,302,452	34,264	(28,393)
Corporate loans, advance and financing	12,255,445	13,984,175	11,513,501	2,291,584	6,750	430,292	640,842	41,122,589	341,270	(199,342)
Term loans and bridging loans	6,629,333	6,244,891	6,306,397	1,520,315	6,750	407,559	502,023	21,617,268	208,124	(91,122)
Revolving credits	3,387,971	4,714,574	2,111,574	567,107	–	4,714	28,239	10,814,179	32,009	(28,239)
Overdrafts	341,800	795,245	1,373,540	158,538	–	17,220	45,611	2,731,954	37,977	(22,020)
Trade	1,893,448	2,206,454	1,638,502	45,624	–	799	62,622	5,847,449	63,019	(57,823)
Factoring	2,893	23,011	83,488	–	–	–	2,347	111,739	141	(138)
Receivables: investments not quoted in active markets	–	–	–	–	551,163	–	–	551,163	–	–
Statutory deposits with Bank Negara Malaysia	3,214,591	–	–	–	–	–	–	3,214,591	–	–
Other financial assets	1,275,667	203,634	650,163	17,612	575,832	16,745	12,519	2,752,172	27,430	(25,921)
	67,469,832	**29,309,863**	**15,578,139**	**3,027,857**	**1,176,701**	**10,307,793**	**1,591,456**	**128,461,641**	**429,327**	**(272,942)**

* The amounts presented above are gross of impairment allowances.

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

52.2.1c Credit Quality By Class of Financial Assets (Cont'd.)

Group 31 March 2014	Neither past due nor impaired Very strong credit profile RM'000	Strong credit profile RM'000	Satisfactory risk RM'000	Sub-standard RM'000	Unrated RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Gross amount individually impaired RM'000	Individual allowance RM'000
Cash and short-term funds	10,285,785	3	62	–	1,496	–	–	10,287,346	–	–
Deposits and placements with banks and other financial institutions	1,063,123	–	–	–	–	–	–	1,063,123	–	–
Derivative financial assets	307,345	210,015	6,632	65	4,753	–	–	528,810	–	–
Financial assets held-for-trading	2,060,502	1,561,553	–	–	–	–	–	3,622,055	–	–
Money Market Securities	674,229	–	–	–	–	–	–	674,229	–	–
Quoted Private Debt Securities	23,799	–	–	–	–	–	–	23,799	–	–
Unquoted Private Debt Securities	1,362,474	1,561,553	–	–	–	–	–	2,924,027	–	–
Financial investments available-for-sale	10,120,230	275,678	5,014	–	–	–	450	10,401,372	5,450	(5,000)
Money Market Securities	6,841,933	19,881	–	–	–	–	–	6,861,814	–	–
Unquoted Private Debt Securities	3,278,297	255,797	5,014	–	–	–	450	3,539,558	5,450	(5,000)
Financial investments held-to-maturity *	3,791,973	–	–	–	1,076	–	9,160	3,802,209	9,160	(3,644)
Money Market Securities	522,405	–	–	–	–	–	–	522,405	–	–
Unquoted Private Debt Securities	3,269,568	–	–	–	1,076	–	9,160	3,279,804	9,160	(3,644)
Gross loans, advances and financing *	19,517,012	36,050,460	13,647,214	4,968,232	27,641	13,409,250	1,668,703	89,288,512	356,198	(167,552)
Hire purchase	3,578,686	11,203,931	550,603	122,055	779	9,708,157	621,874	25,786,085	1,895	(1,895)
Mortgage	7,323,882	6,085,217	993,190	306,641	4,266	2,387,137	541,365	17,641,698	9,637	(2,935)
Credit card	42,246	782,896	628,697	254,298	–	321,529	45,933	2,075,599	–	–
Other loans and financing	164,688	3,688,702	286,897	18,628	13,596	318,373	170,260	4,661,144	44,742	(22,710)
Corporate loans, advance and financing	8,407,510	14,289,714	11,187,827	4,266,610	9,000	674,054	289,271	39,123,986	299,924	(140,012)
Term loans and bridging loans	4,721,751	7,324,710	6,428,274	2,881,812	9,000	616,810	181,968	22,164,325	195,066	(70,204)
Revolving credits	1,935,007	3,554,281	1,914,444	1,007,545	–	–	30,329	8,441,606	32,156	(30,330)
Overdrafts	329,122	800,684	1,373,368	182,885	–	49,098	26,508	2,761,665	24,136	(3,072)
Trade	1,421,625	2,589,326	1,317,198	190,251	–	8,146	50,339	5,576,885	48,439	(36,404)
Factoring	5	20,713	154,543	4,117	–	–	127	179,505	127	(2)
Receivables: investments not quoted in active markets	–	–	–	–	168,830	–	–	168,830	–	–
Statutory deposits with Bank Negara Malaysia	3,122,961	–	–	–	–	–	–	3,122,961	–	–
Other financial assets	1,085,502	44,244	609,324	20,625	1,089,277	12,619	134,097	2,995,688	132,062	(102,999)
	51,354,433	**38,141,953**	**14,268,246**	**4,988,922**	**1,293,073**	**13,421,869**	**1,812,410**	**125,280,906**	**502,870**	**(279,195)**

* The amounts presented above are gross of impairment allowances.

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

52.2.1c Credit Quality By Class of Financial Assets (Cont'd.)

Company 31 March 2015	Neither past due nor impaired Very strong credit profile RM'000	Total RM'000
Cash and short-term funds	12,464	12,464
Deposits and placements with banks and other financial institutions	25,131	25,131
Other financial assets	49	49
	37,644	**37,644**
Company 31 March 2014		
Cash and short-term funds	53,189	53,189
Deposits and placements with banks and other financial institutions	212,103	212,103
	265,292	**265,292**

52.2.1d Aging Analysis of Past Due But Not Impaired By Class of Financial Assets

Group 31 March 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	Total RM'000
Gross loans, advances and financing				
Hire purchase	4,811,923	2,164,002	–	6,975,925
Mortgage	1,353,582	868,581	–	2,222,163
Credit card	236,240	130,177	–	366,417
Other loans and financing	180,268	115,983	–	296,251
Corporate loans, advance and financing	360,675	69,617	–	430,292
Term loans and bridging loans	343,161	64,398	–	407,559
Revolving credits	4,714	-	–	4,714
Overdrafts	12,218	5,002	–	17,220
Trade	582	217	–	799
Other financial assets	3,779	1,695	12,309	17,783
Total gross loans and advances	**6,946,467**	**3,350,055**	**12,309**	**10,308,831**

Group 31 March 2014	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	Total RM'000
Gross loans, advances and financing				
Hire purchase	5,864,772	3,843,385	–	9,708,157
Mortgage	1,410,412	976,725	–	2,387,137
Credit card	207,006	114,523	–	321,529
Other loans and financing	213,904	104,469	–	318,373
Corporate loans, advance and financing	547,884	126,170	–	674,054
Term loans and bridging loans	497,089	119,721	–	616,810
Overdrafts	47,576	1,522	–	49,098
Trade	3,219	4,927	–	8,146
Other financial assets	9,280	1,197	2,142	12,619
Total gross loans and advances	**8,253,258**	**5,166,469**	**2,142**	**13,421,869**

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

52.2.1e Estimated value of collateral for financial assets

The following table summarises the financial effects of collateral received from loans, advances and financing:

	Financial effect of collateral		Gross exposure to credit risk		Unsecured portion of credit exposure	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Group						
Gross loans, advances and financing						
Hire purchase	11,941,005	14,494,764	22,980,919	25,786,085	11,039,914	11,291,321
Mortgage	18,459,443	16,126,191	18,659,553	17,641,698	200,110	1,515,507
Credit card	20,916	4,927	1,757,528	2,075,599	1,736,612	2,070,672
Other loans and financing	1,226,530	2,314,126	3,302,455	4,661,143	2,075,925	2,347,017
Corporate loans, advance and financing	19,085,239	17,040,008	41,122,588	39,123,989	22,037,349	22,083,981
Term loans and bridging loans	11,591,102	11,698,355	21,617,267	22,164,324	10,026,165	10,465,969
Revolving credits	4,713,658	2,621,823	10,814,179	8,441,608	6,100,521	5,819,785
Overdrafts	1,571,088	1,619,674	2,731,953	2,761,667	1,160,865	1,141,993
Trade	1,198,175	1,093,537	5,847,449	5,576,885	4,649,274	4,483,348
Factoring	11,216	6,619	111,740	179,505	100,524	172,886
Total	**50,733,133**	**49,980,016**	**87,823,043**	**89,288,514**	**37,089,910**	**39,308,498**

52.2.1f Collateral Repossessed

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Residential properties	150	150
Non-residential properties	61,672	66,655
	61,822	**66,805**

The above assets are accounted for as foreclosed properties under other assets (Note 18). There were no new assets obtained for the financial year 2015 and 2014.

52. RISK MANAGEMENT (CONT'D.)

52.2 Credit Risk Management (Cont'd.)

Methodology for Determination of Individual and Collective Allowances
An assessment is performed to determine whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant or not individually impaired.

Individual Assessment
Individual assessment is divided into 2 main processes – detection of an event(s) and an assessment of impairment:

(a) Trigger management
In trigger management, financial assets which are above the pre-set individual assessment threshold are assessed using the relevant impairment triggers for objective evidence of impairment.

(b) Valuation of assets
Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value or fair value is less than the carrying value.

Collective Assessment
Loans and advances, and commitments and contingencies below the significant threshold and those not assessed to be individually impaired, will be subject to collective assessment and a collective allowance will be computed accordingly. The collective impairment assessment and provisioning methodology uses historical loss data to derive the level of provisions. The collective provisions is computed after making the necessary adjustments to reflect current economic conditions.

52.3 Liquidity Risk and Funding Management

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding management may lead to liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management process is depicted in the table below:

Identification	• Identify liquidity risk within existing and new business activities • Review market-related information such as market trend and economic data • Keep abreast with regulatory requirements
Assessment/ Measurement	• New Liquidity Framework ("NLF") • Liquidity Concentration Ratios • Liquidity Coverage Ratio ("LCR") • Loans to Deposit Ratio ("LDR") • Other Detailed Management Controls
Control/ Mitigation	• NLF Limits • Concentration Ratios • LCR Limits • LDR Limits • Other Detailed Management Limits
Monitoring/ Review	• Monitor limits • Periodical review and reporting

52. RISK MANAGEMENT (CONT'D.)

52.3 Liquidity Risk and Funding Management (Cont'd.)

The liquidity risk management of the Group is aligned with the New Liquidity Framework issued by Bank Negara Malaysia. The primary objective of the Group's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honor all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

The Group CEOs Committee ("GCC") is the responsible governing body that approves the Group's liquidity management and strategies policies, and is responsible for setting liquidity limits, proposing liquidity risk policies and contingency funding plan, and practices to be in compliance with local regulatory requirements, and monitor liquidity on an ongoing basis. The Capital and Balance Sheet Management Department and Group Risk Management propose and oversee the implementation of policies and other controls relating to the above risks.

The Board of Directors provides the liquidity risk management oversight while the Group CEOs Committee is the responsible governing body that approves the Group's liquidity management and strategies policies, and is responsible for setting liquidity limits, proposing liquidity risk policies and contingency funding plan, and practices to be in compliance with local regulatory requirements, and monitor liquidity on an ongoing basis. The Capital and Balance Sheet Management Department and Group Risk Management propose and oversee the implementation of policies and other controls relating to the above risks.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Group's liquidity at risk. The stress testing output contributes to the development of the liquidity risk limits and the Group's Contingency Funding Plan.

The Group stresses the importance of customer deposit accounts as a source of funds to finance lending/financing to customers. They are monitored using the adjusted loan/financing to deposit ratio, which compares loan/financing and advances to customers as a percentage of customer deposit accounts, together with term funding with original term of maturity in excess of three years.

As conservative liquidity management practice, part of the Group's medium term assets is funded by medium term liabilities. Medium term is defined by the Group as remaining term to maturity in excess of one year.

In preparation to the impending implementation of Basel III liquidity metrics, the Group is already monitoring the LCR and Net Stable Funding Ratio ("NSFR") and continue to pursue strategies to ensure the availability of cost effective liquidity. Subject to finalisation of the detailed regulations, the Group is confident of meeting Bank Negara Malaysia's requirements on Basel III liquidity metrics in accordance with its recently approved timetable for implementation.

52.3.1 Analysis of Assets and Liabilities By Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's assets and liabilities as at 31 March. All derivatives used for hedging purposes are shown by maturity, based on their contractual undiscounted repayment obligations.

Repayment which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. It should be noted that this is not how the Group manages its liquidity risk for off-balance sheet exposures.

52. RISK MANAGEMENT (CONT'D.)

52.3 Liquidity Risk Management (Cont'd.)

52.3.1a Analysis of Assets and Liabilities By Remaining Contractual Maturities

Group 31 March 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	10,771,957	–	–	–	–	–	–	10,771,957
Deposits and placements with banks and other financial institutions	–	4,094,692	6,774	69,558	538	–	–	4,171,562
Derivative financial assets	237,474	251,922	198,520	391,407	259,840	139,377	–	1,478,540
Financial assets held-for-trading	139,122	78,821	167,079	473,873	2,359,395	1,795,939	181,775	5,196,004
Financial investments available-for-sale	2,313,391	2,001,498	118,604	269,389	2,341,365	4,246,217	989,949	12,280,413
Financial investments held-to-maturity	–	523,304	43,474	48,550	991,541	4,278,092	–	5,884,961
Gross loans, advances and financing	5,296,120	7,745,886	7,743,822	11,306,500	46,095,878	33,933,827	–	112,122,033
Receivables: Investments not quoted in active markets	–	1,934	12,633	20,043	250,839	539,310	–	824,759
Amount due from originators	1,814	5,909	7,890	16,284	432,814	–	–	464,711
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	3,214,591	–	3,214,591
Deferred tax assets	–	–	–	–	–	–	83,434	83,434
Investment in associates and joint ventures	–	–	–	–	–	–	662,273	662,273
Other assets	2,201,787	138,505	54,205	117,111	272,579	–	295,936	3,080,123
Reinsurance, retakaful assets and other insurance receivables *	30,309	24,841	12,582	202,037	88,509	44,613	–	402,891
Investment properties	–	–	–	–	–	–	7,713	7,713
Property and equipment	–	–	–	–	–	–	266,562	266,562
Intangible assets	–	–	–	–	–	–	3,348,121	3,348,121
Assets held for sale	–	–	83,775	–	–	–	120,461	204,236
Total Undiscounted Assets	**20,991,974**	**14,867,312**	**8,449,358**	**12,914,752**	**53,093,298**	**48,191,966**	**5,956,224**	**164,464,884**
								–
Financial Liabilities								
Deposits and placements of banks and other financial institutions	1,455,405	379,379	182,120	105,248	283,421	633	–	2,406,206
Recourse obligation on loans sold to Cagamas Berhad	545,167	312,908	7,890	47,860	2,038,505	–	–	2,952,330
Derivative financial liabilities	245,483	253,389	242,831	381,267	239,637	99,294	–	1,461,901
Deposits from customers	44,220,774	17,747,415	15,081,454	12,807,243	4,223,321	–	–	94,080,207
Term funding	17,592	224,502	159,235	138,572	8,693,943	161,967	–	9,395,811
Debt capital	6,959	13,257	91,294	880,248	4,425,219	–	–	5,416,977
Redeemable cumulative convertible preference share	–	–	–	–	–	198,820	–	198,820
Deferred tax liabilities	–	–	–	–	–	–	116,557	116,557
Other liabilities	1,785,465	541,646	61,054	204,120	99,852	2,308	96,281	2,790,726
Insurance, takaful contract liabilities and other insurance payables *	21,522	3,897	4,236	1,485,194	170,550	92,872	–	1,778,271
Liabilities directly associated with assets held for sale	–	–	–	–	–	–	48,995	48,995
Total Undiscounted Liabilities	**48,298,367**	**19,476,393**	**15,830,114**	**16,049,752**	**20,174,448**	**555,894**	**261,833**	**120,646,801**
Contingent liabilities	698,089	633,272	792,002	1,845,928	3,961,502	386,361	–	8,317,154
Commitments	5,705,535	2,483,217	3,449,056	4,336,298	2,619,280	6,283,732	–	24,877,118
Total commitments and guarantees	**6,403,624**	**3,116,489**	**4,241,058**	**6,182,226**	**6,580,782**	**6,670,093**	**–**	**33,194,272**

52. RISK MANAGEMENT (CONT'D.)

52.3 Liquidity Risk Management (Cont'd.)

52.3.1a Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

Group 31 March 2014 (restated)	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	10,296,433	–	–	–	–	–	–	10,296,433
Deposits and placements with banks and other financial institutions	–	961,023	26,529	128,648	5,012	–	–	1,121,212
Derivative financial assets	21,992	32,730	38,283	98,550	288,109	75,107	–	554,771
Financial assets held-for-trading	34,206	153,678	126,898	104,610	2,315,920	1,376,510	214,107	4,325,929
Financial investments available-for-sale	2,397,206	3,374,315	401,214	302,307	2,110,612	3,686,304	1,167,071	13,439,029
Financial investments held-to-maturity	326,610	6,882	43,463	246,414	908,099	4,406,891	–	5,938,359
Gross loans, advances and financing	5,714,377	6,669,713	7,668,429	10,705,690	49,380,269	32,205,523	–	112,344,001
Receivables: Investments not quoted in active markets	–	2,623	–	8,246	142,951	85,924	–	239,744
Amount due from originators	881	3,908	4,904	10,159	341,783	–	–	361,635
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	3,122,961	–	3,122,961
Deferred tax assets	–	–	–	–	–	–	127,121	127,121
Investment in associates and joint ventures	–	–	–	–	–	–	252,475	252,475
Other assets	2,117,837	58,833	29,311	101,562	53,465	10,724	581,640	2,953,372
Reinsurance, retakaful assets and other insurance receivables *	26,856	30,109	26,317	1,547	436,638	14,124	–	535,591
Investment properties	–	–	–	–	–	–	7,713	7,713
Property and equipment	–	–	–	–	–	–	351,468	351,468
Intangible assets	–	–	–	–	–	–	3,383,662	3,383,662
Assets held for sale	3,126,042	–	–	–	–	–	–	3,126,042
Total Undiscounted Assets	**24,062,440**	**11,293,814**	**8,365,348**	**11,707,733**	**55,982,858**	**44,984,068**	**6,085,257**	**162,481,518**
Liabilities								
Deposits and placements of banks and other financial institutions	2,550,428	1,282,146	23,880	146,800	243,158	–	–	4,246,412
Recourse obligation on loans sold to Cagamas Berhad	44,207	10,884	18,389	723,632	2,829,395	–	–	3,626,507
Derivative financial liabilities	4,403	16,726	50,614	94,649	255,416	50,522	–	472,330
Deposits from customers	41,873,439	16,160,515	13,913,639	15,391,213	4,281,808	–	–	91,620,614
Term funding	1,282,224	1,192,991	77,376	1,918,450	2,050,066	668,197	–	7,189,304
Debt capital	11,146	16,061	92,502	390,058	3,683,312	1,667,806	–	5,860,885
Redeemable cumulative convertible preference share	–	–	–	–	–	193,137	–	193,137
Deferred tax liabilities	–	–	–	–	–	–	116,870	116,870
Other liabilities	1,906,834	438,768	106,966	209,141	81,579	2,501	628,067	3,373,856
Insurance, takaful contract liabilities and other insurance payables *	8,375	1,520	5,943	972,366	739,460	79,470	–	1,807,134
Liabilities directly associated with assets held for sale	2,835,367	–	–	–	–	–	–	2,835,367
Total Undiscounted Liabilities	**50,516,423**	**19,119,611**	**14,289,309**	**19,846,309**	**14,164,194**	**2,661,633**	**744,937**	**121,342,416**
Contingent liabilities	513,092	678,996	892,915	1,681,064	3,385,193	528,690	–	7,679,950
Commitments	5,601,809	2,472,898	3,227,778	5,406,328	3,572,944	8,295,351	–	28,577,108
Total commitments and guarantees	**6,114,901**	**3,151,894**	**4,120,693**	**7,087,392**	**6,958,137**	**8,824,041**	**–**	**36,257,058**

* Premium liabilities and the reinsurers' share of premium liabilites have been excluded from the analysis as they are not contractual obligations.

52. RISK MANAGEMENT (CONT'D.)

52.3 Liquidity Risk Management (Cont'd.)

52.3.1a Analysis of Assets and Liabilities By Remaining Contractual Maturities (Cont'd.)

Company 31 March 2015	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	12,464	–	–	–	–	–	–	12,464
Deposits and placements with banks and other financial institutions	–	25,131	–	–	–	–	–	25,131
Financial investments available-for-sale	–	–	–	–	–	–	110,704	110,704
Investment in subsidiaries and other investments	–	–	–	–	–	–	9,507,225	9,507,225
Other assets	15,348	49	–	4,979	5	–	–	20,381
Property and equipment	–	–	–	–	–	–	536	536
Total Undiscounted Assets	**27,812**	**25,180**	**–**	**4,979**	**5**	**–**	**9,618,465**	**9,676,441**
Liabilities								
Term funding	–	209,054	22,060	21,939	1,104,550	–	–	1,357,603
Other liabilities	5,506	4,056	13,056	10,176	8,079	–	–	40,873
Total Undiscounted Liabilities	**5,506**	**213,110**	**35,116**	**32,115**	**1,112,629**	**–**	**–**	**1,398,476**

Company 31 March 2014 (restated)	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Assets								
Cash and short-term funds	53,189	–	–	–	–	–	–	53,189
Deposits and placements with banks and other financial institutions	–	–	212,103	–	–	–	–	212,103
Financial investments available-for-sale	–	–	–	–	–	–	186,834	186,834
Investment in subsidiaries and other investments	–	–	–	–	–	–	9,507,225	9,507,225
Other assets	18,583	9	638	4,658	5	–	–	23,893
Property and equipment	–	–	–	–	–	–	705	705
Total Undiscounted Assets	**71,772**	**9**	**212,741**	**4,658**	**5**	**–**	**9,694,764**	**9,983,949**
Liabilities								
Term funding	–	208,802	28,478	721,819	648,671	500,000	–	2,107,770
Other liabilities	11,736	4,437	14,930	11,485	10,038	–	–	52,626
Total Undiscounted Liabilities	**11,736**	**213,239**	**43,408**	**733,304**	**658,709**	**500,000**	**–**	**2,160,396**

52. RISK MANAGEMENT (CONT'D.)

52.4 Market Risk Management

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest/profit rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two categories of market risk: Traded Market Risk ("TMR") and Non-Traded Market Risk ("NTMR"). Assessment, control and monitoring of these risks are the responsibility of Group Market Risk ("GMR").

Traded Market Risk
The TMR management process is depicted in the table below.

Identification	• Identify of market risks within existing and new products • Review market-related information review such as market trend and economic data
Assessment/ Measurement	• Value-at-Risk ("VaR") • Annual Loss Limit ("ALL") • al-at-Risk ("CaR") Historical Stress Loss ("HSL") • Other Detailed Management Controls
Control/ Mitigation	• VaR Limit • HSL Limit • Concentration Limits • Greek Limits (Annual/Monthly/Daily) • Concentration Limits • Greek Limits (Delta/Gamma/Delta-Gamma/Vega/Theta) • Present Value of One Basis Point ("PV01") • Stealth Limits • Position Size Limits • Maximum Tenor Limits • Maximum Holding Period • Minimum Holding Period • Approved Instruments/Currencies/Countries • Other Detailed Management Limits
Monitoring/ Review	• Monitor limits • Periodical review and reporting

TMR arises from transactions in which the Group acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the Board and Executive Management approved limit structures and risk appetite. This is done via robust traded market risk measurement, limit setting, limit monitoring, and collaboration and agreement with Business Units.

VaR, ALL, HSL and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which applies recent historic market conditions to estimate potential losses in market value, at a certain confidence level and over a specified holding period. Loss limits serve to alert management on the need to take relevant and appropriate action once they are triggered.

To complement VaR, HSL is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, HSL is used to gauge and ensure that the Group is able to absorb extreme, unanticipated market movements.

Apart from VaR, ALL and HSL, additional sensitivity controls (e.g. Greeks Limits/PV01) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

GMR monitors and reports risk exposures against limits on a daily basis. Portfolio market risk positions are also reported to GCC, RMCD and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits. Business Units are required to provide an action plan to address any non-adherence to limits. The action plan must be approved by Senior Management.

52. RISK MANAGEMENT (CONT'D.)

52.4 Market Risk Management (Cont'd.)

Traded Market Risk ("TMR") (Cont'd.)

The Group adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

GMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

Non-Traded Market Risk

Interest Rate Risk/Rate of Return Risk in the Banking Book

The interest rate risk/rate of return risk in the banking book ("IRR/RORBB") risk management process is depicted in the table below:

Identification	• Identify IRR/RORBB within existing and new products • Review market-related information such as market trend and economic data
Assessment/ Measurement	• VaR • Earnings-at-Risk ("EaR") • PV01 • Other Detailed Management Controls
Control/ Mitigation	• VaR Limits • EaR Limits • PV01 Limits • Other Detailed Management Limits
Monitoring/ Review	• Monitor limits • Periodical review and reporting

IRR/RORBB arises from changes in market interest/profit rates that impact core net interest/profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest/profit margins and implied volatilities on interest/profit rate options. The provision of retail and wholesale banking products and services (primarily lending/financing and deposit taking activities) creates interest/profit rate-sensitive positions in the Group's statement of financial position.

The principal objectives of balance sheet risk management are to manage interest/profit income sensitivity while maintaining acceptable levels of IRR/RORBB and funding risk, and to manage the economic value of Group's capital.

The Board's oversight of IRR/RORBB is supported by the GCC. GCC is responsible for the alignment of Group-wide risk appetite and funding needs, taking into consideration Group-wide business strategies. GCC consistently oversees the Group's gapping positions, asset growth and liability mix against the interest/profit rate outlook. It also reviews strategies to ensure a comfortable level of IRR/RORBB is maintained. The Group has successfully engaged long-term borrowings and written interest/profit rate swaps to manage IRR/RORBB, and maintained an acceptable gapping profile as a result. In accordance with the Group's policy, positions are monitored on a daily basis and hedging strategies are employed to ensure risk exposures are maintained within Board-established limits.

The Group measures the risk of losses arising from potential adverse movements in market interest/profit rates and volatilities using VaR. VaR is a quantitative measure of IRR/RORBB which applies recent historic market conditions to estimate the potential loss in economic value, at a certain confidence level and over a specified holding period.

The Group complements VaR by stress testing IRR/RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest/profit rates and spreads, changes in loan/financing and deposit product balances due to behavioural characteristics under different interest/profit rate environments. Material assumptions include the repricing characteristics and the stickiness of indeterminate or non-maturity deposits.

52. RISK MANAGEMENT (CONT'D.)

52.4 Market Risk Management (Cont'd.)

Interest Rate Risk/Rate of Return Risk in the Banking Book (Cont'd.)

The rate scenarios may include rapid ramping of interest/profit rates, gradual ramping of interest/profit rates, and narrowing or widening of spreads. Usually each analysis incorporate what management deems the most appropriate assumptions about customer behaviour in an interest/profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Group's exposure to a specified event.

The Group's strategy seeks to optimise exposure to IRR/RORBB within Board-approved limits. This is achieved through the ability to reposition the interest/profit rate exposure of the statement of financial position using dynamic product and funding strategies, supported by MFRS 139-compliant interest/profit rate hedging activities using interest/profit rate swaps and other derivatives. These approaches are governed by Group's policies in the areas of product and liquidity management as well as the banking book policy statements and hedging policies.

IRR/RORBB is calculated daily and reported to GCC.

Market Risk Sensitivity

(i) Interest Rate Risk/Rate of Return Risk

Interest rate risk/rate of return risk ("IRR/ROR") is the risk that the value of a financial instrument will fluctuate due to changes in market interest/profit rate and is managed through gap and sensitivity analysis. Interest/profit rate movements also affect the Group's income and expense from assets and liabilities as well as capital fund. The Group has adopted IRR/ROR hedging measures to cushion the interest/profit rate volatility.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in interest/profit rate with all other variables remaining constant.

	31 March 2015 IRR/ROR		31 March 2014 IRR/ROR	
	+100 bps RM'000	-100 bps RM'000	+100 bps RM'000	-100 bps RM'000
<u>**Traded market risk**</u>				
Group				
Impact on profit before taxation	(129,721)	141,749	(106,426)	114,448
Impact on equity	–	–	–	–
Company				
Impact on profit before taxation	–	–	–	–
Impact on equity	–	–	–	–
<u>**Non-traded market risk**</u>				
Group				
Impact on profit before taxation	471,679	(471,674)	476,410	(476,410)
Impact on equity	(238,786)	261,712	(196,282)	214,064
Company				
Impact on profit before taxation	(1,717)	1,717	(1,717)	1,717
Impact on equity	–	–	–	–

Note: The sensitivity analysis presented for non-traded market risk excluded non-interest bearing assets and liabilities. The disclosure presented conforms with the Group's method of managing IRR/ROR in the banking book by including all fixed and floating rate financial assets and liabilities.

52. RISK MANAGEMENT (CONT'D.)

52.4 Market Risk Management (Cont'd.)

Market Risk Sensitivity (Cont'd.)

(ii) Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates to exposure on the Group's financial instruments denominated in currencies other than the functional currency of the transacting entity. Position limits are imposed to prevent the Group from exposure to excessive foreign exchange risk.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in exchange rates with all other variables remaining constant.

	31 March 2015 Currency rate		31 March 2014 Currency rate	
	+10% RM'000	-10% RM'000	+10% RM'000	-10% RM'000
Impact on profit before taxation				
Group				
USD	2,905	(2,905)	3,915	(3,915)
SGD	10,316	(10,316)	2,627	(2,627)
EUR	362	(362)	(2,024)	2,024
JPY	(603)	603	(524)	524
GBP	176	(176)	(3)	3
Others	(39)	39	(2,645)	2,645
Company				
Others	–	–	–	–
Impact on equity				
Group				
USD	36,816	(36,816)	32,066	(32,066)
SGD	931	(931)	1,090	(1,090)
EUR	15	(15)	18	(18)
Company				
Others	–	–	–	–

(iii) Equity Price Risk

Equity price risk arises from the adverse movements in the price of equities. Equity price risk is controlled via position size, loss limits and VaR limits.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in equity prices with all other variables remaining constant.

	31 March 2015 Equity price		31 March 2014 Equity price	
	+10% RM'000	-10% RM'000	+10% RM'000	-10% RM'000
Group				
Impact on profit before taxation	14,184	(19,516)	18,264	(18,264)
Impact on equity	17,700	(17,700)	31,359	(31,359)
Company				
Impact on profit before taxation	–	–	–	–
Impact on equity	–	–	–	–

52. RISK MANAGEMENT (CONT'D.)

52.5 OPERATIONAL RISK MANAGEMENT

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk and Shariah compliance risk. It excludes strategic, systemic and reputational risk.

It is increasingly recognised that operational risk is the most widespread risk facing financial institutions today.

Operational Risk Appetite ("ORA") is integral part of the Group's operational risk management framework, which sets the acceptable tolerance levels for operational risk. The ORA statements and measurements are classified based on operational risk loss event types, which are grouped into five (5) categories as below and monitored via Incident Management and Data Collection, Key Risk Indicator and Key Control Testing.

- Fraud (internal & external);
- Employment Practices and Workplace Safety;
- Client, Products and Business Practices;
- Business Disruption, System Failures and Damage to Physical Assets; and
- Execution, Delivery and Process Management

Operational Risk Management ("ORM") is the discipline of continual and systematic process which includes risk identification, assessment, monitoring and reporting of risk for decision making and implementation of risk controls, which results in acceptance, mitigation, or avoidance of risk. ORM provides the oversight of operational risk, including the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents.

The Group minimises operational risk by putting in place appropriate policies, internal controls and procedures as well as maintaining back-up procedures for key activities and undertaking business continuity planning. These are supported by independent reviews by the Group Internal Audit team.

52.5.1 Business Continuity Management

The Business Continuity Management ("BCM") function forms an integral part of Operational Risk Management. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and establishment of critical functions recovery against downtimes. BCM builds the resilience and recovery capability to safeguard the interest of Group's stakeholders by protecting our brand and reputation.

The Group is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an on-going agenda to heighten the BCM awareness and inculcate a business resilience culture.

52.6 LEGAL AND REGULATORY RISK

The Group manages legal and regulatory risks to its business. Legal risk arises from the potential that breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgement, may lead to the incurrence of losses, disrupt or otherwise resulting in financial and reputational risk.

Legal risk is overseen by Group CEOs Committee, upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risk is appropriately managed.

A proactive regulatory risk monitoring and control process is essential for any financial group to provide assurance that its products and services are offered in a manner consistent with regulatory requirements and industry best practice. Regulatory Compliance undertakes the task by ensuring that appropriate measures are introduced and applied accordingly, whilst inculcating a compliance culture across all levels of staff. Amongst the measures introduced are monitoring and reporting, training, providing advice and disseminating information. A process is in place to standardise compliance practices across the Group.

The compliance monitoring and reporting system is essentially a mechanism through which businesses monitor their compliance to rules and regulations as well as provide monthly, quarterly and exception reporting that is carried out online. This reaffirms our commitment to a centralised compliance infrastructure that embraces regular self-assessment by staff, thus providing management the assurance that staff are aware and comply with internal and external requirements.

52. RISK MANAGEMENT (CONT'D.)

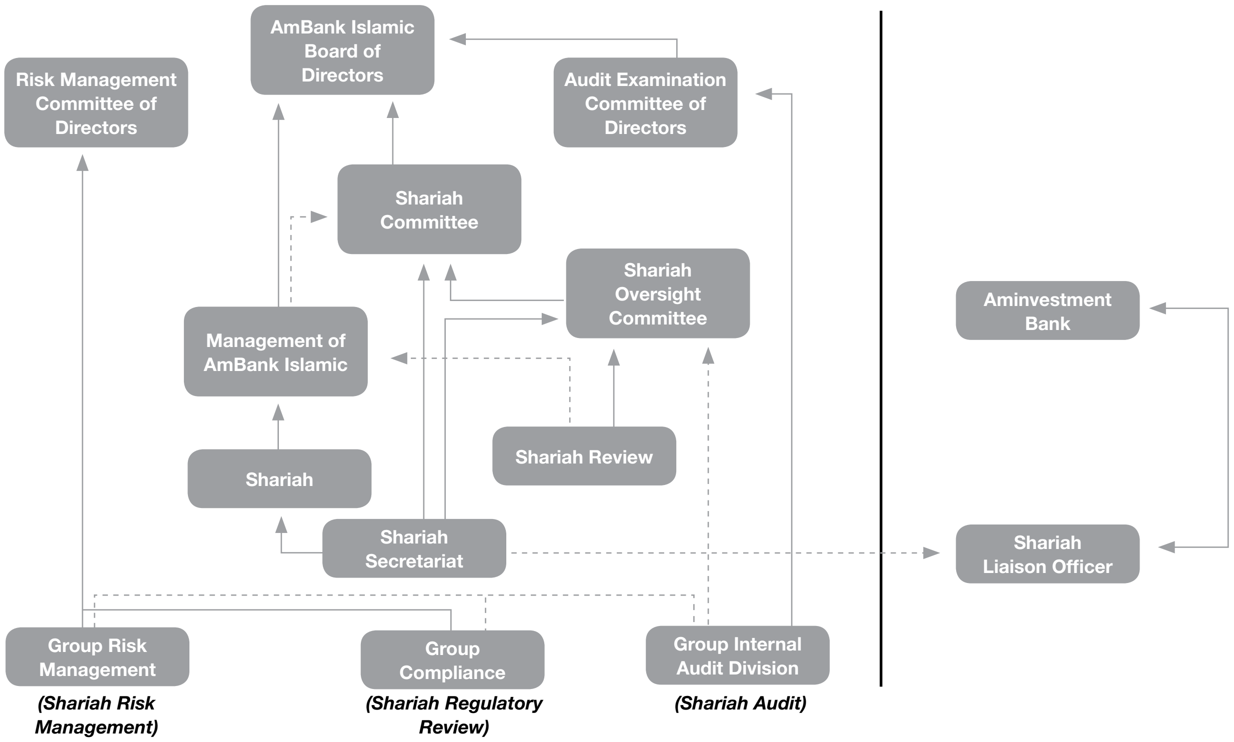
52.6 LEGAL AND REGULATORY RISK (Cont'd.)

Compliance awareness is performed on a regular basis to ensure staff keeps abreast of banking, insurance, capital markets and anti-money laundering laws as well as other regulatory developments. The awareness helps staff develop their skills to identify compliance issues as well as cultivate good corporate ethics. In addition to the training provided, the Compliance Repository, an online resource tool, continues to provide staff with easy access to rules and regulations to various search modes.

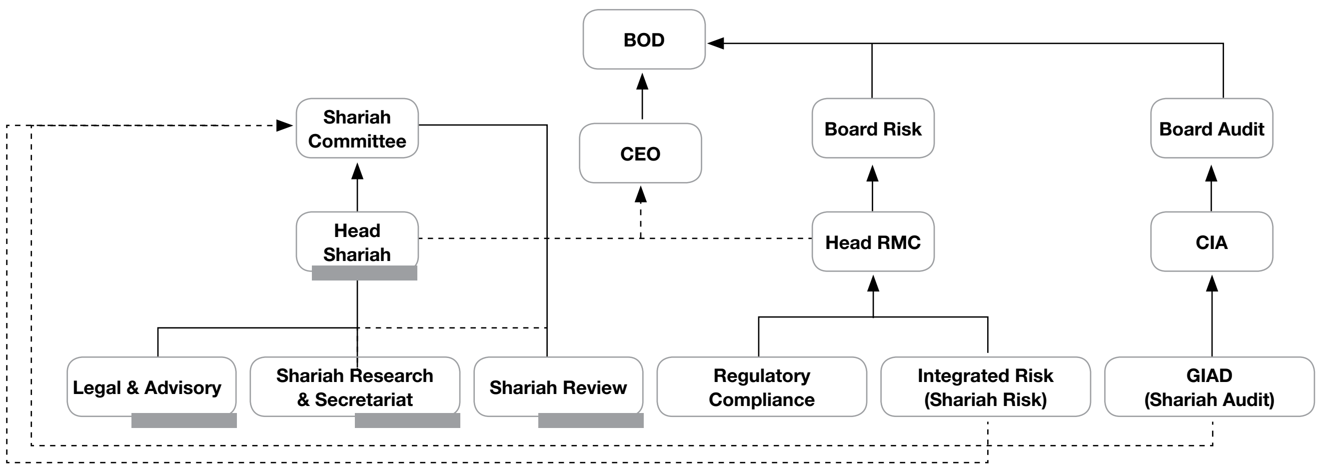
Regulatory Compliance also provides advice on regulatory matters and measures to be implemented by the Group to facilitate compliance with rules and regulations. To further promote understanding, the department facilitates briefings, disseminates information and leads coordination efforts.

52.7 SHARIAH RISK MANAGEMENT CONTROL

Shariah Governance Framework for Group Islamic Banking Operations



Shariah Governance Framework for Group Takaful Operations



52. RISK MANAGEMENT (CONT'D.)

52.7 SHARIAH RISK MANAGEMENT CONTROL (Cont'd.)

A Shariah governance framework is put in place in the organisational structure of the Group for its Islamic banking and takaful operations, which includes establishment of the Shariah Committee for AmBank Islamic and AmFamily Takaful Berhad (AmTakaful) in line with the requirement of BNM's "Shariah Governance Framework for Islamic Financial Institutions". Requirements on Shariah compliance have been further strengthened with the coming into force of the IFSA. AmBank Islamic and AmTakaful has established independent Shariah Committee respectively.

AmBank Islamic's Shariah Governance Structure leverages on the Group's shared platforms such as Group Risk Management Department (Shariah Risk Management), Group Compliance Department (Shariah Regulatory Review), and Group Internal Audit Division (Shariah Audit) for key Shariah functions.

The AmMetLife Takaful performs Shariah Risk Management internally under its integrated risk management framework while Shariah Audit functions leverage on the Group's shared platforms such as Group Internal Audit Division. Shariah compliance is collaboratively undertaken by the internal compliance, Shariah review and outsourced audit functions which supported by the integrated risk management control function, Shariah research and legal advisory capabilities. Shariah review and Shariah research functions are in house role which functionally report to Shariah Committee.

As a prudential measure, AmBank Islamic and AmMetLife Takaful has continued to enhance its overall Shariah governance in line with the regulatory policies and requirements under IFSA.

AmInvestment Bank leverages on the Shariah Secretariat of AmBank Islamic in referring matters to the Shariah Committee. AmInvestment Bank also has the option to engage external Shariah Advisor registered and approved by the Securities Commission Malaysia.

Board of Directors

The Board is accountable and responsible for the overall oversight on Shariah framework and Shariah compliance, including the appointment of Shariah Committee members. The Board performs its oversight through various committees such as AEC, RMCD and Shariah Committee.

Audit Examination Committee

AEC is a Board committee responsible for assisting the Board in ensuring Islamic Banking operations of the Group is Shariah compliant through oversight of the Shariah Audit function performed by Group Internal Audit Division.

Risk Management Committee of Directors

RMCD is a Board committee responsible for assisting the Board in ensuring risk management and control process is in place and functioning, including Shariah risk management through Group Risk Management Department and Shariah regulatory review through Group Compliance Department.

Shariah Committee

The Shariah Committee is responsible and accountable on matters related to Shariah. This includes advising the Board and Management on Shariah matters and endorsing and validating products and services, and the relevant documentation in relation to Islamic Banking operation. The Shariah Committee also provides advice on business zakat, charity and other social programs.

The Shariah Committee reports functionally to the Board and this provides for the independence of the Shariah Committee in exercising their duties.

Shariah Oversight Committee

For AmBank Islamic, the Shariah Oversight Committee, which is a sub-committee to its Shariah Committee, performs an oversight function for the key Shariah functions of Shariah review, Shariah audit, and Shariah risk management. Shariah Oversight Committee shall provide guidance and advice on matters pertaining to Shariah non-compliant incidents as well as treatment of Shariah non-compliant income (if any).

52. RISK MANAGEMENT (CONT'D.)

52.7 SHARIAH RISK MANAGEMENT CONTROL (Cont'd.)

Chief Executive Officer/Management

The CEO/Management is responsible to make reference to the Shariah Committee/Shariah Oversight Committee on Shariah issues and to take necessary measures for implementation of Shariah Committee/Shariah Oversight Committee's advice and decisions. The CEO/Management is also responsible in setting the infrastructure and providing the environment and adequate resources to support the Shariah governance framework. This includes putting in place adequate systems and controls in order to ensure compliance with Shariah and to mitigate Shariah risk.

Shariah Governance Department

The Shariah Governance Department of AmBank Islamic operates as a one-stop centre for all Shariah related operational issues of Islamic banking businesses. This includes providing day-to-day Shariah advisory and support function, Shariah operational review, Shariah research, and as Secretariat to the Shariah Committee and Shariah Oversight Committee. In addition, the Shariah Governance Department also performs the zakat and charity management.

Shariah Department

For AmMetLife Takaful, the Shariah department consist of Shariah Review Function which performs independent reviews of Takaful business operations on regular basis to ensure Shariah compliance and Shariah Research Function which conducts in-depth Shariah research to support product innovation and resolving Shariah related operational issues which includes Shariah consultation on day-to-day operation while serve Shariah Committee as its Secretariat. Besides independent Shariah review and research function, Shariah department is a one-stop centre for Shariah expertise to be engaged as well by the stakeholders on Shariah risk, Shariah audit and Shariah compliance and legal advisory while preserving the objective of risk, compliance and audit respectively.

Group Internal Audit Division

A designated team within the Group Internal Audit Division is responsible to conduct independent assessment on the level of Shariah compliance of Islamic banking operations and Takaful operation through Shariah audit function. Areas of audit include product structure documentation, adequacy of systems, internal controls and computation, staff competency and adequacy of the Shariah governance process.

Group Compliance Department

Undertakes the Shariah compliance review for AmBank Islamic from a regulatory perspective. This is executed based on the Shariah Regulatory Review Framework, which consists of the Compliance Monitoring and Reporting ("CMR") and Shariah Compliance Assessment. CMR is a periodical self-assessment by the Departments via a structured process and Compliance Assessment is performed to review on department's compliance with regulatory requirements including Shariah regulatory requirements and effectiveness of the self-assessment performed.

Group Risk Management Department

Shariah risk management leverages on existing infrastructure within Group Risk Management Department in managing the Shariah risk. The unique Shariah risks shall be identified according to existing risk types, credit risk, operational risk, and market risk.

Shariah non-compliant income

The governance structure and control has been emplaced by AmBank Islamic and AmMetLife Takaful as to facilitate all business activities, products and services offered, and legal in order to mitigate Shariah non-compliant incidents.

For any reported Shariah non-compliant incident relating to Islamic banking or Takaful operations, the matter will be deliberated with Shariah Oversight Committee of AmBank Islamic and Shariah Committee of AmMetLife Takaful respectively for confirmation as to whether the non-compliant event is either actual or potential Shariah non-compliance. Upon confirmation by the respective Committees and where certain amount of income is to be de-recognised, the amount will be treated in the manner as advised by the Shariah Oversight Committee or the Shariah Committee, including channelling to Baitulmal and other identified charitable bodies.

53. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

In addition, fair value information for non-financial assets and liabilities such as investments in subsidiaries and taxation are excluded, as they do not fall within the scope of MFRS 7 Financial Instruments: Disclosure and Presentation, which requires the fair value information to be disclosed.

(a) Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values)

31 March 2015	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Financial investments held-to-maturity	3,864,508	3,207,643	–	–
Loans, advances and financing[1]	21,611,884	21,752,786	–	–
Receivables: Investments not quoted in active markets	551,163	554,007	–	–
	26,027,555	**25,514,436**	**–**	**–**
Financial Liabilities				
Recourse obligation on loans and financing sold to Cagamas Berhad	2,769,585	2,840,329	–	–
Term funding	8,302,354	8,341,216	1,206,000	1,197,825
Debt capital	4,580,573	4,940,045	–	–
	15,652,512	**16,121,590**	**1,206,000**	**1,197,825**

31 March 2014	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Financial investments held-to-maturity	3,798,565	3,068,575	–	–
Loans, advances and financing[1]	23,990,078	24,711,370	–	–
Receivables: Investments not quoted in active markets	168,830	171,225	–	–
	27,957,473	**27,951,170**	**–**	**–**
Financial Liabilities				
Recourse obligation on loans and financing sold to Cagamas Berhad	3,318,263	3,358,801	–	–
Term funding	6,644,641	6,670,232	1,906,000	1,900,860
Debt capital	4,766,198	4,974,266	–	–
	14,729,102	**15,003,299**	**1,906,000**	**1,900,860**

[1] excluding loans, advances and financing of RM64,561.9 million (2014: RM63,180.5 million) where the carrying amounts are reasonable approximation of their fair values.

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

(b) Financial instruments measured at fair value and for which fair values are disclosed

Group 31 March 2015	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Derivative financial assets	1	1,437,536	–	1,437,537
Financial assets held-for-trading				
- Money market securities	–	1,422,695	–	1,422,695
- Equities	181,775	–	–	181,775
- Quoted private debt securities	39,394	–	–	39,394
- Unquoted private debt securities	–	3,030,359	–	3,030,359
Financial investments available-for-sale				
- Money market securities	–	5,246,999	–	5,246,999
- Equities	774,593	33,657	–	808,250
- Unquoted private debt securities	–	4,212,220	–	4,212,220
Financial assets for which fair values are disclosed				
Financial investments held-to-maturity	–	3,207,643	–	3,207,643
Loans, advances and financing	–	21,752,786	–	21,752,786
Receivables: Investments not quoted in active markets	–	554,007	–	554,007
	995,763	**40,897,902**	**–**	**41,893,665**
Financial liabilities measured at fair value				
Derivative financial liabilities	2,702	1,382,776	–	1,385,478
Financial liabilities for which fair values are disclosed				
Recourse obligation on loans and financing sold to Cagamas Berhad	–	2,840,329	–	2,840,329
Term funding	–	8,341,216	–	8,341,216
Debt capital	–	4,940,045	–	4,940,045
	2,702	**17,504,366**	**–**	**17,507,068**

Group 31 March 2014	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value				
Derivative financial assets	752	528,058	–	528,810
Financial assets held-for-trading				
- Money market securities	–	674,229	–	674,229
- Equities	214,106	–	–	214,106
- Quoted private debt securities	23,799	–	–	23,799
- Unquoted private debt securities	–	2,924,027	–	2,924,027
Financial investments available-for-sale				
- Money market securities	–	6,861,814	–	6,861,814
- Equities	651,749	457,451	–	1,109,200
- Unquoted private debt securities	–	3,539,141	417	3,539,558
Financial assets for which fair values are disclosed				
Financial investments held-to-maturity	–	3,062,843	5,732	3,068,575
Loans, advances and financing	–	24,711,370	–	24,711,370
Receivables: Investments not quoted in active markets	–	171,225	–	171,225
	890,406	**42,930,158**	**6,149**	**43,826,713**
Financial liabilities measured at fair value				
Derivative financial liabilities	33,175	508,049	–	541,224
Financial liabilities for which fair values are disclosed				
Recourse obligation on loans and financing sold to Cagamas Berhad	–	3,358,801	–	3,358,801
Term funding	–	6,670,232	–	6,670,232
Debt capital	–	4,974,266	–	4,974,266
	33,175	**15,511,348**	**–**	**15,544,523**

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

(b) Financial instruments measured at fair value and for which fair values are disclosed (Cont'd.)

Company **31 March 2015**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Level 3** **RM'000**	**Total** **RM'000**
Financial assets measured at fair value				
Financial investments available-for-sale				
- Equities	110,704	–	–	110,704
Financial liabilities for which fair values are disclosed				
Term funding	–	1,197,825	–	1,197,825

31 March 2014	**Level 1** **RM'000**	**Level 2** **RM'000**	**Level 3** **RM'000**	**Total** **RM'000**
Financial assets measured at fair value				
Financial investments available-for-sale				
- Equities	186,825	–	–	186,825
Financial liabilities for which fair values are disclosed				
Term funding	–	1,900,860	–	1,900,860

Determination of fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

(a) Financial assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than six months), demand deposits and savings accounts without a specific maturity, the carrying amounts approximate to their fair value. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since the instrument was initially recognised.

(b) Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were initially recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

(c) Contingent liabilities and undrawn credit facilities

The fair value of contingent liabilities and undrawn credit facilities are not readily ascertainable. These financial instruments are presently not sold or traded. They generate fees that are in line with market prices for similar arrangements. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs and potential loss that may arise should these commitments crystallise. The Group and Company assess that their respective fair values are unlikely to be significant given that the overall level of fees involved is not significant and no provision is necessary to be made.

(d) Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with remaining maturities of less than six months are estimated to approximate their carrying values. For securities purchased under resale agreements with maturities of more than six months, the fair values are estimated based on discounted cash flows using the prevailing KLIBOR rates and interest rate swap rates.

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

Determination of fair value (Cont'd.)

(e) Derivatives

Derivative products valued using a valuation technique with market observable inputs are mainly interest rate swaps and options, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Derivative products valued using a valuation technique with significant non-market observable inputs are long dated contracts (interest rate swaps, currency swaps, forwards foreign exchange contracts, option contracts and certain credit default swaps). These derivatives are valued using models that calculate the present value such as credit models (e.g., default rate models or credit spread models) and the binomial model for options. The models incorporate various non-observable assumptions that include the credit spread of the reference asset for credit default swaps, and market rate volatilities.

(f) Financial investments available-for-sale

Financial investments available-for-sale valued using valuation techniques or pricing models primarily consist of unquoted equities and debt securities.

(g) Other trading assets

Other trading assets valued using a valuation technique consists of certain debt securities and asset–backed securities. The Group and Company value the securities using discounted cash flow valuation models which incorporate observable and unobservable data. Observable inputs include assumptions regarding current rates of interest and broker statements. Unobservable inputs include assumptions regarding expected future default rates, prepayment rates and market liquidity discounts.

(h) Recourse obligation on loans and financing sold to Cagamas Berhad

The fair values for recourse obligation on loans and financing sold to Cagamas Berhad are determined based on discounted cash flows of future instalments payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as described in Note 2.5 (n).

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's 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 or Company. Therefore, unobservable inputs reflect the Group's and the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's and the Company's own data.

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

Determination of fair value (Cont'd.)

Less than 0.01% of the total financial assets recorded at fair value in the previous financial year, 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. No amount is reported for current financial year.

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

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 and liabilities which are recorded at fair value for the year.

	Financial investments available-for-sale	Financial investments available-for-sale
	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of the financial year	417	435
Total gains/(losses) recognised in:		
- income statement:		
- other operating income	325	1,856
- impairment writeback/(loss)	–	(18)
Settlements	(742)	(1,856)
Balance at end of the financial year	–	417

Total gains or losses included in income statement for financial instruments held at the end of the financial year:

	Financial investments available-for-sale	Financial investments available-for-sale
	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Total gains/(losses) included in:		
- impairment loss on financial investments	–	(18)

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

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

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

54. NET ASSETS PER SHARE (RM)

Net assets per share represent the reporting date total assets less total liabilities and non-controlling interests expressed as an amount per ordinary share.

Net assets per share is calculated as follows:

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Total assets	**133,803,824**	**132,739,490**	**9,676,441**	**9,983,950**
Less:				
Total liabilities	118,296,400	118,645,101	1,246,873	1,958,626
Non-controlling interests	1,052,279	951,448	–	–
	119,348,679	119,596,549	1,246,873	1,958,626
Net assets	**14,455,145**	**13,142,941**	**8,429,568**	**8,025,324**
Issued and fully paid up ordinary shares of RM1.00 each ('000)	**3,014,185**	**3,014,185**	**3,014,185**	**3,014,185**
Net assets per share (RM)	**4.80**	**4.36**	**2.80**	**2.66**

55. 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 business segment results are prepared based on the Group's internal management reporting. As a result of an internal reorganisation during the current financial year, there is a change in business segment reporting. The Group has been re-organised into four major operating divisions. The division forms the basis on which the Group reports its segment information.

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 is a consolidation of five business divisions, namely Business Banking, Investment Banking, Corporate and institutional Banking, Transaction Banking and Markets into two business divisions, namely Wholesale Banking Coverage and Wholesale Banking Products.

Wholesale Banking Coverage consolidates the Business Banking and Corporate and Institutional Banking Divisions with new industry-focused portfolios created.

Wholesale Banking Products Division which consolidates Investment Banking, Markets and Transaction Banking ensures provision of innovative products and solutions to the wholesale client segment. Investment banking offers a full range of investment banking solutions and services, encompassing capital markets and asset management activities, equity derivatives, broking, funds management, private banking services, corporate advisory and fund raising services. Markets specialises in providing foreign exchange, derivatives, fixed income and structured solutions. Transaction Banking offers trade finance products, cash management services, e-Commerce solutions and gross payroll solutions.

55. BUSINESS SEGMENT ANALYSIS (CONT'D.)

The Group comprises the following main business segments:- (Cont'd.)

(c) Insurance

The insurance segment offers a broad range of general insurance products, life insurance products covering various solutions in life insurance, wealth protection/savings, health and medical protection and family takaful solutions.

(d) Operating Segments

Operating Segments comprise activities which complement and support the operations of the main business units and non-core operations of the Group.

Measurements 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 related companies' transactions.

Major Customers

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

Group 31 March 2015	Wholesale banking RM'000	Retail banking RM'000	Insurance RM'000	Operating Segments RM'000	Total RM'000
External revenue	3,039,797	3,237,137	1,681,727	1,183,860	9,142,521
Revenue from other segments	210,080	(353,823)	2,795	140,948	–
Total operating revenue	**3,249,877**	**2,883,314**	**1,684,522**	**1,324,808**	**9,142,521**
Net interest/profit income	958,505	1,446,849	127,137	237,800	2,770,291
Other income	714,145	279,870	447,839	509,311	1,951,165
Income	1,672,650	1,726,719	574,976	747,111	4,721,456
Share in results of associates and joint ventures	–	3,460	(10,521)	10,249	3,188
Other operating expenses	(593,942)	(937,345)	(303,280)	(323,311)	(2,157,878)
of which:					
Depreciation of Property and Equipment	(8,157)	(24,723)	(12,799)	(16,779)	(62,458)
Amortisation of Intangible Assets	(10,298)	(16,851)	(6,379)	(51,645)	(85,173)
Profit before provisions	1,078,708	792,834	261,175	434,049	2,566,766
Provisions - net	199,356	(221,014)	60,057	(885)	37,514
Profit before taxation and zakat	1,278,064	571,820	321,232	433,164	2,604,280
Taxation and zakat	(303,897)	(142,607)	(60,225)	(52,998)	(559,727)
Profit for the financial year	**974,167**	**429,213**	**261,007**	**380,166**	**2,044,553**
Other information					
Total segment assets	52,068,115	46,568,570	5,503,267	29,663,872	133,803,824
Total segment liabilities	57,406,304	43,498,394	3,376,268	14,015,434	118,296,400
Cost to income ratio	35.5%	54.3%	52.7%	43.3%	45.7%
Gross loans/financing	41,435,593	46,429,406	10,917	(52,874)	87,823,042
Net loans/financing	40,975,272	45,730,106	10,917	(542,500)	86,173,795
Impaired loans, advances and financing	643,117	929,613	–	–	1,572,730
Total deposits	51,550,209	42,763,166	–	118,338	94,431,713
Additions to:					
Property and equipment	4,475	23,736	26,001	21,664	75,876
Intangible assets	8,427	9,086	8,931	59,576	86,020

55. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group 31 March 2014	Wholesale banking RM'000	Retail banking RM'000	Insurance RM'000	Operating Segments RM'000	Total RM'000
External revenue	2,963,177	3,512,165	2,275,567	855,096	9,606,005
Revenue from other segments	432,544	(481,640)	39,516	9,580	–
Total operating revenue	**3,395,721**	**3,030,525**	**2,315,083**	**864,676**	**9,606,005**
Net interest/profit income	1,074,696	1,673,124	127,137	263,171	3,138,128
Other income	791,616	294,645	543,784	(46,663)	1,583,382
Income	1,866,312	1,967,769	670,921	216,508	4,721,510
Share in results of associates and joint ventures	–	4,415	–	16,859	21,274
Other operating expenses	(617,165)	(929,055)	(412,266)	(203,851)	(2,162,337)
of which:					
Depreciation of Property and Equipment	(8,419)	(26,397)	(17,445)	(17,077)	(69,338)
Amortisation of Intangible Assets	(12,427)	(16,820)	(26,904)	(38,327)	(94,478)
Profit before provisions	1,249,147	1,043,129	258,655	29,516	2,580,447
Provisions - net	65,915	(226,842)	(8,428)	37,146	(132,209)
Profit before taxation and zakat	1,315,062	816,287	250,227	66,662	2,448,238
Taxation and zakat	(330,420)	(202,179)	(62,292)	17,708	(577,183)
Profit for the financial year	**984,642**	**614,108**	**187,935**	**84,370**	**1,871,055**
Other information					
Total segment assets	49,866,013	48,823,173	8,518,401	25,531,903	132,739,490
Total segment liabilities	61,458,128	41,233,179	6,135,804	9,817,990	118,645,101
Cost to income ratio	33.1%	47.2%	61.4%	94.2%	45.8%
Gross loans/financing	40,543,246	48,918,326	223,764	(396,823)	89,288,513
Net loans/financing	40,048,797	47,868,397	223,331	(969,948)	87,170,577
Impaired loans, advances and financing	304,386	1,357,755	–	–	1,662,141
Total deposits	52,220,389	40,420,798	–	1,200,766	93,841,953
Additions to:					
Property and equipment	8,392	29,187	17,096	19,444	74,119
Intangible assets	15,239	5,355	1,946	134,355	156,895

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for AmFraser International Pte. Ltd. and its subsidiaries, PT. AmCapital Indonesia, AmCapital (B) Sdn Bhd, AmSecurities (H.K.) Limited and AmTrade Services Limited, activities of which are principally conducted in Singapore, Indonesia, Brunei and Hong Kong respectively. These activities are not significant in relation to the Group's activities in Malaysia.

56. INSURANCE BUSINESS

(I) NET INCOME FROM INSURANCE BUSINESS

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000
Income from insurance business	**(a)**		
General insurance		1,450,169	1,544,065
Life insurance and Family Takaful		45,446	513,035
		1,495,615	2,057,100
Insurance claims and commission	**(b)**		
Insurance commission		111,192	223,035
General insurance claims		910,188	973,084
Life insurance and Family Takaful claims		56,186	389,065
		1,077,566	1,585,184
		418,049	**471,916**

	31 March 2015 RM'000	31 March 2014 RM'000
(a) Income from insurance business		
Gross Premium		
- insurance contract	1,616,152	2,252,028
- change in unearned premium provision	32,448	37,950
	1,648,600	2,289,978
Premium ceded		
- insurance contract	(146,844)	(207,453)
- change in unearned premium provision	(6,141)	(25,425)
	(152,985)	(232,878)
	1,495,615	**2,057,100**
(b) Insurance claims		
- gross benefits and claims paid	1,029,140	1,418,024
- claims ceded to reinsurers	(109,899)	(162,335)
- change in contract liabilities - insurance contract	(21,039)	66,165
- change in contract liabilities ceded to reinsurers - insurance contract	68,172	40,295
	966,374	**1,362,149**

(II) INSURANCE RECEIVABLES

	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000
Amount owing by reinsurance and cedants	71,705	91,718
Due premiums including agents/brokers and co-insurers balances	21,835	69,481
Allowance for impairment	(33,548)	(9,002)
Disposal of subsidiaries	9,184	–
	69,176	**152,197**

The movement in allowance for impairment is as follows:

	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of the financial year	9,002	19,253
Charge/(Writeback) for the financial year	25,125	(10,251)
Disposal of equity in subsidiaries	(579)	–
Balance at end of the financial year	**33,548**	**9,002**

56. INSURANCE BUSINESS (CONT'D.)

(III) INSURANCE PAYABLES

	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000
Amount due to agents and intermediaries	24,658	30,139
Amounts due to reinsurers/retakaful operators and cedants	52,486	52,201
	77,144	**82,340**

(IV) INSURANCE CONTRACT LIABILITIES - GENERAL INSURANCE

31 March 2015 Group	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		1,013,392	(222,641)	790,751
Provision for incurred but not reported claims ("IBNR")		572,085	(47,715)	524,370
Provision for risk margin for adverse deviations ("PRAD")		149,505	(48,015)	101,490
		1,734,982	(318,371)	1,416,611
Less: Impairment loss on reinsurance assets		–	8,008	8,008
Provision for outstanding claims	**(I)**	1,734,982	(310,363)	1,424,619
Provision for unearned premiums	**(II)**	732,523	(54,390)	678,133
		2,467,505	(364,753)	2,102,752
(I) Provision for outstanding claims				
Balance at beginning of financial year		1,710,589	(386,820)	1,323,769
Arising from the acquisition of Kurnia		–	–	–
Claims incurred in the current accident year		544,553	(60,255)	484,298
Movements in claims incurred in prior accident years		396,445	29,446	425,891
Claims paid during the year		(916,605)	99,258	(817,347)
Balance at end of financial year		**1,734,982**	**(318,371)**	**1,416,611**
(II) Provision for unearned premiums				
Balance at beginning of financial year		775,937	(71,496)	704,441
Arising from the acquisition of Kurnia		–	–	–
Premiums written in the year		1,565,492	(141,629)	1,423,863
Premiums earned during the year		(1,608,906)	158,735	(1,450,171)
Balance at end of financial year		**732,523**	**(54,390)**	**678,133**

31 March 2014 Group	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		1,086,544	(245,756)	840,788
Provision for incurred but not reported claims ("IBNR")		480,140	(94,509)	385,631
Provision for risk margin for adverse deviations ("PRAD")		143,905	(46,555)	97,350
Provision for outstanding claims	**(I)**	1,710,589	(386,820)	1,323,769
Provision for unearned premiums	**(II)**	775,937	(71,495)	704,442
		2,486,526	**(458,315)**	**2,028,211**
(I) Provision for outstanding claims				
Balance at beginning of financial year		1,636,423	(427,382)	1,209,041
Claims incurred in the current accident year		589,302	(49,958)	539,344
Movements in claims incurred in prior accident years		475,129	(41,389)	433,740
Claims paid during the financial year		(990,265)	131,909	(858,356)
Balance at end of financial year		**1,710,589**	**(386,820)**	**1,323,769**
(II) Provision for unearned premiums				
Balance at beginning of financial year		813,887	(96,920)	716,967
Premiums written in the financial year		1,701,099	(169,558)	1,531,541
Premiums earned during the financial year		(1,739,049)	194,983	(1,544,066)
Balance at end of financial year		**775,937**	**(71,495)**	**704,442**

56. INSURANCE BUSINESS (CONT'D.)

(V) INSURANCE CONTRACT LIABILITIES - LIFE INSURANCE AND FAMILY TAKAFUL

Prior year balances of insurance contract liabilities of life insurance and family takaful subsidiaries disposed of in the current financial year:

31 March 2014 Group	Gross RM'000	Reinsurance RM'000	Net RM'000
Life and family takaful insurance	**2,586,141**	**(39,454)**	**2,546,687**

The life and family takaful insurance contract liabilities and its movements are further analysed as follows:

	Gross RM'000	Reinsurance RM'000	Net RM'000
Actuarial liabilities	2,289,614	(14,668)	2,274,946
Provision for outstanding claims	154,807	(24,786)	130,021
Unallocated surplus	45,447	–	45,447
Available-for-sale fair value reserves	(2,259)	–	(2,259)
Net assets value attributable to unitholders	98,532	–	98,532
	2,586,141	**(39,454)**	**2,546,687**
At 31 March 2013	2,537,576	(30,022)	2,507,554
Premiums received	–	–	–
Liabilities paid for death, maturities, surrenders, benefits and claims	16,608	–	16,608
Benefits and claims experience variation	–	–	–
Increase in actuarial reserve	59,614	(234)	59,380
Credit of interest or change in unit-prices	–	–	–
Adjustments due to changes in assumptions:			
Mortality/morbidity	–	–	–
Longevity	–	–	–
Investment returns	–	–	–
Expenses	(37,773)	(9,198)	(46,971)
Lapse and surrender rates	–	–	–
Discount rate	–	–	–
Foreign exchange adjustment	–	–	–
Net asset value attributable to unitholders	10,116	–	10,116
Available-for-sale fair value reserves	–	–	–
Unallocated surplus	–	–	–
Deferred tax effects:			
Available-for-sale fair value reserves	–	–	–
Unallocated surplus	–	–	–
At 31 March 2014	**2,586,141**	**(39,454)**	**2,546,687**

56. INSURANCE BUSINESS (CONT'D.)

(VI) GENERAL INSURANCE BUSINESS

Gross general insurance contract liabilities for 31 March 2015 - legacy Kurnia Insurans:

Accident year/period	Before 2009 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	*2015 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	734,527	613,855	603,717	686,160	708,370	781,507	760,121	183,135			
One year later	745,644	637,571	620,246	670,097	675,350	725,418	747,687				
Two year later	783,463	662,375	603,498	656,716	669,459	720,974					
Three year later	794,683	651,843	597,696	638,609	669,012						
Four year later	781,331	644,693	584,797	635,817							
Five year later	777,723	638,289	583,957								
Six year later	771,561	637,113									
Seven year later	804,672										
Current estimate of cumulative claims incurred	804,672	637,113	583,957	635,817	669,012	720,974	747,687	183,135			
At end of accident year/period	(232,479)	(214,699)	(197,287)	(231,202)	(226,495)	(231,974)	(239,462)	(15,833)			
One year later	(507,214)	(407,737)	(415,751)	(440,794)	(442,504)	(456,580)	(319,861)				
Two year later	(626,401)	(522,919)	(494,662)	(517,447)	(523,987)	(478,140)					
Three year later	(703,687)	(557,766)	(522,613)	(550,199)	(542,776)						
Four year later	(731,825)	(573,807)	(539,023)	(554,142)							
Five year later	(740,786)	(586,261)	(538,505)								
Six year later	(744,542)	(586,720)									
Seven year later	(747,890)										
Cumulative payments to-date	(747,890)	(586,720)	(538,505)	(554,142)	(542,776)	(478,140)	(319,861)	(15,833)			
Gross general insurance claims liabilities (direct and facultative)	**56,782**	**50,393**	**45,452**	**81,675**	**126,236**	**242,834**	**427,826**	**167,302**	**1,198,500**	**80,396**	**1,278,896**

** The diagonal for 31 March 2015 is based on a 3-months analysis as at 31 March 2015.*

Gross general insurance contract liabilities for 31 March 2015 - legacy AmG Insurance:

Accident year/period	Before 2009 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	305,250	365,793	374,672	413,903	420,102	445,149	387,443	339,166			
One year later	321,371	387,191	353,555	397,287	383,651	406,046	368,176				
Two year later	338,804	365,341	361,791	383,846	388,763	398,785					
Three year later	332,850	356,672	352,207	377,610	390,550						
Four year later	331,674	350,556	351,345	373,918							
Five year later	329,969	349,958	350,905								
Six year later	328,390	347,795									
Seven year later	328,340										
Current estimate of accumulative claims incurred	328,340	347,795	350,905	373,918	390,550	398,785	368,176	339,166			
At end of accident year/period	(125,538)	(155,715)	(165,530)	(150,304)	(163,862)	(160,853)	(141,587)	(111,463)			
One year later	(249,176)	(286,105)	(269,798)	(288,999)	(288,216)	(292,191)	(249,955)				
Two year later	(283,516)	(310,083)	(312,015)	(333,078)	(341,853)	(342,444)					
Three year later	(301,880)	(328,789)	(332,926)	(355,553)	(362,089)						
Four year later	(313,626)	(339,469)	(340,631)	(363,926)							
Five year later	(320,130)	(342,999)	(343,516)								
Six year later	(321,560)	(344,785)									
Seven year later	(324,414)										
Cumulative payments to-date	(324,414)	(344,785)	(343,516)	(363,926)	(362,089)	(342,444)	(249,955)	(111,463)			
Gross general insurance claims liabilities (direct and facultative)	**3,926**	**3,010**	**7,389**	**9,992**	**28,461**	**56,341**	**118,221**	**227,703**	**455,043**	**1,043**	**456,086**
Total - gross claims liabilities	**60,708**	**53,403**	**52,841**	**91,667**	**154,697**	**299,175**	**546,047**	**395,005**	**1,653,544**	**81,439**	**1,734,982**

56. INSURANCE BUSINESS (CONT'D.)

(VI) GENERAL INSURANCE BUSINESS (Cont'd.)

Net general insurance claims liabilities for 31 March 2015 - legacy Kurnia Insurans:

Accident year	Before 2009 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	*2015 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	652,589	536,934	519,721	471,328	486,942	655,245	683,148	166,638			
One year later	662,466	557,679	525,710	467,721	495,686	635,967	676,091				
Two year later	696,066	573,952	521,546	470,766	489,585	629,835					
Three year later	699,770	573,126	520,484	456,974	487,385						
Four year later	696,975	571,289	511,100	455,175							
Five year later	706,127	564,662	509,603								
Six year later	700,027	563,938									
Seven year later	723,693										
Current estimate of accumulative claims incurred	723,693	563,938	509,603	455,175	487,385	629,835	676,091	166,638			
At the end of accident year	(217,938)	(201,741)	(180,785)	(178,304)	(171,108)	(212,471)	(230,816)	(15,352)			
One year later	(465,821)	(381,232)	(371,773)	(327,681)	(333,646)	(421,890)	(307,568)				
Two year later	(576,397)	(485,047)	(438,746)	(380,392)	(396,263)	(441,253)					
Three year later	(640,942)	(516,922)	(462,304)	(400,000)	(402,095)						
Four year later	(661,588)	(531,819)	(471,585)	(402,893)							
Five year later	(680,583)	(540,561)	(472,416)								
Six year later	(684,194)	(540,983)									
Seven year later	(686,379)										
Cumulative payments to-date	(686,379)	(540,983)	(472,416)	(402,893)	(402,095)	(441,253)	(307,568)	(15,352)			
Net general insurance claims liabilities (direct and facultative)	**37,314**	**22,955**	**37,187**	**52,282**	**85,290**	**188,582**	**368,523**	**151,286**	**943,419**	**80,396**	**1,023,815**

* *The diagonal for 31 March 2015 is based on a 3-months analysis as at 31 March 2015.*

Net general insurance claims liabilities for 31 March 2015 - legacy AmG Insurance:

Accident year	Before 2009 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	261,465	322,866	347,605	374,582	376,097	387,761	359,362	295,420			
One year later	293,286	341,821	332,336	363,616	353,642	362,738	344,033				
Two year later	309,197	330,196	336,909	352,397	354,936	358,726					
Three year later	309,065	323,492	329,135	347,516	354,822						
Four year later	304,667	317,621	328,523	343,624							
Five year later	302,417	317,273	328,186								
Six year later	303,184	315,238									
Seven year later	302,048										
Current estimate of accumulative claims incurred	302,048	315,238	328,186	343,624	354,822	358,726	344,033	295,420			
At the end of accident year	(116,697)	(146,557)	(157,275)	(141,356)	(150,932)	(150,805)	(135,288)	(101,913)			
One year later	(230,911)	(254,790)	(253,461)	(269,008)	(264,954)	(273,543)	(235,067)				
Two year later	(263,306)	(276,871)	(292,847)	(307,815)	(311,574)	(314,622)					
Three year later	(280,288)	(298,189)	(311,561)	(327,712)	(330,347)						
Four year later	(291,321)	(307,632)	(318,908)	(335,088)							
Five year later	(296,565)	(310,990)	(321,573)								
Six year later	(298,219)	(312,639)									
Seven year later	(300,405)										
Cumulative payments to-date	(300,405)	(312,639)	(321,573)	(335,088)	(330,347)	(314,622)	(235,067)	(101,913)			
Net general insurance claims liabilities (direct and facultative)	**3,149**	**2,599**	**6,613**	**8,536**	**24,475**	**44,104**	**108,966**	**193,507**	**391,949**	**847**	**392,796**
Total - net claims liabilities	**40,463**	**25,554**	**43,800**	**60,818**	**109,765**	**232,686**	**477,489**	**344,793**	**1,335,368**	**81,243**	**1,416,611**

56. INSURANCE BUSINESS (CONT'D.)

(VI) GENERAL INSURANCE BUSINESS (Cont'd.)

Gross general insurance contract liabilities for 31 March 2014 - legacy Kurnia Insurans:

Accident year	Before 2008 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	*2014 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	756,216	734,527	613,855	603,717	686,160	708,370	781,507	201,862			
One year later	772,413	745,644	637,571	620,246	670,097	675,350	759,851				
Two year later	792,636	783,463	662,375	603,498	656,716	672,863					
Three year later	833,209	794,683	651,843	597,696	646,879						
Four year later	825,778	781,331	644,693	595,237							
Five year later	811,559	777,723	646,822								
Six year later	811,699	782,825									
Seven year later	851,898										
Current estimate of accumulative claims incurred	851,898	782,825	646,822	595,237	646,879	672,863	759,851	201,862			
At the end of accident year	(204,490)	(232,479)	(214,699)	(197,287)	(231,202)	(226,495)	(231,974)	(14,273)			
One year later	(477,415)	(507,214)	(407,737)	(415,751)	(440,794)	(442,504)	(325,127)				
Two year later	(599,995)	(626,401)	(522,919)	(494,662)	(517,447)	(467,986)					
Three year later	(698,485)	(703,687)	(557,766)	(522,613)	(527,998)						
Four year later	(750,619)	(731,825)	(573,807)	(531,034)							
Five year later	(766,323)	(740,786)	(579,161)								
Six year later	(772,642)	(741,881)									
Seven year later	(774,650)										
Cumulative payments to-date	(774,650)	(741,881)	(579,161)	(531,034)	(527,998)	(467,986)	(325,127)	(14,273)			
Net general insurance claims liabilities (direct and facultative)	**77,248**	**40,944**	**67,661**	**64,203**	**118,881**	**204,877**	**434,724**	**187,589**	**1,196,127**	**57,782**	**1,253,909**

** The diagonal for 31 March 2014 is based on a 3-months analysis as at 31 March 2014.*

Gross general insurance contract liabilities for 31 March 2014 - legacy AmG Insurance:

Accident year	Before 2008 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	306,188	305,250	365,793	374,672	413,903	420,102	445,149	387,443			
One year later	304,546	321,371	387,191	353,555	397,287	383,651	406,046				
Two year later	301,801	338,804	365,341	361,791	383,846	388,763					
Three year later	312,101	332,850	356,672	352,207	377,610						
Four year later	308,009	331,674	350,556	351,345							
Five year later	305,010	329,969	349,958								
Six year later	303,253	328,390									
Seven year later	304,627										
Current estimate of accumulative claims incurred	304,627	328,390	349,958	351,345	377,610	388,763	406,046	387,443			
At the end of accident year	(122,194)	(125,538)	(155,715)	(165,530)	(150,304)	(163,862)	(160,853)	(141,587)			
One year later	(222,174)	(249,176)	(286,105)	(269,798)	(288,999)	(288,216)	(292,191)				
Two year later	(258,574)	(283,516)	(310,083)	(312,015)	(333,078)	(341,853)					
Three year later	(282,069)	(301,880)	(328,789)	(332,926)	(355,553)						
Four year later	(292,486)	(313,626)	(339,469)	(340,631)							
Five year later	(296,304)	(320,130)	(342,999)								
Six year later	(300,169)	(321,560)									
Seven year later	(301,259)										
Cumulative payments to-date	(301,259)	(321,560)	(342,999)	(340,631)	(355,553)	(341,853)	(292,191)	(141,587)			
Gross general insurance claims liabilities (direct and facultative)	**3,368**	**6,830**	**6,959**	**10,714**	**22,057**	**46,910**	**113,855**	**245,856**	**456,549**	**131**	**456,680**
Total - net claims liabilities	**80,616**	**47,774**	**74,620**	**74,917**	**140,938**	**251,787**	**548,579**	**433,445**	**1,652,676**	**57,913**	**1,710,589**

56. INSURANCE BUSINESS (CONT'D.)

(VI) GENERAL INSURANCE BUSINESS (CONT'D.)

Net general insurance contract liabilities for 31 March 2014 - legacy Kurnia Insurans:

Accident year	Before 2008 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	*2014 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	664,663	652,589	536,934	519,721	471,328	486,942	655,245	179,985			
One year later	678,900	662,466	557,679	525,710	467,721	495,686	651,242				
Two year later	696,675	696,066	573,952	521,546	470,766	493,743					
Three year later	732,335	699,770	573,126	520,484	465,465						
Four year later	718,126	696,975	571,289	517,573							
Five year later	717,376	706,127	569,660								
Six year later	731,008	703,636									
Seven year later	743,629										
Current estimate of accumulative claims incurred	743,629	703,636	569,660	517,573	465,465	493,743	651,242	179,985			
At the end of accident year	(192,907)	(217,938)	(201,741)	(180,785)	(178,304)	(171,108)	(212,471)	(13,879)			
One year later	(446,026)	(465,821)	(381,232)	(371,773)	(327,681)	(333,646)	(302,411)				
Two year later	(560,350)	(576,397)	(485,047)	(438,746)	(380,392)	(352,999)					
Three year later	(650,071)	(640,942)	(516,922)	(462,304)	(387,774)						
Four year later	(685,604)	(661,588)	(531,819)	(467,792)							
Five year later	(694,915)	(680,583)	(534,997)								
Six year later	(715,655)	(681,631)									
Seven year later	(717,324)										
Cumulative payments to-date	(717,324)	(681,631)	(534,997)	(467,792)	(387,774)	(352,999)	(302,411)	(13,879)			
Net general insurance claims liabilities (direct and facultative)	**26,305**	**22,005**	**34,663**	**49,781**	**77,691**	**140,744**	**348,831**	**166,106**	**866,126**	**57,782**	**923,908**

** The diagonal for 31 March 2014 is based on a 3-months analysis as at 31 March 2014.*

Net general insurance claims liabilities for 31 March 2014 - legacy AmG Insurance:

Accident year	Before 2008 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Sub total RM'000	Inward treaty and MMIP RM'000	Total RM'000
At the end of accident year	262,959	261,465	322,866	347,605	374,582	376,097	387,761	359,362			
One year later	264,314	293,286	341,821	332,336	363,616	353,642	362,738				
Two year later	263,664	309,197	330,196	336,909	352,397	354,936					
Three year later	271,696	309,065	323,492	329,135	347,516						
Four year later	272,149	304,667	317,621	328,523							
Five year later	270,954	302,417	317,273								
Six year later	269,698	303,184									
Seven year later	270,190										
Current estimate of accumulative claims incurred	270,190	303,184	317,273	328,523	347,516	354,936	362,738	359,362			
At the end of accident year	(113,276)	(116,697)	(146,557)	(157,275)	(141,356)	(150,932)	(150,805)	(135,288)			
One year later	(197,812)	(230,911)	(254,790)	(253,461)	(269,008)	(264,954)	(273,543)				
Two year later	(230,314)	(263,306)	(276,871)	(292,847)	(307,815)	(311,574)					
Three year later	(248,574)	(280,288)	(298,189)	(311,561)	(327,712)						
Four year later	(257,886)	(291,321)	(307,632)	(318,908)							
Five year later	(263,147)	(296,565)	(310,990)								
Six year later	(266,847)	(298,219)									
Seven year later	(267,758)										
Cumulative payments to-date	(267,758)	(298,219)	(310,990)	(318,908)	(327,712)	(311,574)	(273,543)	(135,288)			
Net general insurance claims liabilities (direct and facultative)	**2,432**	**4,965**	**6,283**	**9,615**	**19,804**	**43,362**	**89,195**	**224,074**	**399,730**	**131**	**399,861**
Total - net claims liabilities	**28,737**	**26,970**	**40,946**	**59,396**	**97,495**	**184,106**	**438,026**	**390,180**	**1,265,856**	**57,913**	**1,323,769**

56. INSURANCE BUSINESS (CONT'D.)

(VII) REDEEMABLE CUMULATIVE CONVERTIBLE PREFERENCE SHARE

During the financial year ended 31 March 2013, AmGeneral Holdings Berhad ("AMGH") (a 51% owned subsidiary) had issued RM600 million of Redeemable Cumulative Convertible Preference Share ("RCCPS") and the salient features of the RCCPS are as follows:

The RCCPS are redeemable during the redemption period from 27 September 2012 to 26 September 2027 ("maturity date"). The RCCPS will be redeemed during the redemption period or at the maturity date with the redemption price equal to the issue price.

The RCCPS confer on the holders the right to a fixed cumulative preference dividend calculated at 1% per annum each year to be declared and paid within six months from the end of each financial year, calculated based on the issue price of the RCCPS, in priority to any other classes of shares to the extent that there are profits available for distribution and compliance with the capital adequacy requirements as stipulated by Bank Negara Malaysia.

The RCCPS holders are entitled at any time to convert all or any of the RCCPS held to ordinary shares in AMGH on the basis of one RCCPS for one new ordinary share.

At Group, the RCCPS is presented net of deferred tax, and reflects only the portion issued to the NCI.

(VIII) INVESTMENT PROPERTIES

Investment property of general insurance business

Cost / Carrying amount	31 March 2015 RM'000	31 March 2014 RM'000
At beginning and end of financial year	**7,713**	**7,713**

At 31 March 2015, had the investment property of the Group been carried under the fair value model, the fair value would have been RM12,120,000 (2014: RM12,120,000). The fair value is determined based on desktop valuation that reflects market conditions by an accredited independent valuer whereby valuation was based on comparison method that makes comparison to similar properties that were either transacted recently or listed for sale within the same location or other comparable localities (Level 2 in the fair value hierarchy).

The following amounts in respect of the investment property of the general insurance business were recognised in the income statement:

	31 March 2015 RM'000	31 March 2014 RM'000
Rental income	–	951
Operating expenses arising from investment properties that generated rental income	(40)	(272)

56. INSURANCE BUSINESS (CONT'D.)

(VIII) INVESTMENT PROPERTIES (CONT'D.)

Investment property of life insurance business

Prior year balance of investment property of life insurance subsidiary disposed off in the current financial year:

	31 March 2014 RM'000
At beginning of financial year	80,165
Fair value adjustments	4,180
At end of financial year	**84,345**
Investment property consists of the following:	
Leasehold land and buildings	23,990
Freehold land and building	60,355
	84,345

The fair value adjustment for 31 March 2014 of RM4,180,000 had been recognised in the income statement.

Investment properties are stated at fair value, which has been determined based on valuations performed by PPC International Sdn Bhd, an accredited independent valuer. PPC International Sdn Bhd is a specialist in valuing these types of investment properties. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The valuation were based on Comparison Approach method which make reference to comparable properties which have been sold or being offered for sale (Level 2 of the fair value hierarchy).

57. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements excluding financial assets not subject to offset and that are only subject to collateral arrangements (eg. loans, advances and financing) are as follows:-

Group	Gross amount of recognised financial assets/ liabilities	Gross amounts offset in the statement of financial position	Amounts presented in the statement of financial position	Amount not offset in the statements of financial position		Net amount
				Financial instruments	Cash collateral received/ pledged	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2015						
Derivative financial assets	1,437,537	–	1,437,537	(1,089,946)	(277,727)	69,864
Other assets	3,683,037	(15,992)	3,667,045	(34,438)	(11,151)	3,621,456
	5,120,574	**(15,992)**	**5,104,582**	**(1,124,384)**	**(288,878)**	**3,691,320**
Derivative financial liabilities	1,385,478	–	1,385,478	(686,572)	(682,843)	16,063
Other liabilities	3,934,383	(15,992)	3,918,391	–	–	3,918,391
	5,319,861	**(15,992)**	**5,303,869**	**(686,572)**	**(682,843)**	**3,934,454**
31 March 2014						
Derivative financial assets	528,810	–	528,810	(381,780)	(113,100)	33,930
Other assets	3,419,823	(19,044)	3,400,779	(51,243)	(13,477)	3,336,059
	3,948,633	**(19,044)**	**3,929,589**	**(433,023)**	**(126,577)**	**3,369,989**
Derivative financial liabilities	541,224	–	541,224	(204,351)	(295,147)	41,726
Other liabilities	3,860,613	(19,044)	3,841,569	–	–	3,841,569
	4,401,837	**(19,044)**	**4,382,793**	**(204,351)**	**(295,147)**	**3,883,295**

58. SIGNIFICANT EVENTS

1. On 28 April 2014, AMAB Holdings Sdn Bhd ("AMAB"), a wholly-owned subsidiary of the Company, entered into conditional share sale agreements with MetLife International Holdings, Inc. ("MetLife"), for the sale of equity interests held by AMAB in AmMetLife Insurance Berhad (formerly known as AmLife Insurance Berhad) ("AmMetLife") and AmMetLife Takaful Berhad (formerly known as AmFamily Takaful Berhad) ("AmMetLife Takaful") for an aggregate cash consideration of RM812 million (subject to adjustment on completion) ("Share Sale"). Under the Share Sale, MetLife will acquire from AMAB an equity interest of:-

    (i) '50% plus one share' in AmMetLife, comprising an acquisition of 100,000,000 ordinary shares of RM1.00 each in AmLife for a cash consideration of RM740,000,000 and the allotment of one (1) new ordinary share of RM1.00 by AmMetLife to MetLife at a subscription price of RM1.00; and

    (ii) '50% less one share' in AmMetLife Takaful, comprising the acquisition of 50,000,000 ordinary shares of RM1.00 each in AmMetLife Takaful for a cash consideration of RM72,000,000 and the allotment of one (1) new ordinary share of RM1.00 by AmMetLife Takaful to AMAB at a subscription price of RM1.00.

    On 30 April 2014 (the "Completion Date"), the Company announced that the Share Sale was completed on 30 April 2014 after fulfilment of the conditions precedent. The final sale consideration will be determined on conclusion of the review of the closing net assets of AmMetLife and AmMetLife Takaful as at 30 April 2014.

    On 18 November 2014, the Company announced that the Sale Consideration has been adjusted to RM821,295,000 following the determination of the audited net assets of AmMetLife and AmMetLife Takaful as at the Completion Date (the "Completion NA") as follows:

    (i) RM755,707,000 for AmMetLife, an increase of RM15,707,000 on account of an increase in Completion NA of AmMetLife; and

    (ii) RM65,588,000 for AmMetLife Takaful, a decrease of RM6,412,000 on account of the decrease in Completion NA of AmMetLife Takaful.

    During the year, AmMetLife received complaints from 9 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. The Company and MetLife are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

    Under the terms for the sale by the Company to MetLife of shares in AmMetLife, the Group would fully indemnify MetLife or AmMetLife from any losses arising from incidences of the mis-selling of certain specified insurance products occurring prior to the Share Sale.

58. SIGNIFICANT EVENTS (CONT'D.)

The disposal had the following effects on the financial position of the Group as at the end of the financial year:

	30 April 2014 RM'000
Cash and short-term funds	150,807
Securities purchased under resale agreements	285,676
Deposits and placements with banks and other financial institutions	333,447
Financial assets held-for-trading	1,230,294
Financial investments available-for-sale	845,591
Loans, advances and financing	207,418
Other assets	79,745
Reinsurance, retakaful assets and other insurance receivables	45,660
Investment properties	84,345
Property and equipment	37,269
Intangible assets	34,021
Deferred tax liabilities	(7,659)
Other liabilities	(211,630)
Insurance, takaful contract liabilities and other insurance payables	(2,634,334)
Net assets disposed	480,650
Retained as investment in joint ventures and adjustment	(144,130)
Fair value adjustments	(72,336)
Attributable goodwill recognised in income statement	7,744
Disposal cost incurred	87,506
Total disposal proceeds in cash	(821,295)
Gain on disposal to the Group	(461,861)
Cash inflow/(outflow) arising on disposal:	
Cash consideration	821,295
Cash and cash equivalents of subsidiaries disposed	(150,807)
Net cash inflow on disposal	670,488

2. On 25 August 2014, a wholly-owned Singapore-based subsidiary, AmFraser International Pte. Ltd. ("AmFIPL"), has entered into a share sale agreement with KGI Asia (Holdings) Pte. Ltd. ("KGI"), a 100%-owned subsidiary of KGI Securities Co. Ltd., a Taiwan-based stockbroking company, for the proposed disposal by AmFIPL of its 100%-owned stockbroking subsidiary, AmFraser Securities Pte. Ltd. ("AmFraser") (the "Proposed Disposal").

The Proposed Disposal involves the sale of 57,527,908 ordinary shares in AmFraser for an indicative cash consideration of about S$38.0 million (the "Disposal Price"), comprising: (i) a preliminary value for future recovery of overdue receivables post completion, and (ii) a value at a premium over the adjusted net assets of AmFraser. The final Disposal Price will be determined on completion of the Proposed Disposal in accordance with the terms of the share sale agreement.

On 30 January 2015, the Company announced that following the approval of the relevant Taiwanese and Singaporean regulatory authorities and fulfilment of other conditions, the Proposed Disposal was completed on 30 January 2015, resulting in a gain of RM14.0 million to the Group.

58. SIGNIFICANT EVENTS (CONT'D.)

The disposal had the following effects on the financial position of the Group as at the end of financial year:

	30 January 2015 RM'000
Cash and short-term funds	119,304
Derivative financial assets	1
Loans, advances and financing	6,766
Other assets	133,584
Property and equipment	4,424
Derivative financial liabilities	(30)
Debt capital	(80,411)
Other liabilities	(113,206)
Net assets disposed	70,432
Attributable goodwill	11,243
Disposal cost incurred	6,167
Total disposal proceeds in cash	(101,854)
Gain on disposal to the Group	(14,012)
Cash inflow/(outflow) arising on disposal:	
Cash consideration	101,854
Cash and cash equivalents of subsidiary disposed	(119,304)
Net cash outflow on disposal	(17,450)

3. On 30 September 2014, a wholly-owned subsidiary, AmSecurities Holding Sdn Bhd ("AMSH"), has entered into a sale and purchase agreement with Yuanta Securities (Hong Kong) Company Limited ("Yuanta HK"), a 100%-owned, indirect subsidiary of Yuanta Securities Co., Limited, a Taiwan-based stockbroking company, for the proposed disposal of the Group's 99% shareholding in PT AmCapital Indonesia ("AMCI") (the "Proposed Disposal").

   The Proposed Disposal involves the sale of 144,724 ordinary shares of Rp1,000,000 each in AMCI for an indicative cash consideration of about Rp 83.7 billion or approximately RM23.4 million (the "Disposal Price") at a premium over the adjusted net assets of AMCI. The Disposal Price will be further adjusted on completion of the Proposed Disposal in accordance with the terms of the sale and purchase agreement.

   The assets and liabilities of AMCI have been presented as held for sale as at 31 March 2015. The major classes of assets and liabilities classified as held for sale are as follows:

	31 March 2015 RM'000
Assets	
Cash and short-term funds	22,656
Deposits and placements with banks and other financial institutions	18,514
Financial investments available-for-sale	5,328
Loans, advances and financing	2,594
Deferred tax assets	476
Other assets	70,418
Property and equipment	383
Intangible assets	92
Assets of subsidiary held for sale	**120,461**
Liabilities	
Other liabilities	48,995
Liabilities of subsidiary held for sale*	**48,995**
Net assets of subsidiary held for sale	**71,466**

* Liabilities of subsidiary held for sale excludes an intercompany loan eliminated on consolidation.

58. SIGNIFICANT EVENTS (CONT'D.)

4. On 15 January 2015, AmGeneral Insurance Berhad, a subsidiary of the Company, entered into a conditional Sales and Purchase Agreement to dispose its leasehold land and buildings and other related assets to a third party for a total cash consideration of RM85.0 million. The carrying value of the asset is as presented in Note 19.

   The disposal has not yet been completed as at the reporting date as certain conditions precedent have yet to be met.

59. SUBSEQUENT EVENT

Subsequent to the current financial year end, the Company announced that following the approval of the relevant Taiwanese and Indonesian regulatory authorities and fulfilment of other conditions, the Proposed Disposal as stated in Note 58(3) was completed on 22 April 2015.

60. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVE INFORMATION

(a) Arising from adoption of Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities, certain financial assets and financial liabilities that were reported previously on a net basis did not meet the offsetting criteria as at 31 March 2014 and 1 April 2013 and had been restated.

(b) During the current financial year, the Group is presenting "Receivables: Investments not quoted in active markets" separately on the face of the Statement of Financial Position to provide more meaningful information. Previously, these financial instruments were presented on an aggregate basis with financial investments held-to-maturity and other assets.

(c) During the current financial year, the Group had reclassified certain expenses from interest expense and net income from Islamic banking business to other operating expenses to align disclosure with market practice.

(i) Reconciliations of on the Group's consolidated statements of financial position as at 31 March 2014 and 1 April 2013

	As stated RM'000	Note 60(a) RM'000	Note 60(b) RM'000	As restated RM'000
As at 31 March 2014				
Assets				
Financial investments held-to-maturity	3,897,565	–	(99,000)	3,798,565
Receivables: investments not quoted in active markets	–	–	168,830	168,830
Other assets	3,084,376	386,233	(69,830)	3,400,779
Liabilities				
Other liabilities	3,455,336	386,233	–	3,841,569
As at 1 April 2013				
Assets				
Other assets	2,870,742	197,229	–	3,067,971
Liabilities				
Other liabilities	5,046,690	197,229	–	5,243,919

60. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)

(ii) Reconciliations of on the Group's consolidated income statement for the year ended 31 March 2014

	As stated RM'000	Note 60(c) RM'000	As restated RM'000
Interest expense	(2,405,106)	7,447	(2,397,659)
Net income from Islamic banking business	939,969	3,978	943,947
Other operating expenses	(2,121,633)	(11,425)	(2,133,058)

(iii) Reconciliations of on the Group's consolidated statements of cash flows for the year ended 31 March 2014

	As previously stated RM'000	Note 60(a) RM'000	Note 60(b) RM'000	As restated RM'000
Other assets	155,742	(386,233)	69,830	(160,661)
Other liabilities	(1,779,786)	386,233	–	(1,393,553)
(Purchase)/Disposal of financial investments - net	(3,756,813)	–	99,000	(3,657,813)
Receivables: investments not quoted in active markets	–	–	(168,830)	(168,830)

(iv) Reconciliation of operations of Islamic banking business

(i) Reconciliations of on the Group's consolidated statements of financial position as at 31 March 2014

	As stated RM'000	Note 60(b) RM'000	As restated RM'000
Assets			
Financial Investments held-to-maturity	1,335,055	(99,000)	1,236,055
Receivables: investments not quoted in active markets	–	106,649	106,649
Other assets	574,891	(7,649)	567,242

(ii) Reconciliations of on the Group's consolidated income statement for the year ended 31 March 2014

	As stated RM'000	Note 60(c) RM'000	As restated RM'000
Income attributable to the depositors	(826,909)	3,978	(822,931)
Operating expenditure	(365,181)	(3,978)	(369,159)

(iii) Reconciliations of on the Group's consolidated statements of cash flows for the year ended 31 March 2014

	As previously stated RM'000	Note 60(b) RM'000	As restated RM'000
Other assets	(237,428)	7,649	(229,779)
(Purchase)/Disposal of financial investments - net	(2,007,419)	99,000	(1,908,419)
Receivables: investments not quoted in active markets	–	(106,649)	(106,649)

61. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2015 and the results for the financial year ended 31 March 2015 of the Islamic banking business of the Group and included in the financial statements, after elimination of intercompany transactions and balances, are summarised as follows:

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 (Restated) RM'000
ASSETS			
Cash and short-term funds	ii	4,307,281	2,941,329
Deposits and placements with banks and other financial institutions	iii	750,000	1,118,383
Derivative financial assets		27,469	7,699
Financial assets held-for-trading	iv	151,783	64,694
Financial investments available-for-sale	v	4,109,611	3,854,715
Financial investments held-to-maturity	vi	1,249,567	1,236,055
Financing and advances	vii	27,497,806	24,445,039
Receivables: investments not quoted in active markets		463,982	106,649
Statutory deposit with Bank Negara Malaysia		1,045,000	891,000
Deferred tax assets	viii	1	292
Other assets	ix	378,727	567,242
Property and equipment	x	326	409
Intangible assets	xi	20	28
TOTAL ASSETS		**39,981,573**	**35,233,534**
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits and placements of banks and other financial institutions	xii	2,719,972	3,122,588
Recourse obligation on financing sold to Cagamas Berhad		1,436,775	2,068,337
Derivative financial liabilities		34,491	7,675
Deposits from customers	xiii	29,748,968	25,423,364
Term funding	24(a)(ii)	1,850,000	550,000
Subordinated Sukuk	26(c)(ii)	1,149,384	1,149,302
Deferred tax liabilities	viii	10,839	7,255
Other liabilities	xiv	446,758	387,526
TOTAL LIABILITIES		**37,397,187**	**32,716,047**
Share capital/Capital funds	xv	492,922	495,761
Reserves		2,091,464	2,021,726
TOTAL ISLAMIC BANKING FUNDS		**2,584,386**	**2,517,487**
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		**39,981,573**	**35,233,534**
COMMITMENTS AND CONTINGENCIES	xxiv	**7,557,214**	**8,467,022**

The accompanying notes form an integral part of the Islamic banking business financial statements.

61. ISLAMIC BANKING BUSINESS (CONT'D.)

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Note	Group 31 March 2015 RM'000	Group 31 March 2014 (Restated) RM'000
Income derived from investment of depositors' funds and others	xvi	1,752,730	1,673,142
Allowance for impairment on financing and advances	xvii	(131,549)	(208,471)
Writeback for commitment and contingencies		10,032	600
Impairment writeback for sundry debtors		–	51
Transferred to profit equalisation reserve		(35,379)	(10,743)
Total attributable income		1,595,834	1,454,579
Income attributable to the depositors	xviii	(931,670)	(822,931)
Profit attributable to the Group		664,164	631,648
Income derived from Islamic Banking Funds	xix	105,165	120,930
Total net income		769,329	752,578
Operating expenses	xx	(369,098)	(369,159)
Finance cost		(80,441)	(67,461)
Profit before taxation and zakat		319,790	315,958
Taxation and zakat	xxi	(71,247)	(67,915)
Profit after taxation and zakat		248,543	248,043

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000
Profit after taxation and zakat	248,543	248,043
Other comprehensive income:		
Items that may be reclassified to income statement		
Net change in revaluation of financial investments available-for-sale	15,917	(14,915)
Exchange differences on translation of foreign operations	609	317
Income tax relating to the components of other comprehensive income/(loss)	(4,066)	3,729
Other comprehensive income/(loss) for the year, net of tax	12,460	(10,869)
Total comprehensive income for the year	**261,003**	**237,174**

The accompanying notes form an integral part of the Islamic banking business financial statements.

61. ISLAMIC BANKING BUSINESS (CONT'D.)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

		Non-Distributable					Distributable	
Group	Share capital/ Capital funds RM'000	Share premium RM'000	Statutory reserve RM'000	Profit equalisation reserve RM'000	Available-for- sale reserve/ (deficit) RM'000	Foreign currency translation reserve/ (deficit) RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2013	495,761	724,185	424,266	1,313	(7,202)	(979)	643,406	2,280,750
Profit for the year	–	–	–	–	–	–	248,043	248,043
Other comprehensive income, net	–	–	–	–	(11,186)	317	–	(10,869)
Total comprehensive income for the year	–	–	–	–	(11,186)	317	248,043	237,174
Transfer from retained earnings	–	–	59,079	–	–	–	(59,079)	–
Transfer to profit equalisation reserve	–	–	–	–	–	–	–	–
Net utilisation of profit equalisation reserve for the financial year	–	–	–	(53)	–	–	53	–
Transfer to ESS shares recharged difference on purchase price of shares vested	–	–	–	–	–	–	(437)	(437)
At 31 March 2014	**495,761**	**724,185**	**483,345**	**1,260**	**(18,388)**	**(662)**	**831,986**	**2,517,487**
At 1 April 2014	495,761	724,185	483,345	1,260	(18,388)	(662)	831,986	2,517,487
Profit for the year	–	–	–	–	–	–	248,543	248,543
Other comprehensive income, net	–	–	–	–	11,851	609	–	12,460
Total comprehensive income	–	–	–	–	11,851	609	248,543	261,003
Transfer from retained earnings	–	–	–	–	–	–	–	–
Transfer to conventional business	(2,839)	–	–	–	–	–	(3,817)	(6,656)
Utilisation of profit equalisation reserve for the financial year	–	–	–	2,644	–	–	(2,644)	–
Transfer to ESS shares recharged difference on purchase price of shares vested	–	–	–	–	–	–	(428)	(428)
Dividend paid	–	–	–	–	–	–	(187,020)	(187,020)
At 31 March 2015	**492,922**	**724,185**	**483,345**	**3,904**	**(6,537)**	**(53)**	**886,620**	**2,584,386**

The accompanying notes form an integral part of the Islamic banking business financial statements.

61. ISLAMIC BANKING BUSINESS (CONT'D.)

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Group	
	31 March 2015	31 March 2014 (Restated)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	319,790	315,958
Add/(Less) adjustments for:		
Accretion of discount less amortisation of premium	(104,653)	(77,395)
Allowance for impairment on financing and advances	270,929	294,391
Depreciation of property and equipment	133	153
Amortisation of intangible assets	17	31
Impairment writeback on sundry receivables	–	(51)
Transfer to profit equalisation reserve	35,379	10,743
Gain on sale of financial assets held-for-trading	(117)	(1,176)
Net gain on revaluation of financial assets held-for-trading	(993)	(1,413)
Net loss on sale of financial investments available-for-sale	131	877
Net (gain)/loss on revaluation of derivatives	(232)	7
Provision for commitments and contingencies	(10,032)	(600)
Shares/options granted under Executives' Share Scheme	(11)	606
Operating profit before working capital changes	510,341	542,131
(Increase)/Decrease in operating assets		
Deposit and placements with banks and other financial institutions	368,383	430,000
Financial assets held-for-trading	(85,979)	1,154,951
Financing and advances	(3,323,696)	(2,752,124)
Statutory deposit with Bank Negara Malaysia	(154,000)	(120,000)
Other assets	161,720	(229,779)
Increase/(Decrease) in operating liabilities		
Deposits and placements of banks and other financial institutions	(402,616)	772,996
Recourse obligation on financing sold to Cagamas Bhd	(631,562)	(5,353)
Deposits from customers	4,325,604	2,246,817
Bills and acceptances payable	–	(722,821)
Other liabilities	68,593	3,788
Cash generated from operating activites	836,788	1,320,606
Zakat paid	(1,336)	(1,726)
Tax paid	(73,731)	(58,132)
Net cash generated from operating activities	761,721	1,260,748
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial investments	(152,035)	(1,908,419)
Purchase of property and equipment	(48)	(43)
Purchase of intangible assets	(9)	(5)
Purchase of receivables: investments not quoted in active markets	(350,000)	(106,649)
Net cash used in investing activities	(502,092)	(2,015,116)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net capital funds transferred to conventional business	(6,656)	–
Proceeds received from Subordinated Sukuk Musharakah	–	149,302
Dividend paid	(187,021)	–
Term funding	1,300,000	–
Net cash generated from financing activities	1,106,323	149,302
Net increase/(decrease) in cash and cash equivalents	1,365,952	(605,066)
Cash and cash equivalents at beginning of financial year	2,941,329	3,546,395
Cash and cash equivalents at end of financial year	**4,307,281**	**2,941,329**

The accompanying notes form an integral part of the Islamic banking financial statements.

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS

(i) ISLAMIC BANKING BUSINESS

Shariah Committee and governance

The Shariah Committee comprises five (5) members and is responsible and accountable on matters related to Shariah. This includes:

i. advising Board of Directors and Management of the Bank on Shariah matters;
ii. endorsing and validating products and services, Shariah policies and the relevant documentation in relation to Islamic Banking operation; and
iii. providing advice and guidance on management of zakat fund, charity and other social programme activities.

The Shariah Committee members also sit in the Shariah Oversight Committee, a sub-committee to the Shariah Committee performing an oversight function from Shariah perspective to assess work carried out by Shariah review, Shariah audit, Shariah regulatory review and Shariah risk management. Shariah Oversight Committee is also responsible to provide guidance and advice on matters pertaining to Shariah non-compliance incidents as well as treatment of Shariah non-compliance income.

Shariah non-compliance incident and income

As at 31 March 2015, a total amount of RM113,600.0 arising from 3 Shariah non-compliant incidents was recorded as Shariah non-compliant income. The amount due to operational error was refunded to the affected customers in accordance with the manner as prescribed by the Shariah Oversight Committee.

(ii) CASH AND SHORT-TERM FUNDS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Cash and bank balances	1,848	25,245
Deposits maturing within one month:		
Other financial institutions	4,305,433	2,916,084
	4,307,281	**2,941,329**

(iii) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Licensed banks	750,000	400,000
Licensed investment bank	–	300,000
Bank Negara Malaysia	–	300,000
Other financial institutions	–	118,383
	750,000	**1,118,383**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(iv) FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Investment Certificates	141,705	–
Unquoted Securities:		
In Malaysia:		
Private debt securities	10,078	54,695
Outside Malaysia:		
Private debt securities	–	9,999
Total	**151,783**	**64,694**

(v) FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Investment Certificates	204,121	300,050
Islamic negotiable instruments of deposit	3,045,885	996,795
Bank Negara Monetary notes	254,914	1,969,876
	3,504,920	3,266,721
Unquoted Securities:		
In Malaysia:		
Private debt securities	604,691	587,994
Total	**4,109,611**	**3,854,715**

(vi) FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	31 March 2015 RM'000	31 March 2014 (Restated) RM'000
At amortised cost		
Unquoted Securities:		
In Malaysia:		
Private debt securities	**1,249,567**	**1,236,055**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(vii) FINANCING AND ADVANCES

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

Group 31 March 2015	Bai Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai (AITAB) RM'000	Bai Al-Inah RM'000	Others RM'000	Total RM'000
Cash lines	–	–	–	–	888,591	–	888,591
Term financing	2,561,064	2,530,032	9,325	–	4,122,052	40,429	9,262,902
Revolving credit	456,811	431,597	–	–	3,165,176	–	4,053,584
Housing financing	1,359,372	–	31,114	–	–	–	1,390,486
Hire purchase receivables	4	–	–	10,950,562	–	–	10,950,566
Bills receivables	–	–	–	–	–	735	735
Credit card receivables	–	–	–	–	–	278,597	278,597
Trust receipts	–	100,907	–	–	–	–	100,907
Claims on customers under acceptance credits	–	959,675	–	–	–	136,291	1,095,966
Gross financing and advances*	4,377,251	4,022,211	40,439	10,950,562	8,175,819	456,052	28,022,334
Allowance for impairment on financing and advances							
- Collective allowance							(458,453)
- Individual allowance							(66,075)
Net financing and advances							**27,497,806**

Group 31 March 2014	Bai Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al-Bai (AITAB) RM'000	Bai Al-Inah RM'000	Others RM'000	Total RM'000
Cash lines	–	–	–	–	838,903	–	838,903
Term financing	3,024,016	88,943	8,355	–	3,888,925	40,398	7,050,637
Revolving credit	524,301	252,197	–	–	2,608,265	–	3,384,763
Housing financing	1,075,469	–	22,274	–	–	–	1,097,743
Hire purchase receivables	388	–	–	11,089,161	–	–	11,089,549
Bills receivables	–	–	–	–	–	757	757
Credit card receivables	–	–	–	–	–	311,702	311,702
Trust receipts	–	99,371	–	–	–	–	99,371
Claims on customers under acceptance credits	–	983,237	–	–	–	142,312	1,125,549
Gross financing and advances*	4,624,174	1,423,748	30,629	11,089,161	7,336,093	495,169	24,998,974
Allowance for impairment on financing and advances							
- Collective allowance							(534,465)
- Individual allowance							(19,470)
Net financing and advances							**24,445,039**

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

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(vii) FINANCING AND ADVANCES (Cont'd.)

The maturity structure of financing and advances are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Maturing within one year	8,712,569	5,998,612
Over one to three years	2,914,449	3,034,780
Over three to five years	4,481,931	4,069,861
Over five years	11,913,385	11,895,721
	28,022,334	**24,998,974**

Gross financing and advances analysed by type of customers are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Domestic non-bank financial institutions	376,383	189,237
Domestic business enterprises		
- Small medium enterprises	4,320,458	3,803,320
- Others	9,136,728	6,916,523
Government and statutory bodies	383,730	405,206
Individuals	13,663,125	13,540,139
Other domestic entities	57,698	66,272
Foreign individual and entities	84,212	78,277
	28,022,334	**24,998,974**

Financing and advances analysed by profit rate sensitivity are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Fixed rate:		
Housing financing	257,808	228,350
Hire purchase receivables	10,016,187	9,883,677
Other financing	3,125,980	3,374,584
Variable rate:		
Base rate and lending/financing rate plus	5,236,078	5,201,765
Cost-plus	9,040,137	6,120,971
Other variable rates	346,144	189,627
	28,022,334	**24,998,974**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(vii) FINANCING AND ADVANCES (Cont'd.)

Gross financing and advances analysed by sectors are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Agriculture	1,425,890	922,647
Mining and quarrying	1,676,384	151,858
Manufacturing	2,349,086	2,526,099
Electricity, gas and water	148,422	159,893
Construction	2,137,670	2,039,631
Wholesale, retail trade, restaurants and hotels	944,867	872,713
Transport, storage and communication	937,626	762,829
Finance and insurance	376,383	189,237
Real estate	2,825,535	2,153,307
Business activities	461,035	531,065
Education and health	821,983	691,600
Household of which:	13,742,679	13,610,222
- purchase of residential properties	1,370,877	1,077,354
- purchase of transport vehicles	10,401,534	10,434,949
- others	1,970,268	2,097,919
Others	174,774	387,873
Gross financing and advances	**28,022,334**	**24,998,974**

Movements in impaired financing and advances are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	348,515	268,443
Impaired during the financial year	776,843	460,256
Reclassification to non-impaired financing	(81,471)	(44,233)
Recoveries	(123,309)	(100,149)
Amount written off	(314,123)	(235,802)
Balance at end of financial year	**606,455**	**348,515**
Gross impaired financing and advances as % of gross financing and advances	**2.2%**	**1.4%**
Financing loss coverage (excluding collateral values)	**86.5%**	**158.9%**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(vii) FINANCING AND ADVANCES (Cont'd.)

Impaired financing and advances analysed by sectors are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Agriculture	354	1,802
Mining and quarrying	7	122
Manufacturing	34,143	30,579
Electricity, gas and water	21,100	56
Construction	9,590	13,416
Wholesale, retail trade, restaurants and hotels	6,763	6,688
Transport, storage and communication	12,076	5,430
Finance and insurance	33	31
Real estate	322,332	–
Business activities	4,211	9,539
Education and health	6,169	7,493
Household of which:	188,040	272,608
- Purchase of residential properties	20,771	37,575
- Purchase of transport vehicles	155,185	213,199
- Others	12,084	21,834
Others	1,637	751
Impaired financing and advances	**606,455**	**348,515**

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

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Collective allowance		
Balance at beginning of financial year	534,465	490,410
Allowance made during the financial year	224,295	240,823
Transferred from conventional commercial banking*	2,463	–
Amount written off and others	(302,770)	(196,768)
Balance at end of financial year	**458,453**	**534,465**
Collective allowance as % of gross financing and advances (excluding RPSIA financing) less individual allowance	**1.7%**	**2.2%**
Individual allowance		
Balance at beginning of financial year	19,470	14,452
Allowance made during the financial year	46,634	53,568
Amount written off and others	(29)	(48,550)
Balance at end of financial year	**66,075**	**19,470**

* As at 31 March 2015, the gross principal/exposure and collective allowance relating to the RPSIA financing amounted to RM1,363.8 million and RM1.6 million respectively (2014:RM450.1 million and RM2.5 million respectively). There was no individual allowance provided for the RPSIA financing.

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(viii) DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Deferred tax assets	1	292
Deferred tax liabilities	(10,839)	(7,255)
	(10,838)	**(6,963)**

The movements on the deferred tax account are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	(6,963)	(15,733)
Transfer to income statements	191	5,041
Recognised in other comprehensive income	(4,066)	3,729
	(10,838)	**(6,963)**

Group 31 March 2015	Balance at beginning of financial year RM'000	Recognised in income statement RM'000	Recognised in other comprehensive income RM'000	Balance at end of financial year RM'000
Deferred tax assets				
Excess of capital allowance over depreciation	(7)	–	–	(7)
Other temporary differences	299	(291)	–	8
	292	**(291)**	**–**	**1**
Deferred tax liabilities				
Excess of capital allowance over depreciation	(36)	14	–	(22)
Deferred charges	(18,704)	2,144	–	(16,560)
Other temporary differences	4,944	(1,686)	–	3,258
Profit equalisation reserve	393	10	–	403
Available-for-sale reserve	6,148	–	(4,066)	2,082
	(7,255)	**482**	**(4,066)**	**(10,839)**

Group 31 March 2014	Balance at beginning of financial year RM'000	Recognised in income statement RM'000	Recognised in other comprehensive income RM'000	Balance at end of financial year RM'000
Deferred tax assets				
Excess of capital allowance over depreciation	(5)	(2)	–	(7)
Other temporary differences	217	82	–	299
	212	**80**	**–**	**292**
Deferred tax liabilities				
Excess of capital allowance over depreciation	(49)	13	–	(36)
Deferred charges	(21,016)	2,312	–	(18,704)
Other temporary differences	2,287	2,657	–	4,944
Profit equalisation reserve	414	(21)	–	393
Available-for-sale reserve	2,419	–	3,729	6,148
	(15,945)	**4,961**	**3,729**	**(7,255)**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(ix) OTHER ASSETS

	Group	
	31 March 2015 RM'000	31 March 2014 (Restated) RM'000
Trade debtors	7,161	2,867
Other receivables, deposits and prepayments	61,403	54,969
Amount due from related company	47,453	261,327
Amount due from originators	136,695	118,239
Profit receivable	28,227	33,347
Tax recoverable	28,784	21,676
Deferred charges	69,004	74,817
	378,727	**567,242**

(x) PROPERTY AND EQUIPMENT

Group	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
31 March 2015					
Cost					
At beginning of financial year	600	432	551	196	1,779
Additions	–	–	45	3	48
At end of financial year	600	432	596	199	1,827
Accumulated Depreciation					
At beginning of financial year	336	393	480	161	1,370
Depreciation for the financial year	64	27	29	11	131
At end of financial year	400	420	509	172	1,501
Net Book Value					
As at 31 March 2015	**200**	**12**	**87**	**27**	**326**
31 March 2014					
Cost					
At beginning of financial year	600	426	525	185	1,736
Additions	–	6	26	11	43
At end of financial year	600	432	551	196	1,779
Accumulated Depreciation					
At beginning of financial year	258	364	445	150	1,217
Depreciation for the financial year	78	29	35	11	153
At end of financial year	336	393	480	161	1,370
Net Book Value					
As at 31 March 2014	**264**	**39**	**71**	**35**	**409**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(xi) INTANGIBLE ASSETS

Computer Software	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000
Cost		
At beginning of financial year	897	892
Additions	9	5
At end of financial year	906	897
Accumulated Depreciation		
At beginning of financial year	869	838
Amortisation for the financial year	17	31
At end of financial year	886	869
Net Carrying Amount	**20**	**28**

(xii) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group 31 March 2015 RM'000	Group 31 March 2014 RM'000
Non-Mudarabah Fund:		
Licensed investment banks	159	138
Other financial institutions	257,218	14,949
Licensed banks	–	249,556
Licensed Islamic banks	–	498,686
Bank Negara Malaysia	29,250	35,805
Mudarabah Fund:		
Other financial institutions	824,534	1,394,065
Licensed investment banks	245,369	479,407
Licensed banks	1,363,442	449,982
	2,719,972	3,122,588

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(xiii) DEPOSITS FROM CUSTOMERS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
(i) By type of deposit:		
Savings deposits		
Wadiah	1,893,135	1,841,983
Mudarabah	5,215	6,002
Demand deposits		
Wadiah	3,875,971	3,742,024
Mudarabah	45,380	34,991
Term deposits		
General investment deposits		
Wakalah	314,750	2,375,226
Mudarabah	13,846,615	17,347,972
Commodity murabahah	9,761,507	–
Negotiable instruments of deposits		
Bai' Bithaman Ajil	6,395	21,017
Structured deposits		
Mudarabah	–	54,149
	29,748,968	**25,423,364**

(ii) The deposits are sourced from the following types of customers:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Business enterprises	14,716,046	14,176,635
Government and statutory bodies	6,899,768	6,029,372
Individuals	6,907,008	4,372,805
Others	1,226,146	844,552
	29,748,968	**25,423,364**

(iii) The maturity structure of negotiable instruments of deposits, term deposits, general investment deposits and structured deposits are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Due within six months	20,614,382	16,096,656
Over six months to one year	2,054,368	2,996,669
Over one to three years	816,628	272,441
Over three to five years	443,889	432,598
	23,929,267	**19,798,364**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(xiv) OTHER LIABILITIES

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Other payables and accruals	333,081	324,147
Taxation and zakat payable	30,508	27,027
Provision for commitments and contingencies	15,415	25,439
Amount due from head office	62,642	3,341
Lease deposits and advance rentals	3,432	6,001
Profit equalisation reserve	1,680	1,571
	446,758	**387,526**

The movements in profit equalisation reserve are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	1,571	1,659
Provision during the financial year	35,379	10,743
Utilisation during the financial year	(35,270)	(10,831)
Balance at end of financial year	**1,680**	**1,571**

(xv) SHARE CAPITAL/CAPITAL FUNDS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Allocated:		
Balance at beginning and end of financial year	**563,381**	**563,381**
Utilised:		
Balance at beginning of financial year	495,761	495,761
Utilised during the financial year	(2,839)	–
Balance at end of financial year	**492,922**	**495,761**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(xvi) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Income derived from investment of:		
(i) General investment deposits	1,034,657	1,122,115
(ii) Other deposits	704,819	523,771
(iii) Special investment deposits	13,254	27,256
	1,752,730	1,673,142

(i) Income derived from investment of general investment deposits:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Finance income and hibah:		
Financing and advances	940,444	1,048,276
Financial assets held-for-trading	665	9,384
Financial investments available-for-sale	27,671	4,121
Financial investments held-to-maturity	8,165	10,459
Financing income on impaired financing	3,561	753
Deposits and placements with banks and other financial institutions	16,565	–
Others	1,017	222
	998,088	1,073,215
Net gain from sale of financial assets held-for-trading	277	885
Gain on revaluation of financial assets held-for-trading	369	1,903
Foreign exchange	6,208	8,465
Loss from sale of financial investments available-for-sale	(28)	(8)
Net loss on derivatives	(110)	–
Others	(14)	(1)
	6,702	11,244
Fee and commission income:		
Commission	4	155
Other fee income	29,863	37,501
	29,867	37,656
Total	**1,034,657**	**1,122,115**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(xvi) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (Cont'd.)

(ii) Income derived from investment of other deposits:

	Group	
	31 March 2015 RM'000	31 March 2014 (Restated) RM'000
Finance income and hibah:		
Financing and advances	512,042	306,286
Financial assets held-for-trading	5,897	4,999
Financial investments held-to-maturity	46,652	57,189
Financial investments available-for-sale	15,369	1,205
Impaired financing and advances	1,671	220
Deposits and placements with financial institutions	84,337	136,189
Others	17,461	4,408
	683,429	510,496
Gain from sale of financial investments available-for-sale	(26)	(1)
Gain/(loss) from sale of financial assets held-for-trading	(159)	529
Gain/(loss) on revaluation of financial assets held-for-trading	624	(727)
Foreign exchange	4,072	2,473
Net loss on derivatives	(127)	–
Others	(15)	(1)
	4,369	2,273
Fee and commission income:		
Commission	3,886	2,531
Other fee income	13,135	8,471
	17,021	11,002
Total	**704,819**	**523,771**

(iii) Income derived from investment of specific investment deposits

Finance income and hibah:		
Financing and advances	13,254	27,256

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(xvii) ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Allowance for impairment on financing and advances:		
Individual allowance, net	46,634	53,568
Collective allowance, net	224,295	240,823
	270,929	294,391
Impaired financing and advances recovered, net	(139,380)	(85,920)
	131,549	**208,471**

(xviii) INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Deposits from customers:		
Mudarabah Fund	652,120	486,317
Non-Mudarabah Fund	130,409	139,984
	782,529	626,301
Deposits and placements of banks and other financial institutions:		
Mudarabah Fund	56,622	72,727
Non-Mudarabah Fund	9,421	38,979
Others	83,098	84,924
	149,141	196,630
Total	**931,670**	**822,931**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(xix) INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Finance income and hibah:		
Financing and advances	–	22,324
Financial investments available-for-sale	85,611	71,663
Deposits and placements with financial institutions	797	887
	86,408	94,874
Loss from sale of financial investments available-for-sale	(78)	(866)
Fee and commission income:		
Commission	3,546	4,270
Other fee income	16,058	22,652
Unrealised gain on fair value hedge	233	–
Net loss on derivatives	(1,002)	–
	18,835	26,922
Total	**105,165**	**120,930**

(xx) OPERATING EXPENSES

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Personnel costs	10,237	13,072
Establishment costs	1,568	1,515
Marketing and communication expenses	3,605	4,655
Administration and general expenses	34,106	25,949
Service transfer pricing expenses	319,582	323,968
	369,098	**369,159**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(xxi) TAXATION AND ZAKAT

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Taxation	69,843	66,759
Zakat	1,404	1,156
Taxation and zakat	**71,247**	**67,915**

(xxii) NET INCOME FROM ISLAMIC BANKING BUSINESS

For consolidation with the conventional business, net income from Islamic banking business comprises the following:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Income derived from investment of depositors' funds and others	1,752,730	1,673,142
Less: Income attributable to depositors	(931,670)	(822,931)
Income attributable to the Group	821,060	850,211
Income derived from Islamic Banking Funds	105,165	120,930
Less: Finance cost	(80,441)	(67,461)
	845,784	903,680
Intercompany income and expenses	18,903	40,267
	864,687	**943,947**

(xxiii) CAPITAL ADEQUACY RATIO

(a) The aggregated capital adequacy ratios under the Islamic banking business of the Group are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 RM'000
Before deducting proposed dividends:		
Common Equity tier 1 ("CET1") Capital ratio	9.795%	10.429%
Tier 1 Capital Ratio	9.795%	10.429%
Total Capital Ratio	14.934%	16.353%
After deducting proposed dividends:		
Common Equity tier 1 ("CET1") Capital ratio	9.795%	9.807%
Tier 1 Capital Ratio	9.795%	9.807%
Total Capital Ratio	14.934%	15.731%

The capital adequacy ratios of the Islamic banking business of the Group are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (Basel II) and the Capital Adequacy Framework for Islamic Banks Capital Components ("CAFIB"). The Group's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(xxiii) CAPITAL ADEQUACY RATIO

(b) The aggregated components of Tier 1 and Tier 2 Capital of the Islamic banking business of the Group are as follows:

	Group	
	31 March 2015 RM'000	31 March 2014 (Restated) RM'000
Common Equity Tier 1 ("CET1") Capital		
Ordinary shares	492,922	495,371
Share premium	724,185	724,185
Retained earnings	889,029	831,533
AFS deficit	(6,592)	(18,442)
Statutory reserve	483,345	483,345
Profit equalisation reserve	3,904	1,260
Less : Regulatory adjustments applied on CET1 capital		
Other intangibles	(21)	(28)
Deferred tax assets	(1)	(292)
Profit equalisation reserve	(3,904)	(1,260)
CET1 capital	**2,582,867**	**2,515,672**
Additional Tier 1 capital		
Additional Tier 1 capital instruments (subject to gradual phase-out treatment)	–	–
Less : Regulatory adjustments applied on Tier 1 capital	–	–
Tier 1 capital	**2,582,867**	**2,515,672**
Tier 2 capital		
Tier 2 capital instruments meeting all relevant criteria for inclusion	350,000	350,000
Tier 2 capital instruments (subject to gradual phase-out treatment)	700,000	800,000
Collective impairment provisions and regulatory reserves	305,338	279,038
Less : Regulatory adjustments applied on Tier 2 capital	–	–
Tier 2 capital	**1,355,338**	**1,429,038**
Total Capital	**3,938,205**	**3,944,710**
Credit RWA	25,918,548	22,941,447
Less : Credit RWA absorbed by Restricted Profit Sharing Investment Account	(1,363,811)	(450,133)
Total Credit RWA	24,554,737	22,491,314
Market RWA	230,629	68,731
Operational RWA	1,584,972	1,561,967
Total Risk Weighted Assets	**26,370,338**	**24,122,012**

61. ISLAMIC BANKING BUSINESS (CONT'D.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (CONT'D.)

(xxiv) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Islamic banking business of the Group makes 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 assets.

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

Group	31 March 2015 Principal Amount RM'000	31 March 2014 Principal Amount RM'000
Contingent Liabilities		
Obligations under underwriting agreements	–	25,000
Certain transaction-related contingent items	746,892	706,662
Short-term self liquidating trade-related contingencies	80,959	60,205
Direct credit substitutes	107,926	128,226
Al-Kafalah gurantees	77,650	77,650
	1,013,427	997,743
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	2,923,931	4,113,057
over one year	977,474	1,024,041
Unutilised credit card lines	594,355	613,662
Forward asset purchases	–	170,000
	4,495,760	5,920,760
Derivative Financial Instruments		
Foreign exchange related contracts:		
One year or less	1,154,993	1,110,511
Profit rate related contracts		
Three to five years	180,000	–
Over five years	350,000	–
Equity and commodity related contracts:		
One year or less	363,034	117,913
Over one year to five years	–	320,095
Over five years	–	–
	2,048,027	1,548,519
Total commitment and contingent liabilities	**7,557,214**	**8,467,022**

62. REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group		Company	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Total retained earnings:				
- Realised	8,617,715	8,043,026	2,895,435	2,454,052
- Unrealised	1,553,202	664,134	–	–
Total share of retained earnings from associate:				
- Realised	86,956	9,141	–	–
- Unrealised	41,001	4,326	–	–
Less: Consolidation adjustments	(3,468,694)	(3,192,923)	–	–
Total Group retained earnings	**6,830,180**	**5,527,704**	**2,895,435**	**2,454,052**

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