

Company No. 8515-D

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

**Interim Financial Statements**  
**For the Financial Period**  
**1 April 2015 to**  
**31 December 2015**  
(In Ringgit Malaysia)

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

## UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	Group		Bank	
		31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
<b>ASSETS</b>					
Cash and short-term funds		7,653,257	5,943,180	7,391,351	5,667,979
Deposits and placements with banks and other financial institutions		450,000	5,415,039	450,000	5,415,039
Investment accounts		1,300,000	-	1,300,000	-
Derivative financial assets		1,996,060	1,444,743	1,996,060	1,444,743
Financial assets held-for-trading	A8	2,378,945	2,033,504	2,378,945	2,033,504
Financial investments available-for-sale	A9	8,780,402	5,610,071	8,855,022	5,704,021
Financial investments held-to-maturity	A10	2,685,666	2,539,842	2,685,666	2,539,842
Loans and advances	A11	57,651,673	58,345,388	57,549,543	58,225,336
Receivables: Investments not quoted in active markets	A12	97,181	87,181	97,181	87,181
Statutory deposit with Bank Negara Malaysia		2,051,026	2,162,108	2,051,026	2,162,108
Deferred tax assets		89,364	102,546	88,243	98,869
Investment in subsidiaries and other investment		-	-	104,277	104,277
Investment in associates		2,892	2,062	122	122
Other assets	A13	2,699,545	2,614,609	2,691,037	2,570,104
Property and equipment		163,277	152,730	123,155	117,480
Intangible assets		355,830	334,749	350,149	327,689
<b>TOTAL ASSETS</b>		<b>88,355,118</b>	<b>86,787,752</b>	<b>88,111,777</b>	<b>86,498,294</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits and placements of banks and other financial institutions	A14	1,889,055	2,058,101	1,967,183	2,092,981
Recourse obligation on loans sold to Cagamas Berhad		2,813,708	1,332,810	2,813,708	1,332,810
Derivative financial liabilities		1,998,465	1,385,663	1,998,465	1,385,663
Deposits from customers	A15	61,624,659	62,670,390	61,727,363	62,728,848
Term funding		5,840,136	5,243,585	5,840,136	5,243,585
Debt capital		3,555,982	3,458,683	3,555,982	3,458,683
Other liabilities	A16	2,512,508	2,590,970	2,484,282	2,586,033
<b>TOTAL LIABILITIES</b>		<b>80,234,513</b>	<b>78,740,202</b>	<b>80,387,119</b>	<b>78,828,603</b>
Share capital		820,364	820,364	820,364	820,364
Reserves		7,300,179	7,227,125	6,904,294	6,849,327
<b>Equity attributable to equity holder of the Bank</b>		<b>8,120,543</b>	<b>8,047,489</b>	<b>7,724,658</b>	<b>7,669,691</b>
Non-controlling interests		62	61	-	-
<b>TOTAL EQUITY</b>		<b>8,120,605</b>	<b>8,047,550</b>	<b>7,724,658</b>	<b>7,669,691</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>88,355,118</b>	<b>86,787,752</b>	<b>88,111,777</b>	<b>86,498,294</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A30	<b>116,977,785</b>	<b>111,881,204</b>	<b>117,016,678</b>	<b>111,920,558</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>9.90</b>	<b>9.81</b>	<b>9.42</b>	<b>9.35</b>

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2015.

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

**UNAUDITED CONSOLIDATED INCOME STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

Group	Note	Individual Quarter		Cumulative Quarter	
		31 December 2015 RM'000	31 December 2014 (Restated) RM'000	31 December 2015 RM'000	31 December 2014 (Restated) RM'000
Operating revenue		1,129,185	1,189,537	3,426,457	3,604,845
Interest income	A17	1,008,210	1,046,479	3,021,274	3,158,262
Interest expense	A18	(623,474)	(580,860)	(1,797,143)	(1,708,740)
Net interest income		384,736	465,619	1,224,131	1,449,522
Net income from Islamic banking business	A35	-	-	-	1
Other operating income	A19	120,752	142,865	404,353	445,808
Share in results of associates		223	193	830	774
Net income		505,711	608,677	1,629,314	1,896,105
Other operating expenses	A20	(298,249)	(285,330)	(874,164)	(897,240)
Operating profit		207,462	323,347	755,150	998,865
Writeback of allowance for impairment on loans and advances (Provision for)/Writeback of provision for commitments and contingencies	A21	46,844	75,738	144,952	78,379
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		(122)	(345)	909	(3,318)
Financial investments	A22	11,246	-	(11,542)	(2,354)
Foreclosed properties		(92)	(63)	(198)	(5,697)
Other recoveries - net		388	176	1,142	1,130
<b>Profit before taxation</b>		265,122	400,621	893,742	1,092,519
Taxation		(72,693)	(92,744)	(209,936)	(259,633)
<b>Profit for the period</b>		192,429	307,877	683,806	832,886
Attributable to:					
Equity holder of the Bank		192,428	307,876	683,805	832,885
Non-controlling interests		1	1	1	1
Profit for the period		192,429	307,877	683,806	832,886
<b>Earnings per share (sen)</b>	A23				
Basic/Diluted		23.46	37.53	83.35	101.53

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2015.

**AmBank (M) Berhad**  
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**UNAUDITED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

	Individual Quarter		Cumulative Quarter	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>Group</b>				
Profit for the period	192,429	307,877	683,806	832,886
<b>Other comprehensive income/(loss)</b>				
<b>Items that are or may be reclassified to the income statement</b>				
Currency translation on foreign operations	(11,752)	22,407	60,513	24,350
Net gain/(loss) on financial investments available-for-sale	3,321	(19,638)	(64,309)	25,563
Net movement on cash flow hedge	(6,911)	3,071	13,370	8,053
Income tax relating to the components of other comprehensive income/(loss)	862	3,980	12,224	(8,977)
Other comprehensive (loss)/income for the period, net of tax	(14,480)	9,820	21,798	48,989
<b>Total comprehensive income for the period</b>	<b>177,949</b>	<b>317,697</b>	<b>705,604</b>	<b>881,875</b>
Attributable to:				
Equity holder of the Bank	177,948	317,696	705,603	881,874
Non-controlling interests	1	1	1	1
	<b>177,949</b>	<b>317,697</b>	<b>705,604</b>	<b>881,875</b>

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2015.

**Company No. 8515-D**

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**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2015 RM'000	31 December 2014 (Restated) RM'000	31 December 2015 RM'000	31 December 2014 (Restated) RM'000
<b>Bank</b>					
Operating revenue		1,123,125	1,184,726	3,459,668	3,583,641
Interest income	A17	1,006,835	1,043,806	3,014,952	3,145,081
Interest expense	A18	(626,162)	(581,494)	(1,804,904)	(1,710,443)
Net interest income		380,673	462,312	1,210,048	1,434,638
Other operating income	A19	116,290	140,920	444,716	438,560
Net income		496,963	603,232	1,654,764	1,873,198
Other operating expenses	A20	(314,104)	(309,773)	(932,498)	(982,492)
Operating profit		182,859	293,459	722,266	890,706
Writeback of allowance for impairment on loans and advances (Provision for)/Writeback of provision for commitments and contingencies	A21	46,879	75,605	144,938	78,045
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		(122)	(345)	909	(3,318)
Financial investments	A22	11,246	-	(11,542)	(2,354)
Foreclosed properties		(92)	(63)	(198)	(5,697)
Other recoveries - net		388	176	1,142	1,130
<b>Profit before taxation</b>		<b>240,555</b>	<b>370,599</b>	<b>860,861</b>	<b>984,023</b>
Taxation		(66,293)	(85,076)	(188,831)	(232,713)
<b>Profit for the period</b>		<b>174,262</b>	<b>285,523</b>	<b>672,030</b>	<b>751,310</b>
<b>Earnings per share (sen)</b>	A23				
Basic/Diluted		21.24	34.80	81.92	91.58

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Company No. 8515-D

**AmBank (M) Berhad**  
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**UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

	Individual Quarter		Cumulative Quarter	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>Bank</b>				
Profit for the period	174,262	285,523	672,030	751,310
<b>Other comprehensive income/(loss)</b>				
<b>Items that are or may be reclassified to the income statement</b>				
Currency translation on foreign operations	(10,690)	20,056	54,373	21,828
Net gain/(loss) on financial investments available-for-sale	3,601	(19,405)	(64,549)	26,897
Net movement on cash flow hedge	(6,910)	3,071	13,370	8,053
Income tax relating to the components of other comprehensive income/(loss)	794	3,920	12,283	(9,311)
Other comprehensive (loss)/income for the period, net of tax	(13,205)	7,642	15,477	47,467
<b>Total comprehensive income for the period</b>	<b>161,057</b>	<b>293,165</b>	<b>687,507</b>	<b>798,777</b>

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2015.

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

Group	Attributable to equity holder of the Bank										
	Non-distributable						Distributable				
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale (deficit)/ reserve RM'000	Cash flow hedging reserve RM'000	Foreign currency translation (deficit)/ reserves RM'000	Retained earnings RM'000	Attributable to equity holder RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2014	820,364	942,844	980,969	104,149	(71,094)	3,029	(1,990)	4,607,531	7,385,802	60	7,385,862
Profit for the period	-	-	-	-	-	-	-	832,885	832,885	1	832,886
Other comprehensive income	-	-	-	-	18,479	6,160	24,350	-	48,989	-	48,989
Net gain on foreign currency translation	-	-	-	-	-	-	24,350	-	24,350	-	24,350
Net gain on cash flow hedge	-	-	-	-	-	6,160	-	-	6,160	-	6,160
Net gain on financial investments available-for-sale	-	-	-	-	18,479	-	-	-	18,479	-	18,479
Total comprehensive income for the period	-	-	-	-	18,479	6,160	24,350	832,885	881,874	1	881,875
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(2,863)	(2,863)	-	(2,863)
Dividend on ordinary shares:											
- final, financial year ended 31 March 2014	-	-	-	-	-	-	-	(216,576)	(216,576)	-	(216,576)
- interim, financial year ended 31 March 2015	-	-	-	-	-	-	-	(369,164)	(369,164)	-	(369,164)
Transaction with owner and other equity movements	-	-	-	-	-	-	-	(588,603)	(588,603)	-	(588,603)
At 31 December 2014	820,364	942,844	980,969	104,149	(52,615)	9,189	22,360	4,851,813	7,679,073	61	7,679,134

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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

Group	Attributable to equity holder of the Bank							Distributable		Non-controlling interests RM'000	Total equity RM'000
	Non-distributable										
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve/ (deficit) RM'000	Cash flow hedging (deficit)/ reserves RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	Attributable to equity holder RM'000		
<b>At 1 April 2015</b>	820,364	942,844	980,969	104,149	1,207	(481)	50,537	5,147,900	8,047,489	61	8,047,550
Profit for the period	-	-	-	-	-	-	-	683,805	683,805	1	683,806
Other comprehensive (loss)/income	-	-	-	-	(48,876)	10,161	60,513	-	21,798	-	21,798
Net gain on foreign currency translation	-	-	-	-	-	-	60,513	-	60,513	-	60,513
Net gain on cash flow hedge	-	-	-	-	-	10,161	-	-	10,161	-	10,161
Net loss on financial investments available-for-sale	-	-	-	-	(48,876)	-	-	-	(48,876)	-	(48,876)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	(48,876)	10,161	60,513	683,805	705,603	1	705,604
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(869)	(869)	-	(869)
Dividend on ordinary shares:											
- final, financial year ended 31 March 2015	-	-	-	-	-	-	-	(426,589)	(426,589)	-	(426,589)
- interim, financial year ending 31 March 2016	-	-	-	-	-	-	-	(205,091)	(205,091)	-	(205,091)
Transaction with owner and other equity movements	-	-	-	-	-	-	-	(632,549)	(632,549)	-	(632,549)
<b>At 31 December 2015</b>	<b>820,364</b>	<b>942,844</b>	<b>980,969</b>	<b>104,149</b>	<b>(47,669)</b>	<b>9,680</b>	<b>111,050</b>	<b>5,199,156</b>	<b>8,120,543</b>	<b>62</b>	<b>8,120,605</b>

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2015.



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**UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

Bank	Attributable to equity holder of the Bank							
	Non-distributable					Distributable		
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale (deficit)/ reserve RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2014	820,364	942,844	980,969	(72,233)	3,029	2,785	4,450,679	7,128,437
Profit for the period	-	-	-	-	-	-	751,310	751,310
Other comprehensive income	-	-	-	19,479	6,160	21,828	-	47,467
Net gain on foreign currency translation	-	-	-	-	-	21,828	-	21,828
Net gain on cash flow hedge	-	-	-	-	6,160	-	-	6,160
Net gain on financial investments available-for-sale	-	-	-	19,479	-	-	-	19,479
Total comprehensive income for the period	-	-	-	19,479	6,160	21,828	751,310	798,777
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(2,842)	(2,842)
Dividend on ordinary shares:								
- final, financial year ended 31 March 2014	-	-	-	-	-	-	(216,576)	(216,576)
- interim, financial year ended 31 March 2015	-	-	-	-	-	-	(369,164)	(369,164)
Transaction with owner and other equity movements	-	-	-	-	-	-	(588,582)	(588,582)
At 31 December 2014	820,364	942,844	980,969	(52,754)	9,189	24,613	4,613,407	7,338,632

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2015.

Company No. 8515-D

**AmBank (M) Berhad**  
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**UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

	Attributable to equity holder of the Bank							Total equity RM'000
	Non-distributable				Distributable			
Bank	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve/ (deficit) RM'000	Cash flow hedging (deficit)/ reserve RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	
At 1 April 2015	820,364	942,844	980,969	1,323	(481)	50,585	4,874,087	7,669,691
Profit for the period	-	-	-	-	-	-	672,030	672,030
Other comprehensive income	-	-	-	(49,057)	10,161	54,373	-	15,477
Net gain on foreign currency translation	-	-	-	-	-	54,373	-	54,373
Net gain on cash flow hedge	-	-	-	-	10,161	-	-	10,161
Net loss on financial investments available-for-sale	-	-	-	(49,057)	-	-	-	(49,057)
Total comprehensive (loss)/income for the period	-	-	-	(49,057)	10,161	54,373	672,030	687,507
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(860)	(860)
Dividend on ordinary shares:								
- final, financial year ended 31 March 2015	-	-	-	-	-	-	(426,589)	(426,589)
- interim, financial year ending 31 March 2016	-	-	-	-	-	-	(205,091)	(205,091)
Transaction with owner and other equity movements	-	-	-	-	-	-	(632,540)	(632,540)
At 31 December 2015	820,364	942,844	980,969	(47,734)	9,680	104,958	4,913,577	7,724,658

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2015.

**AmBank (M) Berhad**  
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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Profit before taxation	893,742	1,092,519	860,861	984,023
Adjustments for non-operating and non-cash items	893,735	368,888	836,154	359,688
Operating profit before working capital changes	<u>1,787,477</u>	<u>1,461,407</u>	<u>1,697,015</u>	<u>1,343,711</u>
Changes in working capital:				
Net change in operating assets	3,895,164	(1,412,757)	3,841,321	(1,429,212)
Net change in operating liabilities	485,066	(594,884)	559,685	(569,961)
Tax paid	(339,191)	(261,536)	(337,118)	(259,676)
Net cash (used in)/generated from operating activities	<u>5,828,516</u>	<u>(807,770)</u>	<u>5,760,903</u>	<u>(915,138)</u>
Net cash (used in)/generated from investing activities	(3,486,797)	776,224	(3,405,910)	1,111,398
Net cash used in financing activities	(631,680)	(683,540)	(631,680)	(683,540)
Net increase/(decrease) in cash and cash equivalents	<u>1,710,039</u>	<u>(715,086)</u>	<u>1,723,313</u>	<u>(487,280)</u>
Cash and cash equivalents at beginning of financial year	5,943,180	7,129,900	5,667,979	6,675,659
Effect of exchange rate changes	38	432	59	136
Cash and cash equivalents at end of financial period	<u>7,653,257</u>	<u>6,415,246</u>	<u>7,391,351</u>	<u>6,188,515</u>

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

## **EXPLANATORY NOTES**

### **A1. BASIS OF PREPARATION**

These condensed consolidated financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and complies with the International Accounting Standard ("IAS") 34, Interim Financial Reporting. The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2015.

The significant accounting policies and methods of computation applied in these condensed consolidated financial statements are consistent with those of the most recent audited annual financial statements for the financial year ended 31 March 2015 except for the adoption of the following new and amended Malaysian Financial Reporting Standards ("MFRS") which became effective for the Group and the Bank on 1 April 2015.

#### **1.1 Standards effective from financial year ending 31 March 2016**

- Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of these new and amended MFRS did not have any material impact on the financial statements of the Group and the Bank.

The nature of the new and amended MFRS relevant to the Bank are described below:

##### **1.1.1 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:

###### **(a) 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.

###### **(b) 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.

**EXPLANATORY NOTES (CONT'D.)**

**A1. BASIS OF PREPARATION (CONT'D.)**

**1.1 Standards effective from financial year ending 31 March 2016 (Cont'd.)**

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

**(c) 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.

**(d) 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.

**(e) 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.

**1.1.2 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:

**(a) 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 applies prospectively.

**(b) 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).

**(c) 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.

**EXPLANATORY NOTES (CONT'D.)**

**A1. BASIS OF PREPARATION (CONT'D.)**

**1.2 Bank Negara Malaysia ("BNM") Policy Documents**

**1.2.1 BNM Policy Document on Classification and Impairment Provisions for Loans/Financing**

On 6 April 2015, BNM issued a revised policy document on Classification and Impairment Provisions for Loans/Financing. The requirements in this revised policy document are effective for financial years beginning on or after 1 January 2015, except for the following:

- (i) the requirement to classify loans/financing as rescheduled and restructured in the Central Credit Reference Information System ("CCRIS") is effective on or after 1 April 2015; and
- (ii) the requirement for a banking institution to maintain, in aggregate, collective impairment allowance and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowance will be effective beginning 31 December 2015.

The revised policy did not result in significant provision charges to the Group and the Bank for the financial period ended 31 December 2015. As at 31 December 2015, the Bank has complied with requirement in 1.2.1 (ii) above.

**1.3 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 Bank's financial statements. The Group and the Bank intend to adopt the relevant standards when they become effective.

<b>Description</b>	<b>Effective for financial year ending</b>
Annual Improvements to MFRSs 2012-2014 Cycle	31 March 2017
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	31 March 2017
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	31 March 2017
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	31 March 2017
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	31 March 2017
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	31 March 2017
Amendments to MFRS 127 Equity Method in Separate Financial Statements	31 March 2017
Amendments to MFRS 101 Disclosure Initiative	31 March 2017
MFRS 14 Regulatory Deferral Accounts	31 March 2017
MFRS 15 Revenue from Contracts with Customers	31 March 2019
MFRS 9 Financial Instruments	31 March 2019

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

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

**EXPLANATORY NOTES (CONT'D.)**

**A1. BASIS OF PREPARATION (CONT'D.)**

**1.3 Standards issued but not yet effective (cont'd.)**

**1.3.1 Standards effective for financial year ending 31 March 2017**

**(a) 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.

**(b) 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.

**EXPLANATORY NOTES (CONT'D.)**

**A1. BASIS OF PREPARATION (CONT'D.)**

**1.3 Standards issued but not yet effective (cont'd.)**

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

**(c) 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.

**(d) 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.

**(e) 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.

**(f) Amendments to MFRS 101 Disclosure Initiative**

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



**EXPLANATORY NOTES (CONT'D.)**

**A1. BASIS OF PREPARATION (CONT'D.)**

**1.3 Standards issued but not yet effective (cont'd.)**

**1.3.2 Standards effective for financial year ending 31 March 2019**

**MFRS 15 Revenue from Contracts with Customers**

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

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

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

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

**MFRS 9 Financial Instruments**

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

**EXPLANATORY NOTES (CONT'D.)**

**A2. AUDIT QUALIFICATION**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2015 was not qualified.

**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

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

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

**A5. CHANGES IN ESTIMATES**

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter and period ended 31 December 2015.

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

There were no share buy-backs, share cancellations, shares held as treasury shares, resale of treasury shares and repayment of debt and equity securities by the Bank during the financial quarter and period.

**A7. DIVIDENDS**

During the financial period:

- (i) the final single-tier cash dividend of 52.00 sen per ordinary share on 820,363,762 ordinary shares amounting to approximately RM426,589,156 in respect of the financial year ended 31 March 2015 was paid on 26 August 2015.
- (ii) the interim single-tier cash dividend of 25.00 sen per ordinary share on 820,363,762 ordinary shares amounting to approximately RM205,090,941 in respect of the current financial year was paid on 14 December 2015.

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**A8. FINANCIAL ASSETS HELD-FOR-TRADING**

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2015</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Money market instruments:		
Bank Negara Monetary Notes	-	14,767
Government Investment Issues	297,974	340,247
Malaysian Government Securities	321,954	797,036
Malaysian Treasury Bills	-	9,830
	<u>619,928</u>	<u>1,161,880</u>
Quoted Securities:		
<i>In Malaysia:</i>		
Shares	71,637	71,323
Unit trusts	191,375	3,187
Private debt securities	38,484	39,394
	<u>301,496</u>	<u>113,904</u>
<i>Outside Malaysia:</i>		
Shares	107,405	95,933
	<u>107,405</u>	<u>95,933</u>
Unquoted Securities:		
<i>In Malaysia:</i>		
Private debt securities	1,304,170	495,266
	<u>1,304,170</u>	<u>495,266</u>
<i>Outside Malaysia:</i>		
Private debt securities	45,946	166,521
	<u>45,946</u>	<u>166,521</u>
	<u>2,378,945</u>	<u>2,033,504</u>

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**A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
<b>At fair value</b>				
Money market instruments:				
Bank Negara Monetary Notes	-	379,569	-	379,569
Government Investment Issues	771,333	372,502	771,333	372,502
Islamic Treasury Bills	28,531	-	28,531	-
Malaysian Government Securities	280,648	350,238	280,648	350,238
Malaysian Treasury Bills	-	39,691	-	39,691
Negotiable Instruments of Deposit	3,500,162	600,077	3,500,162	600,077
	<u>4,580,674</u>	<u>1,742,077</u>	<u>4,580,674</u>	<u>1,742,077</u>
Quoted Securities:				
<i>In Malaysia:</i>				
Shares	4,996	5,390	4,993	5,388
Unit trusts	134,865	171,562	134,865	171,562
	<u>139,861</u>	<u>176,952</u>	<u>139,858</u>	<u>176,950</u>
<i>Outside Malaysia:</i>				
Shares	45	44	8	7
	<u>45</u>	<u>44</u>	<u>8</u>	<u>7</u>
Unquoted securities:				
<i>In Malaysia:</i>				
Private debt securities	3,686,371	3,329,354	3,761,076	3,424,429
	<u>3,686,371</u>	<u>3,329,354</u>	<u>3,761,076</u>	<u>3,424,429</u>
<i>Outside Malaysia:</i>				
Private debt securities	285,891	273,071	285,891	273,071
	<u>285,891</u>	<u>273,071</u>	<u>285,891</u>	<u>273,071</u>
<b>At cost</b>				
Unquoted securities:				
<i>In Malaysia:</i>				
Shares	87,375	87,375	87,330	87,330
	<u>87,375</u>	<u>87,375</u>	<u>87,330</u>	<u>87,330</u>
<i>Outside Malaysia:</i>				
Shares	185	1,198	185	157
	<u>185</u>	<u>1,198</u>	<u>185</u>	<u>157</u>
	<u>8,780,402</u>	<u>5,610,071</u>	<u>8,855,022</u>	<u>5,704,021</u>

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

As at 31 December 2015, the fair value gain that would have been recognised in other comprehensive income for the current period if the securities had not been reclassified amounted to RM3,060,000 (31 March 2015: RM3,859,000).

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**A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
<b>At amortised cost</b>				
Money market instruments:				
Foreign Treasury Bills	643,959	518,486	643,959	518,486
Unquoted:				
<i>In Malaysia:</i>				
Private debt securities	2,044,715	2,027,554	2,044,715	2,027,554
Less: Accumulated impairment losses	(3,008)	(6,198)	(3,008)	(6,198)
	<u>2,685,666</u>	<u>2,539,842</u>	<u>2,685,666</u>	<u>2,539,842</u>

**A11. LOANS AND ADVANCES**

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
<b>At amortised cost:</b>				
Overdraft	2,271,756	2,336,634	2,271,756	2,336,634
Term loans	14,770,756	16,575,549	14,770,756	16,575,549
Housing loan receivables	15,203,080	14,138,571	15,019,331	13,937,306
Hire purchase receivables	12,616,483	13,145,533	12,616,483	13,145,533
Bills receivables	726,070	796,179	726,070	796,179
Trust receipts	1,098,092	1,229,607	1,098,092	1,229,607
Claims on customers under acceptance credits	2,688,118	2,660,836	2,688,118	2,660,836
Staff loans	113,170	118,501	113,170	118,501
Card receivables	1,329,085	1,434,319	1,329,085	1,434,319
Revolving credits	7,655,420	6,874,214	7,736,872	6,955,247
Others	197,244	156,562	197,244	156,562
Gross loans and advances	<u>58,669,274</u>	<u>59,466,505</u>	<u>58,566,977</u>	<u>59,346,273</u>
Allowance for impairment on loans and advances:				
- Collective allowance	(829,403)	(953,660)	(829,236)	(953,480)
- Individual allowance	(188,198)	(167,457)	(188,198)	(167,457)
Net loans and advances	<u>57,651,673</u>	<u>58,345,388</u>	<u>57,549,543</u>	<u>58,225,336</u>

Note:

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

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**A11. LOANS AND ADVANCES (CONT'D.)**

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Domestic banking institutions	160,704	6,718	160,704	6,718
Domestic non-bank financial institutions	1,598,564	1,786,264	1,680,015	1,867,297
Domestic business enterprises				
- Small medium enterprises	7,807,653	7,827,397	7,807,653	7,827,397
- Others	16,049,749	17,201,700	16,049,749	17,201,700
Government and statutory bodies	81,012	74,464	81,012	74,464
Individuals	31,536,171	31,079,596	31,352,423	30,878,331
Other domestic entities	115,729	139,108	115,729	139,108
Foreign individuals and entities	1,319,692	1,351,258	1,319,692	1,351,258
	<u>58,669,274</u>	<u>59,466,505</u>	<u>58,566,977</u>	<u>59,346,273</u>

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
In Malaysia	57,934,541	58,605,093	57,832,244	58,484,861
Outside Malaysia	734,733	861,412	734,733	861,412
	<u>58,669,274</u>	<u>59,466,505</u>	<u>58,566,977</u>	<u>59,346,273</u>

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Fixed rate				
- Housing loans	342,483	376,450	158,735	175,185
- Hire purchase receivables	11,766,116	12,083,943	11,766,116	12,083,943
- Other fixed rate loans	5,266,581	5,985,303	5,266,581	5,985,303
Variable rate				
- Base lending rate plus	24,531,107	24,179,990	24,531,107	24,179,990
- Cost plus	15,099,062	15,574,555	15,180,513	15,655,588
- Other variable rates	1,663,925	1,266,264	1,663,925	1,266,264
	<u>58,669,274</u>	<u>59,466,505</u>	<u>58,566,977</u>	<u>59,346,273</u>

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**A11. LOANS AND ADVANCES (CONT'D.)**

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Agriculture	2,754,151	2,858,662	2,754,151	2,858,662
Mining and quarrying	1,511,057	1,399,308	1,511,057	1,399,308
Manufacturing	5,963,893	6,204,482	5,963,893	6,204,482
Electricity, gas and water	422,393	1,089,535	422,393	1,089,535
Construction	2,206,184	1,841,952	2,206,184	1,841,952
Wholesale and retail trade and hotel and restaurants	3,219,607	3,666,418	3,219,607	3,666,418
Transport, storage and communication	1,101,434	1,397,069	1,101,434	1,397,069
Finance and insurance	1,802,363	1,792,982	1,883,814	1,874,015
Real estate	5,669,832	5,836,818	5,669,832	5,836,818
Business activities	794,450	703,429	794,450	703,429
Education and health	799,763	885,585	799,763	885,585
Household of which:	32,091,558	31,475,078	31,907,810	31,273,813
- purchase of residential properties	15,030,380	14,012,645	14,846,632	13,811,380
- purchase of transport vehicles	11,907,026	12,310,566	11,907,026	12,310,566
- others	5,154,152	5,151,867	5,154,152	5,151,867
Others	332,589	315,187	332,589	315,187
	<u>58,669,274</u>	<u>59,466,505</u>	<u>58,566,977</u>	<u>59,346,273</u>

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Maturing within one year	12,848,391	11,957,254	12,928,543	12,036,988
Over one year to three years	6,319,080	7,112,526	6,311,188	7,104,634
Over three years to five years	8,091,764	8,320,603	8,083,615	8,312,454
Over five years	31,410,039	32,076,122	31,243,631	31,892,197
	<u>58,669,274</u>	<u>59,466,505</u>	<u>58,566,977</u>	<u>59,346,273</u>

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Balance at beginning of financial year	963,985	1,298,511	963,361	1,296,626
Impaired during the period/year	673,312	1,212,816	671,919	1,211,907
Reclassified as non-impaired	(19,173)	(255,955)	(19,173)	(255,945)
Recoveries	(340,965)	(542,495)	(339,615)	(540,335)
Amount written off	(339,946)	(748,892)	(339,946)	(748,892)
Balance at end of financial period/year	<u>937,213</u>	<u>963,985</u>	<u>936,546</u>	<u>963,361</u>
Gross impaired loans and advances as % of gross loans and advances	<u>1.6%</u>	<u>1.6%</u>	<u>1.6%</u>	<u>1.6%</u>
Loan loss coverage	<u>108.6%</u>	<u>116.3%</u>	<u>108.6%</u>	<u>116.4%</u>

(g) All impaired loans and advances reside in Malaysia.

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**A11. LOANS AND ADVANCES (CONT'D.)**

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Agriculture	4,898	8,788	4,898	8,788
Mining and quarrying	3,839	7,034	3,839	7,034
Manufacturing	161,178	172,735	161,178	172,735
Electricity, gas and water	316	261	316	261
Construction	12,629	12,095	12,629	12,095
Wholesale and retail trade and hotel and restaurants	37,924	36,526	37,924	36,526
Transport, storage and communication	20,712	12,201	20,712	12,201
Finance and insurance	379	418	379	418
Real estate	146,896	76,276	146,896	76,276
Business activities	6,808	9,419	6,808	9,419
Education and health	5,127	6,434	5,127	6,434
Household of which:	526,500	609,513	525,833	608,889
- purchase of residential properties	296,952	339,768	296,285	339,144
- purchase of transport vehicles	165,800	211,427	165,800	211,427
- others	63,748	58,318	63,748	58,318
Others	10,007	12,285	10,007	12,285
	<u>937,213</u>	<u>963,985</u>	<u>936,546</u>	<u>963,361</u>

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
<b>Collective allowance</b>				
Balance at beginning of financial year	953,660	1,411,219	953,480	1,410,574
Charge to income statement, net	183,656	282,957	183,670	283,430
Amount transferred from/(to) AmBank Islamic*	2,461	(2,463)	2,461	(2,463)
Amount written-off and others	(313,248)	(740,094)	(313,248)	(740,094)
Foreign exchange differences	2,874	2,041	2,873	2,033
Balance at end of financial period/year**	<u>829,403</u>	<u>953,660</u>	<u>829,236</u>	<u>953,480</u>
Collective allowance as % of gross loans and advances less individual allowance	<u>1.4%</u>	<u>1.6%</u>	<u>1.4%</u>	<u>1.6%</u>

\* In the financial year ended 31 March 2015, on 2 May 2014 upon expiry of the RIA contract entered into with AmBank Islamic in the financial year ended 31 March 2013, the Bank had derecognised the collective allowance previously recognised in its financial statements. Accordingly, AmBank Islamic now accounts for the collective allowance in its financial statements.

During the current financial period, on 16 December 2015, the Bank early redeemed the investment account entered into in the financial year ended 31 March 2015. On the same day, the AmBank Islamic entered into a new RIA account for the contract sum of RM1,000,000,000 with the Bank.

On 31 December 2015, another new contract for the sum of RM300,000,000 was entered into by the Bank with AmBank Islamic. Arising from this new contract, AmBank Islamic transferred collective allowance of RM2,461,000 for the financing funded by the Bank.

\*\* As at 31 December 2015, the gross exposure and collective allowance relating to the RIA financing for the Group and the Bank amounted to RM1,303,109,000 and RM3,612,000 (31 March 2015: RM1,363,811,000 and RM1,553,000) respectively.



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**A11. LOANS AND ADVANCES (CONT'D.)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>Individual allowance</b>				
Balance at beginning of financial year	167,457	133,755	167,457	133,755
Charge to income statement, net	37,187	45,300	37,187	45,300
Amount written-off	<u>(16,446)</u>	<u>(11,598)</u>	<u>(16,446)</u>	<u>(11,598)</u>
Balance at end of financial period/year	<u>188,198</u>	<u>167,457</u>	<u>188,198</u>	<u>167,457</u>

There was no individual allowance provided for the RIA financing for 31 December 2015 and 31 March 2015.

**A12. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>At amortised cost:</b>				
Unquoted private debt securities in Malaysia	<u>97,181</u>	<u>87,181</u>	<u>97,181</u>	<u>87,181</u>

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**A13. OTHER ASSETS**

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Other receivables, deposits and prepayments, net of allowance for impairment	1,754,606	1,719,919	1,746,261	1,675,571
Interest receivable, net of allowance for impairment	186,621	205,998	186,642	206,002
Amount due from originators	310,256	328,015	310,256	328,015
Foreclosed properties, net of allowance for impairment	65,594	61,822	65,444	61,672
Deferred charges	77,201	83,697	77,201	83,697
Tax recoverable *	305,267	215,158	305,233	215,147
	<u>2,699,545</u>	<u>2,614,609</u>	<u>2,691,037</u>	<u>2,570,104</u>

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

As at 31 December 2015, the Bank was successful in its appeals for the majority of the tax matters under dispute and currently awaiting Notices of Reduced Assessment.

**A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Licensed banks	1,359,387	913,644	1,359,387	913,817
Licensed investment banks	95,909	552,081	95,909	552,081
Other financial Institutions	390,112	562,078	468,240	596,785
Bank Negara Malaysia	43,647	30,298	43,647	30,298
	<u>1,889,055</u>	<u>2,058,101</u>	<u>1,967,183</u>	<u>2,092,981</u>

**A15. DEPOSIT FROM CUSTOMERS**

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Demand deposits	9,777,900	9,701,374	9,779,322	9,702,618
Savings deposits	3,269,483	3,356,402	3,269,483	3,356,402
Term/Investment deposits	48,577,030	49,608,047	48,678,312	49,665,261
Negotiable instruments of deposits	246	4,567	246	4,567
	<u>61,624,659</u>	<u>62,670,390</u>	<u>61,727,363</u>	<u>62,728,848</u>

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**A15. DEPOSIT FROM CUSTOMERS (CONT'D.)**

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Government and other statutory bodies	4,001,060	3,845,436	4,001,060	3,845,436
Business enterprises	27,822,548	27,561,311	27,925,252	27,619,769
Individuals	28,153,974	28,868,684	28,153,974	28,868,684
Others	1,647,077	2,394,959	1,647,077	2,394,959
	<u>61,624,659</u>	<u>62,670,390</u>	<u>61,727,363</u>	<u>62,728,848</u>

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Due within six months	35,315,587	36,246,422	35,416,869	36,303,636
Over six months to one year	9,799,434	10,494,544	9,799,434	10,494,544
Over one year to three years	3,112,501	2,252,256	3,112,501	2,252,256
Over three years to five years	349,754	619,392	349,754	619,392
	<u>48,577,276</u>	<u>49,612,614</u>	<u>48,678,558</u>	<u>49,669,828</u>

**A16. OTHER LIABILITIES**

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Other payables and accruals	1,756,566	1,815,215	1,745,064	1,810,417
Interest payable	636,150	588,645	636,160	588,665
Advance rentals	7,981	8,442	7,981	8,442
Provision for commitments and contingencies	95,014	97,308	95,042	97,353
Provision for taxation	16,797	81,360	35	81,156
	<u>2,512,508</u>	<u>2,590,970</u>	<u>2,484,282</u>	<u>2,586,033</u>

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**A17. INTEREST INCOME**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Short-term funds and deposits with financial institutions	55,857	49,080	165,413	142,045
Financial assets held-for-trading	17,999	18,755	50,997	55,683
Financial investments available-for-sale	64,159	61,696	199,176	179,375
Financial investments held-to-maturity	22,835	20,206	63,530	59,671
Loans and advances	812,349	886,555	2,460,602	2,699,486
Investment accounts	16,034	-	31,925	-
Impaired loans and advances	2,016	1,663	6,640	5,553
Others	16,961	8,524	42,991	16,449
	<u>1,008,210</u>	<u>1,046,479</u>	<u>3,021,274</u>	<u>3,158,262</u>
<b>Bank</b>				
Short-term funds and deposits with financial institutions	55,820	47,959	163,180	133,696
Financial assets held-for-trading	17,999	18,755	50,997	55,683
Financial investments available-for-sale	65,167	63,052	202,447	183,729
Financial investments held-to-maturity	22,835	20,206	63,530	59,671
Loans and advances	810,002	883,647	2,453,286	2,690,300
Investment accounts	16,034	-	31,925	-
Impaired loans and advances	2,016	1,663	6,640	5,553
Others	16,962	8,524	42,947	16,449
	<u>1,006,835</u>	<u>1,043,806</u>	<u>3,014,952</u>	<u>3,145,081</u>

**A18. INTEREST EXPENSE**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
<b>Group</b>				
Deposits from customers	481,272	463,006	1,412,672	1,355,884
Deposits and placements of banks and other financial institutions	16,493	12,238	38,733	36,767
Recourse obligation of loans sold to Cagamas Berhad	23,575	10,293	43,945	30,695
Term funding	50,330	45,607	148,191	125,116
Debt capital	50,399	52,357	149,637	156,904
Others	1,405	(2,641)	3,965	3,374
	<u>623,474</u>	<u>580,860</u>	<u>1,797,143</u>	<u>1,708,740</u>
<b>Bank</b>				
Deposits from customers	484,169	463,640	1,418,994	1,357,577
Deposits and placements of banks and other financial institutions	16,494	12,241	38,735	36,777
Recourse obligation of loans sold to Cagamas Berhad	23,575	10,293	43,945	30,695
Term funding	50,330	45,607	148,191	125,116
Debt capital	50,189	52,355	151,074	156,905
Others	1,405	(2,642)	3,965	3,373
	<u>626,162</u>	<u>581,494</u>	<u>1,804,904</u>	<u>1,710,443</u>

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**A19. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Bancassurance commission	6,867	6,961	21,094	21,752
Brokerage fees, commission and rebates	787	440	2,115	1,512
Fees on loans, advances and securities	43,380	51,654	122,486	165,949
Guarantee fees	13,927	15,902	40,918	43,735
Underwriting fees	-	-	-	397
Remittances	5,475	6,186	16,411	17,008
Service charges and fees	4,168	3,649	11,505	10,988
Other fee and commission	7,845	7,857	26,616	30,200
	<u>82,449</u>	<u>92,649</u>	<u>241,145</u>	<u>291,541</u>
Investment and trading income:				
Foreign exchange *	24,519	20,273	73,615	52,481
Gross dividend income from:				
Financial assets held-for-trading	3,420	3,670	4,723	6,713
Financial investments available-for-sale	(4,160)	347	3,094	9,328
Net gain/(loss) on sale/redemption of:				
Financial assets held-for-trading	2,386	(17,536)	(9,282)	(24,044)
Financial investments available-for-sale	544	504	20,072	4,467
Net gain/(loss) on revaluation of financial assets held-for-trading	11,186	(15,776)	(14,588)	(2,378)
Net (loss)/gain on derivatives	(25,174)	44,110	39,028	66,870
Others	10,289	(27)	8,264	1,137
	<u>23,010</u>	<u>35,565</u>	<u>124,926</u>	<u>114,574</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	79	(75)	132	39
Net non trading foreign exchange gain/(loss)	247	8,030	(1,057)	12,107
Profit from sale of goods and services	10,425	4,034	29,009	21,016
Rental income	878	880	2,819	2,783
Others	3,664	1,782	7,379	3,748
	<u>15,293</u>	<u>14,651</u>	<u>38,282</u>	<u>39,693</u>
	<u>120,752</u>	<u>142,865</u>	<u>404,353</u>	<u>445,808</u>

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

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**A19. OTHER OPERATING INCOME (CONT'D.)**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Fee and commission income:				
Bancassurance commission	6,868	6,955	21,092	21,731
Brokerage fees, commission and rebates	787	440	2,115	1,512
Fees on loans, advances and securities	37,571	46,149	107,847	149,443
Guarantee fees	13,927	15,902	40,918	43,735
Underwriting fees	-	-	-	397
Remittances	5,475	6,186	16,411	17,008
Service charges and fees	4,266	3,825	11,852	11,562
Other fee and commission	7,831	7,831	26,602	30,167
	<u>76,725</u>	<u>87,288</u>	<u>226,837</u>	<u>275,555</u>
Investment and trading income:				
Foreign exchange *	24,519	20,273	73,615	52,481
Gross dividend income from:				
Associate	-	-	-	1,000
Financial assets held-for-trading	3,420	3,670	4,723	6,713
Financial investments available-for-sale	(4,160)	347	3,094	9,328
Subsidiaries	1,314	3,640	52,523	3,640
Net gain/(loss) on sale/redemption of:				
Financial assets held-for-trading	2,386	(17,536)	(9,282)	(24,044)
Financial investments available-for-sale	544	504	20,260	4,467
Net gain/(loss) on revaluation of financial assets held-for-trading	11,186	(15,776)	(14,588)	(2,378)
Net (loss)/gain on derivatives	(25,174)	44,110	39,028	66,870
Others	10,542	65	9,147	6,005
	<u>24,577</u>	<u>39,297</u>	<u>178,520</u>	<u>124,082</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	77	(66)	121	(73)
Net non trading foreign exchange gain	37	8,053	387	12,145
Profit from sale of goods and services	10,425	4,034	29,009	21,016
Rental income	759	710	2,461	2,277
Others	3,690	1,604	7,381	3,558
	<u>14,988</u>	<u>14,335</u>	<u>39,359</u>	<u>38,923</u>
	<u>116,290</u>	<u>140,920</u>	<u>444,716</u>	<u>438,560</u>

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

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**A20. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	31 December 2015 RM'000	31 December 2014 (Restated) RM'000	31 December 2015 RM'000	31 December 2014 (Restated) RM'000
Personnel costs:				
Pension costs - defined contribution plan	24,797	23,849	72,497	82,273
Salaries, allowances and bonuses	157,800	147,634	457,046	504,241
Shares and options granted under ESS	3,063	5,771	4,012	15,643
Social security costs	1,273	1,268	3,819	3,831
Others	27,911	23,457	68,310	49,178
Expense capitalised	(3,005)	(2,906)	(8,846)	(8,622)
	<u>211,839</u>	<u>199,073</u>	<u>596,838</u>	<u>646,544</u>
Establishment costs:				
Amortisation of intangible assets	18,009	17,024	52,896	50,837
Cleaning, maintenance and security	5,608	8,465	19,171	18,910
Computerisation cost	43,614	46,409	130,995	131,374
Depreciation of property and equipment	10,152	11,051	30,060	33,306
Rental of premises	21,016	20,649	64,738	61,162
Others	9,184	9,889	27,535	28,833
Expense capitalised	(691)	(563)	(2,210)	(1,743)
	<u>106,892</u>	<u>112,924</u>	<u>323,185</u>	<u>322,679</u>
Marketing and communication expenses:				
Advertising and marketing	8,561	7,404	23,199	19,449
Commission	4,759	2,504	9,467	7,124
Communication	7,525	9,874	33,583	31,585
Others	2,138	1,996	5,762	6,030
	<u>22,983</u>	<u>21,778</u>	<u>72,011</u>	<u>64,188</u>
Administration and general expenses:				
Professional services	22,783	22,244	67,919	59,308
Travelling	1,663	2,597	4,079	5,616
Others*	20,413	8,559	52,176	27,071
	<u>44,859</u>	<u>33,400</u>	<u>124,174</u>	<u>91,995</u>
Service transfer pricing recovery - net	(88,860)	(92,682)	(245,739)	(259,757)
Acquisition and business efficiency costs	536	10,837	3,695	31,591
	<u>298,249</u>	<u>285,330</u>	<u>874,164</u>	<u>897,240</u>

\* Includes RM4,000,000 administrative monetary penalty imposed by BNM arising from non-compliance with certain regulations for the period ended 31 December 2015.

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**A20. OTHER OPERATING EXPENSES (CONT'D.)**

	Individual Quarter		Cumulative Quarter	
	31 December 2015	31 December 2014 (Restated)	31 December 2015	31 December 2014 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Personnel costs:				
Pension costs - defined contribution plan	23,215	22,248	68,139	77,359
Salaries, allowances and bonuses	148,461	138,192	431,187	475,142
Shares and options granted under ESS	2,998	5,651	3,908	15,250
Social security costs	1,185	1,178	3,551	3,554
Others	27,089	22,639	66,252	47,316
Expense capitalised	(3,005)	(2,906)	(8,846)	(8,622)
	<u>199,943</u>	<u>187,002</u>	<u>564,191</u>	<u>609,999</u>
Establishment costs:				
Amortisation of intangible assets	17,463	16,406	51,193	49,417
Cleaning, maintenance and security	5,419	8,295	18,493	18,009
Computerisation cost	42,622	46,391	128,941	131,134
Depreciation of property and equipment	8,584	9,701	26,160	29,370
Rental of premises	20,089	19,736	62,057	58,211
Others	8,866	9,658	26,612	27,964
Expense capitalised	(691)	(563)	(2,210)	(1,743)
	<u>102,352</u>	<u>109,624</u>	<u>311,246</u>	<u>312,362</u>
Marketing and communication expenses:				
Advertising and marketing	8,511	7,398	22,936	19,431
Commission	4,758	2,502	9,465	7,120
Communication	6,641	9,122	31,836	29,495
Others	1,774	1,667	4,837	4,972
	<u>21,684</u>	<u>20,689</u>	<u>69,074</u>	<u>61,018</u>
Administration and general expenses:				
Card operation charges	41,187	48,369	130,384	158,256
Professional services	22,682	22,102	67,904	58,947
Travelling	1,627	2,541	3,957	5,469
Others*	20,251	8,207	51,614	26,030
	<u>85,747</u>	<u>81,219</u>	<u>253,859</u>	<u>248,702</u>
Service transfer pricing recovery - net	(96,158)	(99,598)	(269,567)	(281,180)
Acquisition and business efficiency costs	536	10,837	3,695	31,591
	<u>314,104</u>	<u>309,773</u>	<u>932,498</u>	<u>982,492</u>

\* Includes RM4,000,000 administrative monetary penalty imposed by BNM arising from non-compliance with certain regulations for the period ended 31 December 2015.



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**A21. WRITEBACK OF ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Allowance for impaired loans and advances:				
Individual allowance	28,013	9,466	37,187	32,752
Collective allowance	22,496	88,771	183,656	238,990
Impaired loans and advances recovered, net	(95,764)	(172,243)	(364,206)	(348,389)
Recovery from loans sold to Danaharta	(1,589)	(1,732)	(1,589)	(1,732)
	<u>(46,844)</u>	<u>(75,738)</u>	<u>(144,952)</u>	<u>(78,379)</u>
<b>Bank</b>				
Allowance for impaired loans and advances:				
Individual allowance	28,013	9,466	37,187	32,752
Collective allowance	22,452	88,904	183,670	239,324
Impaired loans and advances recovered, net	(95,755)	(172,243)	(364,206)	(348,389)
Recovery from loans sold to Danaharta	(1,589)	(1,732)	(1,589)	(1,732)
	<u>(46,879)</u>	<u>(75,605)</u>	<u>(144,938)</u>	<u>(78,045)</u>

**A22. IMPAIRMENT LOSS/(WRITEBACK) ON FINANCIAL INVESTMENTS**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Financial investments available-for-sale	(10,956)	-	14,732	-
Financial investments held-to-maturity	(290)	-	(3,190)	2,354
	<u>(11,246)</u>	<u>-</u>	<u>11,542</u>	<u>2,354</u>
<b>Bank</b>				
Financial investments available-for-sale	(10,956)	-	14,732	-
Financial investments held-to-maturity	(290)	-	(3,190)	2,354
	<u>(11,246)</u>	<u>-</u>	<u>11,542</u>	<u>2,354</u>

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**A23. EARNINGS PER SHARE ("EPS")**

**(a) Basic/Diluted**

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

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

	Individual Quarter		Cumulative Quarter	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Group</b>				
Net profit attributable to shareholder of the Bank (RM'000)	192,428	307,876	683,805	832,885
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/Diluted earnings per share (sen)	<u>23.46</u>	<u>37.53</u>	<u>83.35</u>	<u>101.53</u>
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Bank</b>				
Net profit attributable to shareholder of the Bank (RM'000)	174,262	285,523	672,030	751,310
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/Diluted earnings per share (sen)	<u>21.24</u>	<u>34.80</u>	<u>81.92</u>	<u>91.58</u>

#### **A24. BUSINESS SEGMENT ANALYSIS**

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

(a) Retail Banking

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

(b) Wholesale Banking

Wholesale Banking comprises Corporate and Commercial Banking, Markets and Investment Banking.

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

(c) Group Funding and Others (previously known as Operating Segments)

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

During the current financial quarter, the Group:

- (i) has presented allowances for impairment on financing and advances separately from other assets to better align with internal information used to manage the business; and
- (ii) expanded the disclosure for Wholesale Banking Division to provide disclosures that help investors and other stakeholders understand the Group's performance.

Accordingly, comparatives have been restated to conform with current period's presentation.

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**A24. BUSINESS SEGMENT ANALYSIS**

Group For the financial period ended 31 December 2015	Wholesale Banking					Total RM'000
	Retail banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000	Group Funding and Others RM'000	
External revenue	1,494,455	1,128,377	287,894	26,161	489,570	3,426,457
Revenue from other segments	(45,829)	110,697	(171,754)	(13,879)	120,765	-
Total operating revenue	1,448,626	1,239,074	116,140	12,282	610,335	3,426,457
Net interest income	666,821	428,278	23,035	11,453	94,544	1,224,131
Other operating income	197,344	103,039	74,401	849	28,720	404,353
Income	864,165	531,317	97,436	12,302	123,264	1,628,484
Share in results of associates	-	-	-	-	830	830
Other operating expenses	(511,122)	(126,595)	(50,358)	(14,487)	(171,602)	(874,164)
<i>of which:</i>						
<i>Depreciation of Property and Equipment</i>	(16,944)	(924)	(656)	(45)	(11,556)	(30,125)
<i>Amortisation of Intangible Assets</i>	(6,721)	(2,221)	(5,010)	(8)	(39,477)	(53,437)
Profit before impairment losses	353,043	404,722	47,078	(2,185)	(47,508)	755,150
(Allowance)/Writeback for impairment losses on loans and advances	32,611	73,707	-	1,253	37,381	144,952
(Allowance)/Writeback for impairment losses on other assets	(2,609)	16,697	(209)	51	(20,290)	(6,360)
Profit before taxation	383,045	495,126	46,869	(881)	(30,417)	893,742
Taxation	(91,777)	(109,504)	(11,249)	2,067	527	(209,936)
Profit for the financial period	291,268	385,622	35,620	1,186	(29,890)	683,806
<b>Other information</b>						
Total segment assets	32,790,097	25,135,770	9,708,335	1,490,169	19,230,747	88,355,118
Total segment liabilities	31,750,747	31,551,127	4,802,070	3,657	12,126,912	80,234,513
Cost to income ratio	59.1%	23.8%	51.7%	117.8%	138.3%	53.7%
Gross loans and advances	32,362,141	25,137,154	-	1,169,025	954	58,669,274
Net loans and advances	32,008,400	24,741,009	-	1,165,905	(263,641)	57,651,673
Impaired loans and advances	615,335	321,878	-	-	-	937,213
Total deposits	31,382,179	30,732,075	261,566	-	1,137,894	63,513,714
Additions to:						
Property and equipment	15,849	618	96	4	31,011	47,578
Intangible assets	8,776	1,657	95	-	73,609	84,137

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**A24. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

Group For the financial period ended 31 December 2014 (Restated)	Wholesale Banking					Total RM'000
	Retail banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000	Group Funding and Others RM'000	
External revenue	1,608,727	1,179,886	279,196	29,113	507,923	3,604,845
Revenue from other segments	(80,464)	110,657	(131,068)	(12,721)	113,596	-
Total operating revenue	1,528,263	1,290,543	148,128	16,392	621,519	3,604,845
Net interest income	792,286	498,238	25,320	8,371	125,307	1,449,522
Other operating income	194,749	126,563	101,102	8,016	15,379	445,809
Income	987,035	624,801	126,422	16,387	140,686	1,895,331
Share in results of associates	-	-	-	-	774	774
Other operating expenses	(490,986)	(159,167)	(53,138)	(7,716)	(186,233)	(897,240)
<i>of which:</i>						
<i>Depreciation of Property and Equipment</i>	(18,668)	(1,609)	(1,052)	(40)	(11,970)	(33,339)
<i>Amortisation of Intangible Assets</i>	(5,971)	(2,794)	(3,297)	(7)	(38,907)	(50,976)
Profit before impairment losses	496,049	465,634	73,284	8,671	(44,773)	998,865
(Allowance)/Writeback for impairment losses on loans and advances	(113,459)	123,568	-	2,892	65,378	78,379
(Allowance)/Writeback for impairment losses on other assets	8,127	7,401	(362)	(607)	716	15,275
Profit before taxation	390,717	596,603	72,922	10,956	21,321	1,092,519
Taxation	(97,608)	(137,707)	(18,231)	(2,674)	(3,413)	(259,633)
Profit for the financial period	293,109	458,896	54,691	8,282	17,908	832,886
<b>Other information</b>						
Total segment assets	32,899,127	27,900,698	7,292,566	1,769,590	17,359,470	87,221,451
Total segment liabilities	33,392,335	32,178,083	3,906,344	1,463	10,064,092	79,542,317
Cost to income ratio	49.7%	25.5%	42.0%	47.1%	131.7%	47.3%
Gross loans and advances	32,427,821	27,886,516	-	1,073,762	(16,725)	61,371,374
Net loans and advances	31,901,983	27,534,421	-	1,071,185	(349,123)	60,158,466
Impaired loans and advances	771,659	241,974	-	2,501	-	1,016,134
Total deposits	32,720,274	31,296,315	311,093	-	1,798,726	66,126,408
Additions to:						
Property and equipment	17,699	270	191	-	14,461	32,621
Intangible assets	7,960	851	5,209	-	39,643	53,663

Notes:

1. The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.
2. Certain comparative figures have been restated to conform with current year's presentation.

#### **A25. PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2015**

The Group registered a profit before taxation ("pre-tax profit") of RM893.7 million, representing 18.2% decrease compared to the pre-tax profit for the corresponding period last year.

For current financial period, the decrease in pre-tax profit was attributable to lower net interest income by RM225.4 million or 15.6%, lower other operating income by RM41.5 million or 9.3%, lower writeback of provision for commitments and contingencies by RM22.2 million and higher impairment loss on financial investments by RM9.2 million.

Net interest income was lower mainly from loans and advances whilst other operating income was lower due to lower fee income mainly from loans and advances, lower gain on derivatives and higher loss on revaluation of financial assets held-for-trading mitigated by net gain on sale or redemption of securities.

The decrease in pre-tax profit was mitigated with lower provision charged for loans and advances by RM50.9 million and higher recovery of impaired loans by RM15.8 million. Other operating expenses was lower by RM23.1 million or 2.6% mainly due to lower personnel costs and lower acquisition and business efficiency cost offset with higher administration and general expenses and lower recovery of service transfer pricing.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 16.2% and 15.5% respectively.

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

#### **A26. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2016**

In the third quarter of 2015, the Malaysian economy recorded a growth of 4.7% (2Q2015: 4.9%) driven mainly by private sector demand. Both private consumption and private investment grew moderately at 4.1% and 5.5% respectively (2Q2015: 6.4% and 3.9%).

For calendar year 2016, the Group forecasts a modest annual Gross Domestic Product growth of circa 4.5% (2015: 4.9%) led by softer demand and lower commodity prices but will be supported by domestic demand, mainly from private expenditure and complemented by exports.

Inflation is projected to hover between 2.8% and 3.0% in 2016. Apart from persistently weak ringgit that will result to pass-through, various price adjustments (hikes in toll rates, train fares and cigarette excise duties) together with the abolishment of the cooking oil price stabilisation scheme, rice and flour price subsidy as well as electricity bill subsidy will cause inflation to rise.

Recent 50bps cut by BNM on SRR raised our probability to 40% - 60% for further reduction on SRR. At the same time, our probability for OPR cut by 25bps is between 60% - 80%. Inflation is expected to be muted to some extent in 2H2016 due to base effect. Besides, Household debt/GDP rose by a mere 0.2ppt to 88.1% end-August 2015, easing pressure on potential household debt crisis. However, limiting BNM from cutting OPR will depend on the behavior of the ringgit.

In the near to medium term, business and economic conditions are expected to remain challenging against the backdrop of increasingly stringent compliance requirements. The banking sector is expected to experience slower demand and narrowing net interest margins while asset quality may come under pressure.

At AmBank Group, we remain focused to deliver risk-adjusted returns with measures in place to drive growth, supported by investments to improve our capabilities and enhance customer experience. We remain focused on our FY2016-2017 strategic agenda to (1) Deliver on focused organic growth; (2) Leverage strategic partnerships and deliver on acquisitions; (3) Continue to optimise efficiency; and (4) Build sustainability.

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**A27. VALUATION OF PROPERTY AND EQUIPMENT**

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

**A28. EVENTS SUBSEQUENT TO REPORTING DATE**

On 27 January 2016, the first call date, the Bank early repaid its subordinated term loan of USD200 million, together with the accrued but unpaid interest to a wholly-owned subsidiary of the Bank, AMBB Capital (L) Ltd. The proceeds of the repayment is used by AMBB Capital (L) Ltd to redeem its Non-Cumulative Non-Voting Guaranteed Preference Shares ("Hybrid Securities") in whole on the same day. Approval from BNM for the redemption of the Hybrid Securities was obtained on 3 November 2015.

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

**A29. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no significant changes in the composition of the Group for the financial period ended 31 December 2015.

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**A30. COMMITMENTS AND CONTINGENCIES**

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

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
<b>Contingent Liabilities</b>				
Direct credit substitutes	2,144,961	788,743	2,144,961	788,743
Transaction related contingent items	4,353,591	5,609,010	4,353,591	5,609,010
Short term self liquidating trade related contingencies	608,875	634,176	608,875	634,176
Obligations under on-going underwriting agreements	20,000	250,000	20,000	250,000
	<u>7,127,427</u>	<u>7,281,929</u>	<u>7,127,427</u>	<u>7,281,929</u>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,137,200	12,491,550	12,176,143	12,530,954
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,744,262	3,993,436	3,744,262	3,993,436
Unutilised credit card lines	2,285,704	3,361,539	2,285,704	3,361,539
Forward asset purchase	99,502	824,066	99,502	824,066
Others	200	200	150	150
	<u>18,266,868</u>	<u>20,670,791</u>	<u>18,305,761</u>	<u>20,710,145</u>
<b>Derivative Financial Instruments</b>				
<b>Foreign exchange related contracts</b>				
- One year or less	38,319,326	33,934,956	38,319,326	33,934,956
- Over one year to five years	702,284	2,500,277	702,284	2,500,277
- Over five years	2,179,056	1,950,414	2,179,056	1,950,414
<b>Interest rate related contracts</b>				
- One year or less	8,281,560	4,922,516	8,281,560	4,922,516
- Over one year to five years	31,269,837	30,856,561	31,269,837	30,856,561
- Over five years	9,837,669	8,433,307	9,837,669	8,433,307
<b>Credit related contracts</b>				
- One year or less	355,792	-	355,792	-
- Over one year to five years	-	327,515	-	327,515
- Over five years	355,066	326,889	355,066	326,889
<b>Equity and commodity related contracts</b>				
- One year or less	201,946	606,219	201,946	606,219
- Over one year to five years	80,954	69,830	80,954	69,830
	<u>91,583,490</u>	<u>83,928,484</u>	<u>91,583,490</u>	<u>83,928,484</u>
<b>Total</b>	<u>116,977,785</u>	<u>111,881,204</u>	<u>117,016,678</u>	<u>111,920,558</u>



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### **A30. COMMITMENTS AND CONTINGENCIES (CONT'D.)**

(b) Legal suits:

- Zurich Insurance Malaysia Bhd ("Zurich") -V- AmTrustee Bhd ("AmTrustee") & Meridian Asset Management S/B ("Meridian") ("Zurich Suit")
- Meridian Asset Management S/B -V- AmTrustee Bhd ("Meridian Suit")  
(Currently pending before the Federal Court)

#### **Nature of Claim:**

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

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

#### **Status:**

##### **High Court**

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

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

Parties then appealed to the Court of Appeal.

##### **Court of Appeal**

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

Meridian Suit: the High Court decision was maintained.

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

##### **Federal Court**

Prior to hearing the application for leave to appeal, on 22.9.2015, AmTrustee was informed that Meridian had been wound up on 7.8.2015. Accordingly, AmTrustee has instructed its solicitors to file for leave to proceed against Meridian. Leave was granted by the Winding Up Court on 20.1.2016. The application for permission to appeal to the Federal Court is now fixed for hearing on 17.2.2016. Should permission be granted on 17.2.2016, the matter will then proceed to a full appeal hearing on a date to be fixed by the Federal Court.

#### **Solicitors' Opinion :**

Solicitors are of the view that AmTrustee would be able to satisfy the threshold set out under section 96 of the Court of Judicature Act (CJA) and be granted permission to appeal: The threshold requires permission to be granted when there is public importance or the issue in the appeal has not been previously decided by the Federal Court. AmTrustee's solicitors take the view that as the questions of law posed to the Federal Court in the Leave Application have never before been decided by the Federal Court, AmTrustee has good prospects of obtaining permission to appeal.

In the event that permission to appeal is granted on 17.2.2016 and the matter proceeds to a full appeal hearing, AmTrustee's solicitors opine that AmTrustee has a reasonably good chance to overturn the Court of Appeal's decision at the full appeal hearing.

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**A31. FAIR VALUES OF FINANCIAL INSTRUMENTS**

**Determination of fair value and fair value hierarchy**

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

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

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

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

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

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

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

About 0.6% (31 March 2015 : 1.0%) of the Bank's total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

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**A31. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)**

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

	Group				Bank			
	Valuation techniques			Total RM'000	Valuation techniques			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>31 December 2015</b>								
<b>Assets measured at fair value</b>								
Derivative financial assets	-	1,996,060	-	1,996,060	-	1,996,060	-	1,996,060
Financial assets held-for-trading								
- Money market securities	-	619,928	-	619,928	-	619,928	-	619,928
- Equities	370,417	-	-	370,417	370,417	-	-	370,417
- Quoted private debt securities	38,484	-	-	38,484	38,484	-	-	38,484
- Unquoted private debt securities	-	1,350,116	-	1,350,116	-	1,350,116	-	1,350,116
Financial investments available-for-sale								
- Money market securities	-	4,580,674	-	4,580,674	-	4,580,674	-	4,580,674
- Equities	139,906	-	-	139,906	139,866	-	-	139,866
- Unquoted private debt securities	-	3,972,262	-	3,972,262	-	3,972,262	74,705	4,046,967
	<u>548,807</u>	<u>12,519,040</u>	<u>-</u>	<u>13,067,847</u>	<u>548,767</u>	<u>12,519,040</u>	<u>74,705</u>	<u>13,142,512</u>
<b>Liabilities measured at fair value</b>								
Derivative financial liabilities	5,046	1,993,419	-	1,998,465	5,046	1,993,419	-	1,998,465
	<u>5,046</u>	<u>1,993,419</u>	<u>-</u>	<u>1,998,465</u>	<u>5,046</u>	<u>1,993,419</u>	<u>-</u>	<u>1,998,465</u>

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

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

	Group				Bank			
	Valuation techniques			Total RM'000	Valuation techniques			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>31 March 2015</b>								
<b>Assets measured at fair value</b>								
Derivative financial assets	-	1,444,743	-	1,444,743	-	1,444,743	-	1,444,743
Financial assets held-for-trading								
- Money market securities	-	1,161,880	-	1,161,880	-	1,161,880	-	1,161,880
- Equities	170,443	-	-	170,443	170,443	-	-	170,443
- Quoted private debt securities	39,394	-	-	39,394	39,394	-	-	39,394
- Unquoted private debt securities	-	661,787	-	661,787	-	661,787	-	661,787
Financial investments available-for-sale								
- Money market securities	-	1,742,077	-	1,742,077	-	1,742,077	-	1,742,077
- Equities	176,996	-	-	176,996	176,957	-	-	176,957
- Unquoted private debt securities	-	3,602,425	-	3,602,425	-	3,602,425	95,076	3,697,501
	<u>386,833</u>	<u>8,612,912</u>	<u>-</u>	<u>8,999,745</u>	<u>386,794</u>	<u>8,612,912</u>	<u>95,076</u>	<u>9,094,782</u>
<b>Liabilities measured at fair value</b>								
Derivative financial liabilities	<u>2,702</u>	<u>1,382,961</u>	<u>-</u>	<u>1,385,663</u>	<u>2,702</u>	<u>1,382,961</u>	<u>-</u>	<u>1,385,663</u>

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

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**A31. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)**

**Movements In Level 3 financial instruments measured at fair value**

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
<b>Financial investments available-for-sale:</b>				
Balance at beginning of financial year	-	417	95,076	123,317
Total gains/(losses) recognised in:				
- income statement:				
- other operating income	3	325	3	325
- impairment loss	10,956	-	10,956	-
- other comprehensive income	-	-	(245)	1,667
Settlements	(10,959)	(742)	(31,085)	(30,233)
Balance at end of financial period/year	<u>-</u>	<u>-</u>	<u>74,705</u>	<u>95,076</u>

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

	Group		Bank	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
<b>Financial investments available-for-sale:</b>				
Total gains/(losses) included in:				
- other comprehensive income	<u>-</u>	<u>-</u>	<u>(245)</u>	<u>1,667</u>

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

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

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

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**A32. CAPITAL ADEQUACY**

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2015</b>	<b>31 March 2015</b>	<b>31 December 2015</b>	<b>31 March 2015</b>
<b>Before deducting proposed dividends</b>				
Common Equity Tier 1 Capital Ratio	10.931%	11.228%	10.307%	10.653%
Tier 1 Capital Ratio	12.714%	13.021%	12.082%	12.446%
Total Capital Ratio	16.167%	16.649%	15.487%	16.020%
<b>After deducting proposed dividends</b>				
Common Equity Tier 1 Capital Ratio	10.931%	10.599%	10.307%	10.023%
Tier 1 Capital Ratio	12.714%	12.391%	12.082%	11.816%
Total Capital Ratio	16.167%	16.019%	15.487%	15.390%

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 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 ratios are set out as follows:

	<u>Transitional arrangements</u>		
	<u>Calender year 2013</u>	<u>Calender year 2014</u>	<u>Calender year 2015 onwards*</u>
Common Equity Tier 1 ("CET 1") 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%

\* Excluding capital conservation buffer of 2.5% of total risk weighted assets ("RWA") and countercyclical capital buffer ranging between 0% and 2.5% of total RWA and additional buffer requirements that may be specified by BNM.

With effect from 1 January 2016, pursuant to BNM's guideline on Capital Adequacy Framework (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guideline remained at 4.5% for CET1 capital, 6% for Tier 1 capital and 8% for total capital ratio. Banking Institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

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

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

	<b>CCB</b>
Calender year 2016	0.625%
Calender year 2017	1.25%
Calender year 2018	1.875%
Calender year 2019 onwards	2.5%

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**A32. CAPITAL ADEQUACY (CONT'D.)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>CET 1 Capital</b>				
Ordinary shares	820,364	820,364	820,364	820,364
Share premium	942,844	942,844	942,844	942,844
Retained earnings	5,013,166	5,147,900	4,739,353	4,874,087
Available-for-sale (deficit)/reserve	(47,669)	1,207	(47,734)	1,323
Foreign currency translation reserve	111,050	50,537	104,958	50,585
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	104,149	104,149	-	-
Cash flow hedging reserve/(deficit)	9,681	(481)	9,681	(481)
Less: Regulatory adjustments applied on CET1 Capital				
Intangible assets	(355,830)	(334,749)	(350,149)	(327,689)
Deferred tax assets	(121,623)	(102,546)	(120,502)	(98,869)
55% of cumulative gains of available- for-sale financial instruments	-	(664)	-	(728)
Cash flow hedging (deficit)/reserve	(9,681)	481	(9,681)	481
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(1,157)	(825)	(15,444)	(28,652)
<b>Total CET1 Capital</b>	<b>7,446,263</b>	<b>7,609,186</b>	<b>7,054,659</b>	<b>7,214,234</b>
<b>Additional Tier 1 Capital</b>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,214,570	1,214,570	1,214,570	1,214,570
<b>Total Tier 1 Capital</b>	<b>8,660,833</b>	<b>8,823,756</b>	<b>8,269,229</b>	<b>8,428,804</b>
<b>Tier 2 Capital</b>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	400,000	400,000	400,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,310,000	1,310,000	1,310,000	1,310,000
Collective allowance and regulatory reserves	643,493	749,739	643,533	753,172
Less : Regulatory adjustments applied on Tier 2 Capital	(1,735)	(1,237)	(23,166)	(42,978)
<b>Total Tier 2 capital</b>	<b>2,351,758</b>	<b>2,458,502</b>	<b>2,330,367</b>	<b>2,420,194</b>
<b>Total Capital</b>	<b>11,012,591</b>	<b>11,282,258</b>	<b>10,599,596</b>	<b>10,848,998</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Credit RWA	60,002,907	59,979,086	60,735,244	60,253,770
Market RWA	3,334,913	2,774,956	3,335,300	2,774,466
Operational RWA	4,781,529	5,012,317	4,372,836	4,694,931
Large exposure risk RWA for equity holdings	-	1,036	-	-
<b>Total RWA</b>	<b>68,119,349</b>	<b>67,767,395</b>	<b>68,443,380</b>	<b>67,723,167</b>

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**A33. RESTATEMENT OF COMPARATIVE INFORMATION**

In the previous financial year, the Bank had reclassified certain expenses from Interest expense to Other operating expenses to align disclosure with market practice. Therefore, comparatives have been restated accordingly.

The financial effects arising from the above are as follows:

**Reconciliation of income statements**

	<b>As previously reported RM'000</b>	<b>Restatement RM'000</b>	<b>As restated RM'000</b>
<b>Income statements for the financial quarter ended 31 December 2014</b>			
<b>Group</b>			
Interest expense	(1,716,045)	7,305	(1,708,740)
Other operating expenses	(889,935)	(7,305)	(897,240)
<b>Bank</b>			
Interest expense	(1,717,748)	7,305	(1,710,443)
Other operating expenses	(975,187)	(7,305)	(982,492)
<b>Income statements for the individual quarter ended 31 December 2014</b>			
<b>Group</b>			
Interest expense	(583,303)	2,443	(580,860)
Other operating expenses	(282,887)	(2,443)	(285,330)
<b>Bank</b>			
Interest expense	(583,937)	2,443	(581,494)
Other operating expenses	(307,330)	(2,443)	(309,773)

**A34. ISLAMIC BANKING BUSINESS**

The Islamic banking business of the Group is attributable to its wholly-owned offshore banking subsidiary, AmInternational Ltd ("AMIL"). The subsidiary had ceased to carry on Labuan banking business effective 31 December 2014 and changed its name to AmLabuan Holdings (L) Ltd with effect from 2 January 2015 and its principal activity to investment holding.