

AmlInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
And Its Subsidiaries

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

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Group		Bank	
		31.12.15 RM'000	31.03.15 RM'000	31.12.15 RM'000	31.03.15 RM'000
ASSETS					
Cash and short-term funds		547,696	952,491	406,448	829,505
Derivative financial assets		-	1	-	1
Financial assets held-for-trading	8	562	441	562	441
Financial investments available-for-sale	9	41,614	40,680	41,614	40,680
Financial investments held-to-maturity	10	75,100	75,100	75,100	75,100
Loans and advances	11	289,982	319,685	289,982	319,685
Statutory deposit with Bank Negara Malaysia		8,240	7,483	8,240	7,483
Deferred tax assets		4,010	2,782	4,010	2,782
Investment in subsidiaries		-	-	102,441	102,941
Investment in an associate		1,582	1,167	100	100
Other assets	12	454,614	622,586	410,998	602,100
Property and equipment		21,438	22,530	21,416	22,486
Intangible assets		2,753	2,920	2,228	1,710
TOTAL ASSETS		1,447,591	2,047,866	1,363,139	2,005,014
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	13	533,060	980,869	533,060	980,869
Derivative financial liabilities		12	-	12	-
Other liabilities	14	390,711	556,694	352,537	537,788
TOTAL LIABILITIES		923,783	1,537,563	885,609	1,518,657
Share capital		200,000	200,000	200,000	200,000
Reserves		323,808	310,303	277,530	286,357
Equity attributable to equity holder of the Bank		523,808	510,303	477,530	486,357
TOTAL LIABILITIES AND EQUITY		1,447,591	2,047,866	1,363,139	2,005,014
COMMITMENTS AND CONTINGENCIES	22	316,473	332,518	316,473	332,518
NET ASSETS PER ORDINARY SHARE (RM)		2.62	2.55	2.39	2.43

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

AmlInvestment Bank Berhad
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UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.15	31.12.14	31.12.15	31.12.14
		RM'000	RM'000	RM'000	RM'000
Operating revenue		51,867	56,215	158,180	202,674
Interest income	15	8,800	15,285	33,175	57,051
Interest expense	16	(5,714)	(12,586)	(24,955)	(45,129)
Net interest income		3,086	2,699	8,220	11,922
Net income from Islamic banking business		15,960	3,300	24,474	9,820
Other operating income	17	38,211	48,546	130,439	179,279
Direct costs	18	(11,230)	(11,013)	(30,339)	(44,777)
Share of results of an associate		112	97	415	387
Net income		46,139	43,629	133,209	156,631
Other operating expenses	19	(31,445)	(39,985)	(87,810)	(120,127)
Operating Profit		14,694	3,644	45,399	36,504
(Allowances for)/Writeback of impairment on:					
Loans and advances	20	46	188	(69)	4,194
Doubtful receivables, net		134	(20,381)	(757)	(18,735)
(Allowance for)/Writeback of provision for commitments and contingencies		(71)	139	129	425
Profit/(loss) before taxation		14,803	(16,410)	44,702	22,388
Taxation		(6,312)	4,175	(11,192)	(9,614)
Profit/(loss) for the period		8,491	(12,235)	33,510	12,774
Basic earnings/(loss) per share (sen)		4.25	(6.12)	16.76	6.39

The Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 March 2015.

AmlInvestment Bank Berhad
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UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.15	31.12.14	31.12.15	31.12.14
		RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period		8,491	(12,235)	33,510	12,774
Other comprehensive income/(loss):					
Items that are or may be reclassified to the income statement					
Currency translation on foreign operations		(2,055)	1,868	13,427	1,551
Net loss on financial investments available-for-sale		(3,284)	(447)	(4,236)	(932)
Income tax relating to the components of other comprehensive loss		789	107	1,017	246
Other comprehensive income/(loss) for the period, net of tax		(4,550)	1,528	10,208	865
Total comprehensive income/(loss) for the period attributable to equity holder of the Bank		3,941	(10,707)	43,718	13,639

The Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2015.

AmlInvestment Bank Berhad
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UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

Bank	Note	Individual Quarter		Cumulative Quarter	
		31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Operating revenue		50,551	51,701	143,529	170,485
Interest income	15	7,997	14,616	31,318	54,807
Interest expense	16	(5,573)	(12,211)	(24,669)	(44,019)
Net interest income		2,424	2,405	6,649	10,788
Net income from Islamic banking business		15,960	3,300	24,474	9,820
Other operating income	17	37,587	43,142	117,357	144,548
Direct costs	18	(11,007)	(9,357)	(29,636)	(39,604)
Net income		44,964	39,490	118,844	125,552
Other operating expenses	19	(30,115)	(28,104)	(83,266)	(85,141)
Operating Profit		14,849	11,386	35,578	40,411
(Allowances for)/Writeback of impairment on:					
Loans and advances	20	46	(150)	(69)	3,741
Doubtful receivables, net		110	(524)	(129)	(954)
(Allowance for)/Writeback of provision for commitments and contingencies		(71)	139	128	425
Profit before taxation		14,934	10,851	35,508	43,623
Taxation		(6,168)	4,189	(10,915)	(9,583)
Profit for the period		8,766	15,040	24,593	34,040
Basic earnings per share (sen)		4.38	7.52	12.30	17.02

The Income Statement should be read in conjunction with the audited financial statements for the year ended 31 March 2015.

AmlInvestment Bank Berhad
(23742-V)(Incorporated in Malaysia)
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UNAUDITED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

Bank	Note	Individual Quarter		Cumulative Quarter	
		31.12.15	31.12.14	31.12.15	31.12.14
		RM'000	RM'000	RM'000	RM'000
Profit for the period		8,766	15,040	24,593	34,040
Other comprehensive loss:					
Items that are or may be reclassified to the income statement					
Net loss on financial investments available-for-sale		(3,284)	(447)	(4,236)	(932)
Income tax relating to the components of other comprehensive loss		789	107	1,017	246
Other comprehensive loss for the period, net of tax		(2,495)	(340)	(3,219)	(686)
Total comprehensive income for the period attributable to equity holder of the Bank		6,271	14,700	21,374	33,354

The Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2015.

AmlInvestment Bank Berhad
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and its subsidiaries

UNAUDITED CONSOLIDATED STATEMENT 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	Capital reserve RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Available-for- sale reserve/ (deficit) RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2014	200,000	2,815	200,000	-	7,656	1,759	34,517	38,006	484,753
Profit for the period	-	-	-	-	-	-	-	12,774	12,774
Other comprehensive income/(loss)	-	-	-	-	-	(686)	1,551	-	865
Total comprehensive income/(loss) for the period	-	-	-	-	-	(686)	1,551	12,774	13,639
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(962)	(962)
Transfer to regulatory reserve	-	-	-	2,800	-	-	-	(2,800)	-
Dividends paid	-	-	-	-	-	-	-	(13,500)	(13,500)
Transactions with owner and other equity movements	-	-	-	2,800	-	-	-	(17,262)	(14,462)
At 31 December 2014	200,000	2,815	200,000	2,800	7,656	1,073	36,068	33,518	483,930
At 1 April 2015	200,000	2,815	200,000	2,800	7,656	1,076	37,445	58,511	510,303
Profit for the period	-	-	-	-	-	-	-	33,510	33,510
Other comprehensive income/(loss)	-	-	-	-	-	(3,219)	13,427	-	10,208
Total comprehensive income/(loss) for the period	-	-	-	-	-	(3,219)	13,427	33,510	43,718
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(213)	(213)
Dividends paid	-	-	-	-	-	-	-	(30,000)	(30,000)
Transactions with owner and other equity movements	-	-	-	-	-	-	-	(30,213)	(30,213)
At 31 December 2015	200,000	2,815	200,000	2,800	7,656	(2,143)	50,872	61,808	523,808

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2015.

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

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

	←-----Attributable to equity holder of the Bank----->					
	Non-distributable			Distributable		Total equity RM'000
	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available-for- sale reserve/ (deficit) RM'000	Retained earnings RM'000	
Bank						
At 1 April 2014	200,000	200,000	-	1,707	57,377	459,084
Profit for the period	-	-	-	-	34,040	34,040
Other comprehensive loss	-	-	-	(686)	-	(686)
Total comprehensive income/(loss) for the period	-	-	-	(686)	34,040	33,354
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(887)	(887)
Transfer to regulatory reserve	-	-	2,800	-	(2,800)	-
Dividends paid	-	-	-	-	(13,500)	(13,500)
Transactions with owner and other equity movements	-	-	2,800	-	(17,187)	(14,387)
At 31 December 2014	200,000	200,000	2,800	1,021	74,230	478,051
At 1 April 2015	200,000	200,000	2,800	1,024	82,533	486,357
Profit for the period	-	-	-	-	24,593	24,593
Other comprehensive loss	-	-	-	(3,219)	-	(3,219)
Total comprehensive income/(loss) for the period	-	-	-	(3,219)	24,593	21,374
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(201)	(201)
Dividends paid	-	-	-	-	(30,000)	(30,000)
Transactions with owner and other equity movements	-	-	-	-	(30,201)	(30,201)
At 31 December 2015	200,000	200,000	2,800	(2,195)	76,925	477,530

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2015.

AmlInvestment Bank Berhad
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	Group		Bank	
	31.12.15	31.12.14 (Restated)	31.12.15	31.12.14 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	44,702	22,388	35,508	43,623
Adjustments for non-operating and non cash items	(10,112)	8,993	(868)	(8,538)
Operating profit before working capital changes	34,590	31,381	34,640	35,085
Increase in operating assets	183,300	1,153,883	207,498	1,192,196
Increase in operating liabilities	(613,221)	(1,646,780)	(633,119)	(1,587,439)
Cash used in operations	(395,331)	(461,516)	(390,981)	(360,158)
Tax refund/(paid)	1,140	(10,074)	1,577	(9,354)
Net cash used in operating activities	(394,191)	(471,590)	(389,404)	(369,512)
Net cash generated from/(used in) investing activities	6,611	547,687	(3,653)	547,709
Net cash used in financing activities	(30,000)	(11,813)	(30,000)	(13,500)
Net increase/(decrease) in cash and cash equivalents	(417,580)	64,284	(423,057)	164,697
Cash and cash equivalents at beginning of the financial year	952,491	873,290	829,505	745,837
Effect of exchange rate changes	12,785	2,159	-	-
Cash and cash equivalents at end of the financial period	547,696	939,733	406,448	910,534

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2015.

EXPLANATORY NOTES :

1. BASIS OF PREPARATION

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

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.

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

The significant accounting policies and methods of computation applied in these condensed consolidated interim 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 for 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 nature of the new standards relevant to the Group and the Bank is described below:

(a) Annual Improvements to MFRSs 2010-2012 Cycle

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

(i) MFRS 2: Share-based Payment

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

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

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

(ii) MFRS 3: Business Combinations

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

1. BASIS OF PREPARATION (Cont'd.)

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

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

(iii) MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

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

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

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

(v) MFRS 124: Related Party Disclosures

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

(b) Annual Improvements to MFRSs 2011-2013 Cycle

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

(i) MFRS 3: Business Combinations

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

(ii) MFRS 13: Fair Value Measurement

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

1. BASIS OF PREPARATION (Cont'd.)

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

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

(iii) MFRS 140: Investment Property

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

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

1.2 Bank Negara Malaysia (“BNM”) Policy Document

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 Group had early adopted the requirement in item (ii) above in the financial year ended 31 March 2015.

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.

Description	Effective from financial year ending
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, 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 Initiatives	31 March 2017
MFRS 14 Regulatory Deferral Accounts	31 March 2017

1. BASIS OF PREPARATION (Cont'd.)

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

Description	Effective from financial year ending
MFRS 15 Revenue from Contracts with Customers	31 March 2019
MFRS 9 Financial Instruments	31 March 2019

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

(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 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.

1. BASIS OF PREPARATION (Cont'd.)

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

(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.

(c) 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.

(d) Amendments to MFRS 101 Disclosure Initiatives

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

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

(e) MFRS 15 Revenue from Contracts with Customers

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

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

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

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

1. BASIS OF PREPARATION (Cont'd.)

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

(f) 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.

- 1.4** 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 for financial year ending 31 March 2017 has been deferred to a date to be determined by MASB.

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 the effective date with earlier application being permitted.

2. AUDIT QUALIFICATION

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2015.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Bank are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter and period.

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

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

5. CHANGES IN ESTIMATES

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

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

There were no share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares by the Bank during the financial quarter and period.

7. DIVIDENDS

The final single-tier cash dividend of 10.0 sen per ordinary share on 200,000,000 ordinary shares amounting to RM20,000,000 in respect of financial year ended 31 March 2015 was paid on 26 August 2015.

In the preceding quarter ended 30 September 2015, the Board of Directors declared an interim single-tier cash dividend of 5.0 sen per ordinary share on 200,000,000 ordinary shares amounting to RM10,000,000, in respect of financial year ending 31 March 2016 which was paid on 14 December 2015.

8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	31.12.15	31.03.15
	RM'000	RM'000
At Fair Value		
Quoted Securities:		
In Malaysia:		
Unit trusts	562	441
	<u>562</u>	<u>441</u>

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group and Bank	
	31.12.15	31.03.15
	RM'000	RM'000
At Fair value		
Unquoted Securities		
Outside Malaysia:		
Private debt securities	29,894	28,886
	<u>29,894</u>	<u>28,886</u>
At Cost		
Unquoted Securities:		
In Malaysia:		
Shares	11,714	11,788
	<u>11,714</u>	<u>11,788</u>
Outside Malaysia:		
Shares	6	6
	<u>6</u>	<u>6</u>
	<u>41,614</u>	<u>40,680</u>

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group and Bank	
	31.12.15	31.03.15
	RM'000	RM'000
At Amortised Cost:		
Unquoted Securities		
In Malaysia:		
Private debt securities	75,100	75,100
	<u>75,100</u>	<u>75,100</u>

11. LOANS AND ADVANCES

	Group and Bank	
	31.12.15	31.03.15
	RM'000	RM'000
At Amortised Cost		
Share margin financing	234,641	258,270
Revolving credits	56,083	61,486
Staff loans	2,928	3,531
Gross loans and advances	<u>293,652</u>	<u>323,287</u>
Less:		
Allowance for impairment on loans and advances		
Collective allowance	(1,403)	(1,311)
Individual allowance	(2,267)	(2,291)
	<u>(3,670)</u>	<u>(3,602)</u>
Net loans and advances	<u>289,982</u>	<u>319,685</u>

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

	Group and Bank	
	31.12.15	31.03.15
	RM'000	RM'000
Domestic business enterprises:		
Small medium enterprises	4,679	6,553
Others	45,834	51,236
Individuals	243,139	263,146
Foreign individuals and entities	-	2,352
	<u>293,652</u>	<u>323,287</u>

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

	Group and Bank	
	31.12.15	31.03.15
	RM'000	RM'000
In Malaysia	293,652	320,884
Outside Malaysia	-	2,403
	<u>293,652</u>	<u>323,287</u>

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

	Group and Bank	
	31.12.15	31.03.15
	RM'000	RM'000
Fixed rate		
Staff housing loans	2,149	2,467
Staff hire purchase receivables	780	1,064
Other fixed rate loans	234,640	258,270
	<u>237,569</u>	<u>261,801</u>
Variable rate:		
Cost-plus	56,083	61,486
	<u>293,652</u>	<u>323,287</u>

11. LOANS AND ADVANCES (CONT'D.)

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

	Group and Bank	
	31.12.15	31.03.15
	RM'000	RM'000
Agriculture	860	860
Real estate	4,228	5,527
Business activities	45,424	51,402
Household, of which:		
Purchase of residential properties	2,149	2,467
Purchase of transport vehicles	780	1,064
Others	240,211	261,967
	<u>293,652</u>	<u>323,287</u>

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

	Group and Bank	
	31.12.15	31.03.15
	RM'000	RM'000
Maturing within one year	290,781	319,768
One to three years	495	443
Three to five years	317	831
Over five years	2,059	2,245
	<u>293,652</u>	<u>323,287</u>

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

	Group		Bank	
	31.12.15	31.03.15	31.12.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of the financial year	2,291	21,678	2,291	9,758
Impaired during the financial year/period	-	17	-	-
Disposal of a subsidiary	-	(9,905)	-	-
Recoveries	(24)	(7,488)	(24)	(6,679)
Amount written off	-	(2,464)	-	(788)
Foreign exchange differences	-	453	-	-
Balance at end of the financial year/period	<u>2,267</u>	<u>2,291</u>	<u>2,267</u>	<u>2,291</u>
Gross impaired loans and advances as % of gross loans and advances	<u>0.77%</u>	<u>0.71%</u>	<u>0.77%</u>	<u>0.71%</u>
Loan loss coverage	<u>285.40%</u>	<u>279.44%</u>	<u>285.40%</u>	<u>279.44%</u>

11. LOANS AND ADVANCES (CONT'D.)

- (g) All impaired loans and advances reside in Malaysia.
- (h) All impaired loans and advances are in the business activities sector.
- (i) Movements in allowances for impaired loans and advances are as follows:

	Group		Bank	
	31.12.15	31.03.15	31.12.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Collective allowance				
Balance at beginning of the financial year	1,311	4,872	1,311	4,872
Allowance made/(written back) during the financial year/period	92	(2,730)	92	(2,730)
Amount written off	-	(788)	-	(788)
Foreign exchange differences	-	(43)	-	(43)
Balance at end of the financial year/period	<u>1,403</u>	<u>1,311</u>	<u>1,403</u>	<u>1,311</u>
Collective allowance (including regulatory reserve) as % of gross loans and advances less individual allowance	<u>1.44%</u>	<u>1.28%</u>	<u>1.44%</u>	<u>1.28%</u>
Individual allowance				
Balance at beginning of the financial year	2,291	14,327	2,291	2,407
Allowance written back during the financial year/period	(24)	(907)	(24)	(116)
Disposal of a subsidiary	-	(9,905)	-	-
Amount written off	-	(1,677)	-	-
Foreign exchange differences	-	453	-	-
Balance at end of the financial year/period	<u>2,267</u>	<u>2,291</u>	<u>2,267</u>	<u>2,291</u>

12. OTHER ASSETS

	Group		Bank	
	31.12.15	31.03.15	31.12.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Trade receivables, net of allowance for impairment	324,205	494,814	324,205	494,641
Other receivables, deposits and prepayments, net of allowance for impairment	36,118	45,115	26,366	36,013
Interest receivable	2,479	4,859	2,345	4,853
Tax recoverable	50,637	63,582	50,637	63,340
Margin Deposits	35,063	10,904	-	-
Amount due from:				
Holding company	450	-	278	-
Subsidiaries	-	-	1,510	38
Other related companies	5,662	3,312	5,657	3,215
	<u>454,614</u>	<u>622,586</u>	<u>410,998</u>	<u>602,100</u>

13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits and placement of banks and other financial institutions represent deposit from related licensed bank.

14. OTHER LIABILITIES

	Group		Bank	
	31.12.15	31.03.15	31.12.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Trade payables	339,397	481,322	304,797	470,748
Other payables and accruals	26,398	48,034	26,386	44,421
Interest payable	8,680	16,233	8,680	16,233
Provision for commitments and contingencies	3,355	580	451	580
Amount due to:				
Holding company	-	5,165	-	229
Subsidiaries	-	-	-	290
Other related companies	12,843	5,322	12,185	5,249
Provision for zakat	38	38	38	38
	<u>390,711</u>	<u>556,694</u>	<u>352,537</u>	<u>537,788</u>

15. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,688	4,894	10,878	14,100
Financial investments available-for-sale	671	2,936	2,744	12,953
Financial investments held-to-maturity	788	788	2,356	2,339
Loans and advances	5,428	6,564	16,640	27,367
Others	225	103	557	292
	8,800	15,285	33,175	57,051

Bank	Individual Quarter		Cumulative Quarter	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	943	4,391	9,106	12,703
Financial investments available-for-sale	671	2,936	2,744	12,953
Financial investments held-to-maturity	788	788	2,356	2,339
Loans and advances	5,428	6,453	16,640	26,695
Others	167	48	472	117
	7,997	14,616	31,318	54,807

16. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	5,573	12,211	24,669	44,017
Subordinated term loan	-	317	-	942
Others	141	58	286	170
	5,714	12,586	24,955	45,129

Bank	Individual Quarter		Cumulative Quarter	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	5,573	12,211	24,669	44,017
Others	-	-	-	2
	5,573	12,211	24,669	44,019

17. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Fee and commission income:				
Brokerage fees and commission	21,676	27,055	64,574	89,999
Corporate advisory	4,640	4,531	13,466	18,302
Fees on loans and securities	2,369	5,734	4,612	9,731
Guarantee fees	42	67	137	224
Portfolio management fees	135	172	433	457
Underwriting commission	863	581	3,137	7,552
Wealth management fees	7,759	7,306	21,945	26,354
Other fee and commission income	587	1,066	5,644	3,629
	<u>38,071</u>	<u>46,512</u>	<u>113,948</u>	<u>156,248</u>
Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	-	7	1	7
Financial investments available-for-sale	294	294	1,388	469
Net foreign exchange gain	(401)	884	3,237	1,007
Net loss from sale of financial assets held-for-trading	(2)	19	(3)	6
Net loss from sale of financial investments available-for-sale	-	-	(49)	-
Gain on disposal of subsidiary*	-	-	9,030	-
Net gain/(loss) on revaluation of derivatives	(18)	35	26	34
Net gain/(loss) on revaluation of financial assets held-for-trading	37	(60)	(24)	(49)
Gain/(loss) from liquidation of subsidiary	-	(204)	-	18,404
	<u>(90)</u>	<u>975</u>	<u>13,606</u>	<u>19,878</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	-	16	(78)	18
Non-trading foreign exchange gain	(426)	57	493	286
Rental income	568	565	1,739	1,756
Others	88	421	731	1,093
	<u>230</u>	<u>1,059</u>	<u>2,885</u>	<u>3,153</u>
	<u>38,211</u>	<u>48,546</u>	<u>130,439</u>	<u>179,279</u>

* Additional gain arising from adjustment to sales proceeds arising from finalisation of completion audit in connection with disposal of subsidiary, AmFraser Securities Pte Ltd in the financial year ended 31 March 2015.

17. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	20,696	22,192	61,747	74,345
Corporate advisory	4,640	4,531	13,466	18,302
Fees on loans and securities	2,369	5,734	4,612	9,731
Guarantee fees	42	67	137	224
Portfolio management fees	135	172	433	457
Underwriting commission	863	581	3,137	7,525
Wealth management fees	7,759	7,306	21,945	26,354
Other fee and commission income	519	813	5,450	2,899
	<u>37,023</u>	<u>41,396</u>	<u>110,927</u>	<u>139,837</u>
Investment and trading income:				
Gross dividend income from:				
Associate	-	-	-	1,000
Financial assets held-for-trading	-	2	1	2
Financial investments				
available-for-sale	295	294	1,388	469
Net foreign exchange gain/(loss)	(399)	867	3,181	986
Net gain/(loss) from sale of financial assets				
held-for-trading	(2)	27	(3)	30
Net loss from sale of financial				
investments available-for-sale	-	-	(49)	-
Net gain/(loss) on revaluation of derivatives	(18)	35	26	34
Net gain/(loss) on revaluation of financial				
assets held-for-trading	37	(60)	(24)	(49)
Gain from liquidation of a subsidiary	-	-	-	201
	<u>(87)</u>	<u>1,165</u>	<u>4,520</u>	<u>2,673</u>
Other income:				
Net gain/(loss) on disposal of property and				
equipment	-	16	(78)	18
Non-trading foreign exchange gain	2	-	3	-
Rental income	568	565	1,739	1,756
Others	81	-	246	264
	<u>651</u>	<u>581</u>	<u>1,910</u>	<u>2,038</u>
	<u>37,587</u>	<u>43,142</u>	<u>117,357</u>	<u>144,548</u>

18. DIRECT COSTS

Group	Individual Quarter		Cumulative Quarter	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	763	123	3,394	4,365
Brokerage commission	5,058	7,030	14,949	24,640
Others	5,409	3,860	11,996	15,772
	<u>11,230</u>	<u>11,013</u>	<u>30,339</u>	<u>44,777</u>
Bank	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	763	123	3,394	4,365
Brokerage commission	4,837	5,373	14,246	19,466
Others	5,407	3,861	11,996	15,773
	<u>11,007</u>	<u>9,357</u>	<u>29,636</u>	<u>39,604</u>

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

19. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Personnel costs				
- Pension costs - defined contribution plan	2,001	2,997	6,292	9,419
- Salaries, allowances and bonuses	13,736	19,827	40,388	59,787
- Scheme shares and options granted under AMMB ESS	528	1,696	1,129	4,407
- Social security costs	74	80	226	261
- Others	1,333	2,344	4,975	9,209
	<u>17,672</u>	<u>26,944</u>	<u>53,010</u>	<u>83,083</u>
Establishment costs				
- Amortisation of intangible assets	217	163	638	592
- Cleaning, maintenance and security	475	756	1,290	1,940
- Computerisation costs	2,602	1,565	5,660	4,591
- Depreciation of property and equipment	654	997	2,018	2,959
- Rental of premises	2,055	3,011	6,056	9,625
- Others	1,106	1,126	2,888	2,983
	<u>7,109</u>	<u>7,618</u>	<u>18,550</u>	<u>22,690</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	367	69	612	547
- Sales commission	56	146	292	440
- Travel and entertainment	475	468	1,416	1,821
- Communication expenses	613	966	1,801	3,053
- Others	793	(521)	1,355	651
	<u>2,304</u>	<u>1,128</u>	<u>5,476</u>	<u>6,512</u>
Administration and general expenses				
- Professional fees	1,297	773	3,309	2,743
- Travelling	85	128	269	500
- Others	1,927	1,491	5,492	5,601
	<u>3,309</u>	<u>2,392</u>	<u>9,070</u>	<u>8,844</u>
Service transfer pricing, net	251	1,903	904	(1,002)
Business efficiency costs	800	-	800	-
	<u>31,445</u>	<u>39,985</u>	<u>87,810</u>	<u>120,127</u>

19. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Pension costs - defined contribution plan	1,918	2,331	5,909	7,648
- Salaries, allowances and bonuses	13,275	14,844	37,819	46,252
- Scheme shares and options granted under AMMB ESS	476	1,623	1,140	4,264
- Social security costs	71	75	216	249
- Others	2,274	925	5,405	5,317
	<u>18,014</u>	<u>19,798</u>	<u>50,489</u>	<u>63,730</u>
Establishment costs				
- Amortisation of intangible assets	207	152	609	564
- Cleaning, maintenance and security	467	419	1,272	987
- Computerisation costs	2,274	(9)	4,965	9
- Depreciation of property and equipment	646	726	1,993	2,186
- Rental of premises	2,004	1,881	5,824	6,258
- Others	1,087	638	2,834	1,566
	<u>6,685</u>	<u>3,807</u>	<u>17,497</u>	<u>11,570</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	367	66	602	530
- Sales commission	56	146	292	440
- Travel and entertainment	450	357	1,352	1,471
- Communication expenses	590	736	1,735	2,411
- Others	793	(554)	1,354	679
	<u>2,256</u>	<u>751</u>	<u>5,335</u>	<u>5,531</u>
Administration and general expenses				
- Professional fees	876	375	1,811	1,837
- Travelling	80	126	262	485
- Others	1,870	1,086	5,150	4,218
	<u>2,826</u>	<u>1,587</u>	<u>7,223</u>	<u>6,540</u>
Service transfer pricing, net	(466)	2,161	1,922	(2,230)
Business efficiency costs	800	-	800	-
	<u>30,115</u>	<u>28,104</u>	<u>83,266</u>	<u>85,141</u>

20. WRITEBACK OF/(ALLOWANCE FOR) IMPAIRMENT ON LOANS AND ADVANCES

Group	Individual Quarter		Cumulative Quarter	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on loans and advances:				
Collective allowance	23	(165)	(92)	3,343
Individual allowance	24	353	24	(224)
Impaired loans and advances recovered	(1)	-	(1)	1,075
	<u>46</u>	<u>188</u>	<u>(69)</u>	<u>4,194</u>
Bank				
Writeback of/(Allowance for) impairment on loans and advances:				
Collective allowance	23	(165)	(92)	3,343
Individual allowance	24	15	24	(677)
Impaired loans and advances recovered	(1)	-	(1)	1,075
	<u>46</u>	<u>(150)</u>	<u>(69)</u>	<u>3,741</u>

21. BUSINESS SEGMENT ANALYSIS

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

(a) Wholesale banking

Wholesale banking of AMMB Group is a consolidation of four business divisions, namely Corporate and Commercial Banking, Markets, Investment Banking and Fund Management.

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

- (i) Equity Markets - provides clients an investment avenue to participate in the equity markets through its multiple distribution channels, including remisiers, Bank Branch Broking, salaried dealers, and the internet trading platform, offering clients the flexibility to trade equities, futures and equity derivatives both online and offline;
- (ii) Private Banking – manages the private wealth of high net worth individuals, family groups and companies by offering comprehensive wealth management solutions and integrated access to expertise and resources of AMMB Group;
- (iii) Corporate finance – provides an extensive range of corporate finance and advisory services which include mergers and acquisitions, divestitures, take-overs, initial public offerings, restructuring, privatisations, issuance of equity and equity-linked instruments as well as valuation support;
- (iv) Debt capital market – provides debt financing solutions to clients through a wide array of products which include conventional and Islamic Private Debt Securities, loan syndication, capital and project advisory as well as structured finance and securitization deals;
- (v) Others – include other non-core Wholesale Banking activities within the Group which includes Markets and Corporate and Commercial Banking.

(b) 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 period, the Group;

- (i) has presented allowances for impairment on loans and advances separately from other assets to better align with internal information used to manage the business;
- (ii) has presented non-recurring gains/losses separately from other operating income to provide more meaningful information.

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

21. BUSINESS SEGMENT ANALYSIS
FOR THE FINANCIAL QUARTER ENDED

31.12.2015 Group	Wholesale Banking				Group Funding and Others		Total RM'000
	Equity Markets RM'000	Private Banking RM'000	Corporate Finance RM'000	Debt Capital Market RM'000	Others RM'000	RM'000	
External revenue	70,518	23,029	20,715	11,704	9,113	23,101	158,180
Revenue from other segments	385	(1,463)	(24)	(84)	(143)	1,329	-
Revenue	70,903	21,566	20,691	11,620	8,970	24,430	158,180
Net interest income/(expense)	16,935	574	(24)	(84)	(143)	(3,570)	13,688
Other operating income (net of direct costs)	41,747	20,992	20,715	11,704	9,113	5,805	110,076
Gain on disposal of subsidiaries	11,935	-	-	-	-	(2,905)	9,030
Income	70,617	21,566	20,691	11,620	8,970	(670)	132,794
Share in results of an associate	-	-	-	-	-	415	415
Other operating expenses	(43,440)	(13,369)	(12,197)	(3,210)	(1,237)	(14,357)	(87,810)
<i>of which:</i>							
<i>Depreciation of property and equipment</i>	(696)	(191)	(43)	(24)	(468)	(596)	(2,018)
<i>Amortisation of intangible assets</i>	(527)	(21)	(4)	(2)	(83)	(1)	(638)
Profit/(Loss) before impairment losses	27,177	8,197	8,494	8,410	7,733	(14,612)	45,399
(Allowance)/Writeback for impairment losses on loan and advances	(36)	16	-	-	-	(49)	(69)
(Allowance)/Writeback for impairment losses on other assets	194	11	(166)	(10)	2	(659)	(628)
Profit/(Loss) before taxation	27,335	8,224	8,328	8,400	7,735	(15,320)	44,702
Taxation	(3,884)	(1,974)	(1,999)	(2,016)	(1,856)	537	(11,192)
Profit/(Loss) for the period	23,451	6,250	6,329	6,384	5,879	(14,783)	33,510
Other information:							
Total segment assets	761,509	60,008	2,948	5,648	7,098	609,876	1,447,591
Total segment liabilities	348,417	7,335	1,210	2,294	1,945	562,078	923,783
Cost to income ratio	61.5%	62.0%	58.9%	27.6%	13.8%	>-100%	65.9%
Gross loans and advances	234,641	56,083	-	-	-	2,928	293,652
Net loans and advances	231,199	55,974	-	-	-	2,809	289,982
Impaired loans and advances	2,267	-	-	-	-	-	2,267
Total deposits and placements	-	-	-	-	-	533,060	533,060
Additions to:							
Property and equipment	859	74	29	33	78	6	1,079
Intangible assets	1,116	10	-	-	-	-	1,126

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

21. BUSINESS SEGMENT ANALYSIS
FOR THE FINANCIAL QUARTER ENDED (CONT'D.)

31.12.2014 (Restated) Group	Wholesale Banking				Group Funding and Others		Total RM'000
	Equity Markets RM'000	Private Banking RM'000	Corporate Finance RM'000	Debt Capital Market RM'000	Others RM'000	RM'000	
External revenue	95,745	30,708	26,965	10,472	1,366	37,418	202,674
Revenue from other segments	6,547	(6,152)	(51)	(183)	98	(259)	-
Revenue	102,292	24,556	26,914	10,289	1,464	37,159	202,674
Net interest income/(expenses)	23,588	4,632	(51)	(183)	99	(11,286)	16,799
Other operating income (net of direct costs)	59,190	19,922	26,965	10,472	1,365	3,127	121,041
Gain from liquidation of subsidiary	18,404	-	-	-	-	-	18,404
Income	101,182	24,554	26,914	10,289	1,464	(8,159)	156,244
Share in results of an associate	-	-	-	-	-	387	387
Other operating expenses	(76,694)	(15,338)	(16,140)	(8,946)	549	(3,558)	(120,127)
<i>of which:</i>							
<i>Depreciation of property and equipment</i>	(1,497)	(196)	(40)	(29)	(616)	(581)	(2,959)
<i>Amortisation of intangible assets</i>	(339)	(142)	(10)	(3)	(97)	(1)	(592)
Profit/(Loss) before impairment losses	24,488	9,216	10,774	1,343	2,013	(11,330)	36,504
Writeback for impairment losses							
on loans and advances	761	1,978	-	-	731	723	4,193
(Allowance)/Writeback for impairment losses							
on other assets	(17,632)	208	(798)	(10)	10	(87)	(18,309)
Profit/(Loss) before taxation	7,617	11,402	9,976	1,333	2,754	(10,694)	22,388
Taxation	(7,013)	(2,851)	(2,494)	(336)	(685)	3,765	(9,614)
Profit/(Loss) for the period	604	8,551	7,482	997	2,069	(6,929)	12,774
Other information:							
Total segment assets	859,854	81,264	4,023	5,611	9,199	1,294,654	2,254,605
Total segment liabilities	463,401	7,479	3,691	2,711	9,600	1,283,792	1,770,674
Cost to income ratio	75.8%	62.5%	60.0%	86.9%	-37.5%	-45.8%	76.7%
Gross loans and advances	272,050	79,343	-	-	-	3,862	355,255
Net loans and advances	268,711	78,981	-	-	-	3,777	351,469
Impaired loans and advances	2,296	-	-	-	-	-	2,296
Total deposits and placements	-	-	-	-	-	1,237,692	1,237,692
Additions to:							
Property and equipment	27	14	47	1	162	531	782
Intangible assets	1	-	-	-	722	-	723

The Group's activities are principally conducted in Malaysia except for AmFrasers International Pte. Ltd. and its subsidiaries, activities of which are principally conducted in Singapore, which contributed to a profit before tax of RM11.6 million for the financial period ended 31 December 2015 (Loss before tax RM 17.3 million for the financial period ended 31 December 2014).

22. COMMITMENTS AND CONTINGENCIES

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

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

Group and Bank	31.12.15	31.03.15
	RM'000	RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	243,701	230,174
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
Others	100	100
	<u>243,820</u>	<u>230,293</u>
Contingent Liabilities		
Direct credit substitutes	71,952	99,447
	<u>71,952</u>	<u>99,447</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	291	2,321
Equity related contracts:		
- One year or less	410	457
	<u>701</u>	<u>2,778</u>
	<u>316,473</u>	<u>332,518</u>

22. COMMITMENTS AND CONTINGENCIES (CONT'D.)

As at the reporting date, other commitments and contingencies of the Group and of the Bank are as follows:

(a) Legal suits:

- Zurich Insurance Malaysia Bhd ("Zurich") (formerly known as Malaysian Assurance Alliance Berhad) -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 (DiPerbadankan) ("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 September 2015, AmTrustee was informed that Meridian had been wound up on 7 August 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 January 2016. The application for permission to appeal to the Federal Court is now fixed for hearing on 17 February 2016. Should permission be granted on 17 February 2016, the matter will then proceed to a full appeal hearing on a date to be fixed by the Federal Court.

22. COMMITMENTS AND CONTINGENCIES (CONT'D.)

Solicitors' Opinion on the Strength of AmTrustee's Case

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 February 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.

- (b) As at 31 December 2015, AmFutures Sdn Bhd ('AmFutures') and the Bank were served with a total of 19 suits by 19 individuals ('Claimants') in relation to a purported investment scheme called Futures Crude Palm Oil ('Alleged Scheme') allegedly offered by person(s) unknown to AmFutures and the Bank to the Claimants. In the suits, the Claimants claim for the return of their alleged principal investment sum and the return of investment in the Alleged Scheme.

The parties to the suits had agreed that trial of one test case be heard first by the Court and the decision in the test case shall be binding on all the other suits filed by the Claimants. The trial hearing dates for the test case was fixed from 27 April 2015 to 29 April 2015. The decision of the test case was delivered on 22 June 2015 in which the Court dismissed the claim against AmFutures and the Bank with costs, to be borne by the Claimants. One of the Claimants managed to file an appeal. All other 18 Claimants did not appeal against the dismissal of their suits. The Solicitors for AmFutures and the Bank is of the view that AmFutures and the Bank have a good chance of successfully challenging the appeal. The appeal has been fixed for Case Management on 13 November 2015 hearing on 22 January 2016 and therefore, is the only subsisting suit against AmFutures and the Bank as at 31 December 2015.

23. 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 Group and 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, there by allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group and the Bank. Therefore, unobservable inputs reflect the Group's and the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's and the Bank's own data.

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

Determination of fair value and fair value hierarchy

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

	< -----Group and Bank ----- >			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2015				
Assets measured at fair value				
Financial assets held-for-trading				
- Unit trusts	562	-	-	562
Financial investments available-for-sale				
- Unquoted private debt securities	-	29,894	-	29,894
	562	29,894	-	30,456
Liabilities measured at fair value				
Derivative financial liabilities	12	-	-	12
31 March 2015				
Assets measured at fair value				
Derivative financial assets	1		-	1
Financial assets held-for-trading				
- Unit trusts	441	-	-	441
Financial investments available-for-sale				
- Unquoted private debt securities	-	28,886	-	28,886
	442	28,886	-	29,328

24. CAPITAL ADEQUACY

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

	Group		Bank	
	31.12.15	31.03.15	31.12.15	31.03.15
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") capital ratio	34.470%	28.744%	29.790%	24.196%
Tier 1 capital ratio	34.470%	28.744%	29.790%	24.196%
Total capital ratio	34.470%	28.744%	29.790%	24.196%
After deducting proposed dividends:				
CET 1 capital ratio	34.470%	27.534%	29.790%	22.820%
Tier 1 capital ratio	34.470%	27.534%	29.790%	22.820%
Total capital ratio	34.470%	27.534%	29.790%	22.820%

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 to 31 December 2015, the capital adequacy ratios are computed in accordance with BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which is based on the Basel III capital accord.

The minimum regulatory capital adequacy requirements under transitional arrangements as per the guidelines are set out as follows:

	Calendar year	Calendar year	Calendar year
	2013	2014	2015 onwards*
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 ("CCB") 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 guidelines on Capital Adequacy Framework (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guidelines remained at 4.5% for CET 1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

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

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

	CCB
Calendar year 2016	0.625%
Calendar year 2017	1.25%
Calendar year 2018	1.875%
Calendar year 2019 onwards	2.50%

24. CAPITAL ADEQUACY (CONT'D.)

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

	Group		Bank	
	31.12.15	31.03.15	31.12.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
CET 1 Capital				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	44,180	58,511	68,202	82,533
Available-for-sale ("AFS") reserve	(2,142)	1,076	(2,194)	1,024
Exchange fluctuation reserve	50,872	37,445	-	-
Statutory reserve	200,000	200,000	200,000	200,000
Regulatory reserve	2,800	2,800	2,800	2,800
Capital reserve	2,815	2,815	-	-
Merger reserve	7,656	7,656	-	-
Less : Regulatory adjustments applied on CET1 capital				
Other intangibles	(2,753)	(2,920)	(2,228)	(1,710)
Deferred tax assets	(4,316)	(2,782)	(4,316)	(2,782)
55% of Available-for-sale ("AFS") reserve	-	(592)	-	(563)
Regulatory reserve	(2,800)	(2,800)	(2,800)	(2,800)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(12,590)	(12,021)	(52,774)	(52,370)
Deduction in excess of Tier 2 *	(14,685)	(13,922)	(74,960)	(74,446)
CET1 capital/Tier 1 ("T1") capital	469,037	475,266	331,730	351,686
Tier 2 ("T2") capital				
Collective impairment provisions and regulatory reserves #	4,201	4,111	4,201	4,111
Less : Regulatory adjustments applied on Tier 2 capital	(4,201)	(4,111)	(4,201)	(4,111)
Tier 2 capital	-	-	-	-
Total Capital	469,037	475,266	331,730	351,686

*The portion of regulatory adjustments not deducted from Tier 2 Capital (as the Bank does not have enough Tier 2 to satisfy the deduction) is deducted from the next higher level of capital; as per paragraph 31.1 of the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components).

The breakdown of risk-weighted assets of the Group and the Bank in the various risk categories are as follows:

	Group		Bank	
	31.12.15	31.03.15	31.12.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Credit risk	852,345	1,155,040	786,707	1,122,413
Market risk	144,642	117,058	18,662	16,101
Operational risk	363,050	380,922	307,531	314,533
Large exposure risk for equity holdings	680	438	680	438
	1,360,717	1,653,458	1,113,580	1,453,485

25. OPERATIONS OF ISLAMIC BANKING

The financial position as at 31 December 2015 and the results for the financial period ended 31 December 2015 of the Islamic banking business of the Group and of the Bank are included in the financial statements, after elimination of intercompany transactions and balances, and are summarised as follows:

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Group and Bank	
		31.12.15	31.03.15
		RM'000	RM'000
ASSETS			
Cash and short-term funds		279,048	245,596
Other receivables, deposits and prepayments		14,312	24,163
Deferred tax assets		293	1
Property and equipment		19	25
Intangible assets		-	1
TOTAL ASSETS		293,672	269,786
LIABILITIES AND ISLAMIC BANKING FUNDS			
Other liabilities	25a	104,225	98,280
TOTAL LIABILITIES		104,225	98,280
ISLAMIC BANKING FUNDS			
Capital funds		30,000	30,000
Reserves		159,447	141,506
Islamic Banking Funds		189,447	171,506
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		293,672	269,786
COMMITMENTS AND CONTINGENCIES		57,663	77,650

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

UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

Group and Bank	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Income derived from investment of depositors' funds and others	617	523	2,212	1,412
Impairment on doubtful sundry receivables, net	-	-	(10)	-
Total attributable income	617	523	2,202	1,412
Income attributable to depositors	(14)	-	(16)	(914)
Profit/(loss) attributable to the Group and the Bank	603	523	2,186	498
Income derived from investment of Islamic banking funds	15,376	2,798	22,346	9,379
Direct costs	(19)	(21)	(68)	(57)
Total net income	15,960	3,300	24,464	9,820
Other operating expenses	(619)	(321)	(3,664)	(975)
Profit before taxation	15,341	2,979	20,800	8,845
Taxation	(1,527)	(562)	(2,859)	(2,049)
Profit attributable to the Group and the Bank, representing total comprehensive income for the financial period	13,814	2,417	17,941	6,796

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

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

	<u>Non-distributable</u>	<u>Distributable</u>	
	Capital Funds RM'000	Retained Earnings RM'000	Total RM'000
Group and Bank			
At 1 April 2014	30,000	129,810	159,810
Profit for the financial period	-	6,796	6,796
At 31 December 2014	<u>30,000</u>	<u>136,606</u>	<u>166,606</u>
At 1 April 2015	30,000	141,506	171,506
Profit for the financial period	-	17,941	17,941
At 31 December 2015	<u>30,000</u>	<u>159,447</u>	<u>189,447</u>

25a. OTHER LIABILITIES

	Group and Bank	
	31.12.15	31.03.15
	RM'000	RM'000
Trade payables	2,495	4,494
Other payables and accruals	1,021	1,774
Amount due to head office	68,187	62,641
Provision for taxation and zakat	32,522	29,371
	<u>104,225</u>	<u>98,280</u>

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

25b. CAPITAL ADEQUACY

i) The capital adequacy ratios of the Islamic window of the Bank are as follows:

	31.12.15	31.03.15
CET 1 capital ratio	110.226%	107.696%
Tier 1 capital ratio	110.226%	107.696%
Total capital ratio	110.226%	107.696%

ii) The components of CET1 Capital of the Islamic window of the Bank is as follows:

	31.12.15	31.03.15
	RM'000	RM'000
<u>CET1 Capital</u>		
Capital Funds	30,000	30,000
Retained earnings	145,634	141,506
Less : Regulatory adjustments applied on CET1 Capital		
Other intangibles	-	(1)
Deferred tax assets	(293)	(1)
CET1 capital/ Tier 1 capital/ Total capital	175,341	171,504

iii) The breakdown of risk weighted assets of the Islamic window of the Bank in the various risk categories are as follows:

	31.12.15	31.03.15
	RM'000	RM'000
Credit risk	120,237	127,718
Operational risk	38,836	31,531
Total risk weighted assets	159,073	159,249

26. PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2015

The Group reported a pretax profit of RM44.7 million (RM22.3 million for the period ended 31 December 2014). The results are analysed as follows:

- (i) Lower net interest income of RM8.2 million (RM11.9 million for the period ended 31 December 2014), due to lower interest income from loans and from Available For Sale securities.
- (ii) Lower fee income of RM104.7 million (RM116.4 million for the period ended 31 December 2014), due to lower brokerage fees and commission fees.
- (iii) Lower investment and trading income of RM13.6 million (Investment and trading income RM19.9 million for the period ended 31 December 2014), due to lower gain on disposal of subsidiary of RM9.4 million.
- (iv) Allowance for impairment on loans and advances of RM0.1 million for the Group (Writeback of impairment on loan and advances of RM4.2 million for the period ended 31 December 2014) was due to recovery of impaired loans and writeback of collective allowance for the previous corresponding period.

Higher net income from Islamic banking business of RM24.5 million for the Group and the Bank (RM9.8 million for the period ended 31 December 2014 for the Group and the Bank) due to higher fee income from fees on financing and securities.

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 .

27. 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.

28. VALUATION OF PROPERTY AND EQUIPMENT

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

29. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Bank for the current financial period.

30. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK

On 24 October 2015, a wholly-owned subsidiary, AmProperty Trust Management Berhad under member's voluntary winding up was dissolved.

There were no other material changes in the composition of the Group and the Bank for the current financial quarter and period.

31. SIGNIFICANT EVENT

On 3 December 2015, the Board of Directors of the Bank had approved the proposed capital reduction exercise of the Bank's wholly-owned subsidiary in Singapore, AmFraser International Pte Ltd ("AmFIPL").

As AmFIPL is no longer required to support any active business activity in Singapore, it has capital in excess of its requirement which will be returned to the Bank via a capital reduction exercise. The capital reduction exercise by AmFIPL will involve the reduction of its ordinary share capital by approximately S\$54.3m.

The capital reduction exercise is expected to be completed in the subsequent quarter.

32. RESTATEMENT OF COMPARATIVE INFORMATION

The following comparative figures have been restated arising from the adoption of Amendment to MFRS 132 Offsetting Financial Assets and Financial Liabilities in the last quarter of the financial year ended 31 March 2015.

- (i) Reconciliation of statements of cash flow of the Group and of the Bank for the financial period ended 31 December 2014.

	As previously reported RM'000	Restatement RM'000	As restated RM'000
As at 31 December 2014			
Group			
(Decrease)/increase in operating assets	950,125	203,758	1,153,883
Decrease/(increase) in operating liabilities	(1,443,022)	(203,758)	(1,646,780)
Bank			
(Decrease)/increase in operating assets	988,438	203,758	1,192,196
Decrease/(increase) in operating liabilities	(1,383,681)	(203,758)	(1,587,439)