

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

Interim Financial Statements
For the Financial Period
1 April 2015 to
30 September 2015
(In Ringgit Malaysia)

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	Note	Group		Bank	
		30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
ASSETS					
Cash and short-term funds		6,065,732	5,943,180	5,805,059	5,667,979
Securities purchased under resale agreements		56,732	-	56,732	-
Deposits, placements and investment accounts with banks and other financial institutions		3,223,027	5,415,039	3,223,027	5,415,039
Derivative financial assets		3,563,193	1,444,743	3,563,193	1,444,743
Financial assets held-for-trading	A8	1,625,522	2,033,504	1,625,522	2,033,504
Financial investments available-for-sale	A9	6,363,985	5,610,071	6,444,295	5,704,021
Financial investments held-to-maturity	A10	2,869,812	2,539,842	2,869,812	2,539,842
Loans and advances	A11	57,676,672	58,345,388	57,569,617	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		2,112,605	2,162,108	2,112,605	2,162,108
Deferred tax assets		45,930	102,546	44,877	98,869
Investment in subsidiaries and other investment		-	-	104,277	104,277
Investment in associates		2,669	2,062	122	122
Other assets	A13	3,492,524	2,614,609	3,485,209	2,570,104
Property and equipment		169,645	152,730	131,942	117,480
Intangible assets		340,415	334,749	334,395	327,689
TOTAL ASSETS		87,705,644	86,787,752	87,467,865	86,498,294
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	A14	2,119,275	2,058,101	2,176,918	2,092,981
Recourse obligation on loans sold to Cagamas Berhad		1,319,741	1,332,810	1,319,741	1,332,810
Derivative financial liabilities		3,353,021	1,385,663	3,353,021	1,385,663
Deposits from customers	A15	60,882,686	62,670,390	60,987,360	62,728,848
Term funding		5,914,003	5,243,585	5,914,003	5,243,585
Debt capital		3,584,894	3,458,683	3,584,894	3,458,683
Other liabilities	A16	2,384,239	2,590,970	2,363,198	2,586,033
TOTAL LIABILITIES		79,557,859	78,740,202	79,699,135	78,828,603
Share capital		820,364	820,364	820,364	820,364
Reserves		7,327,360	7,227,125	6,948,366	6,849,327
Equity attributable to equity holder of the Bank		8,147,724	8,047,489	7,768,730	7,669,691
Non-controlling interests		61	61	-	-
TOTAL EQUITY		8,147,785	8,047,550	7,768,730	7,669,691
TOTAL LIABILITIES AND EQUITY		87,705,644	86,787,752	87,467,865	86,498,294
COMMITMENTS AND CONTINGENCIES	A30	129,266,199	111,881,204	129,306,773	111,920,558
NET ASSETS PER SHARE (RM)		9.93	9.81	9.47	9.35

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 30 SEPTEMBER 2015**

Group	Note	Individual Quarter		Cumulative Quarter	
		30 September 2015 RM'000	30 September 2014 (Restated) RM'000	30 September 2015 RM'000	30 September 2014 (Restated) RM'000
Operating revenue		1,147,194	1,226,133	2,297,272	2,415,308
Interest income	A17	1,015,253	1,064,331	2,013,064	2,111,783
Interest expense	A18	(590,861)	(567,996)	(1,173,669)	(1,127,880)
Net interest income		424,392	496,335	839,395	983,903
Net income from Islamic banking business	A35	-	-	-	1
Other operating income	A19	131,652	161,511	283,601	302,943
Share in results of associates		289	291	607	581
Net income		556,333	658,137	1,123,603	1,287,428
Other operating expenses	A20	(300,598)	(298,118)	(575,915)	(611,910)
Operating profit		255,735	360,019	547,688	675,518
Writeback of allowance for impairment on loans and advances (Provision for)/Writeback of provision for commitments and contingencies	A21	72,682	28,280	98,108	2,641
Impairment (loss)/writeback on: Doubtful sundry receivables, net		127	(2,831)	3,933	23,746
Financial investments	A22	1,133	(786)	1,031	(2,973)
Foreclosed properties		(22,788)	(2,354)	(22,788)	(2,354)
Other recoveries - net		(22)	(76)	(106)	(5,634)
Other recoveries - net		287	518	754	954
Profit before taxation		307,154	382,770	628,620	691,898
Taxation		(67,916)	(89,907)	(137,243)	(166,889)
Profit for the period		239,238	292,863	491,377	525,009
Attributable to:					
Equity holder of the Bank		239,238	292,863	491,377	525,009
Non-controlling interests		-	-	-	-
Profit for the period		239,238	292,863	491,377	525,009
Earnings per share (sen)	A23				
Basic/Diluted		29.16	35.70	59.90	64.00

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
(Incorporated in Malaysia)
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**UNAUDITED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015**

	Individual Quarter		Cumulative Quarter	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Group				
Profit for the period	239,238	292,863	491,377	525,009
Other comprehensive income/(loss)				
Items that are or may be reclassified to the income statement				
Currency translation on foreign operations	70,336	7,134	72,265	1,943
Net gain/(loss) on financial investments available-for-sale	(69,612)	34,061	(67,630)	45,201
Net movement on cash flow hedge	13,532	(321)	20,281	4,982
Income tax relating to the components of other comprehensive income/(loss)	13,457	(8,089)	11,362	(12,957)
Other comprehensive income for the period, net of tax	27,713	32,785	36,278	39,169
Total comprehensive income for the period	266,951	325,648	527,655	564,178
Attributable to:				
Equity holder of the Bank	266,951	325,648	527,655	564,178
Non-controlling interests	-	-	-	-
	266,951	325,648	527,655	564,178

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 INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2015 RM'000	30 September 2014 (Restated) RM'000	30 September 2015 RM'000	30 September 2014 (Restated) RM'000
Bank					
Operating revenue		1,194,082	1,218,041	2,336,543	2,398,915
Interest income	A17	1,013,869	1,058,994	2,008,117	2,101,275
Interest expense	A18	(594,433)	(568,600)	(1,178,742)	(1,128,949)
Net interest income		419,436	490,394	829,375	972,326
Other operating income	A19	180,213	159,047	328,426	297,640
Net income		599,649	649,441	1,157,801	1,269,966
Other operating expenses	A20	(317,108)	(330,792)	(618,394)	(672,719)
Operating profit		282,541	318,649	539,407	597,247
Writeback of allowance for impairment on loans and advances	A21	72,631	28,099	98,059	2,440
Writeback of provision/(Provision) for commitments and contingencies		129	(2,831)	3,949	23,744
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		1,133	(786)	1,031	(2,973)
Financial investments	A22	(22,788)	(2,354)	(22,788)	(2,354)
Foreclosed properties		(22)	(76)	(106)	(5,634)
Other recoveries - net		287	518	754	954
Profit before taxation		333,911	341,219	620,306	613,424
Taxation		(61,899)	(81,357)	(122,538)	(147,637)
Profit for the period		272,012	259,862	497,768	465,787
Earnings per share (sen)	A23				
Basic/Diluted		33.16	31.68	60.68	56.78

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 OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015**

	Individual Quarter		Cumulative Quarter	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Bank				
Profit for the period	272,012	259,862	497,768	465,787
Other comprehensive income/(loss)				
Items that are or may be reclassified to the income statement				
Currency translation on foreign operations	63,878	6,381	65,063	1,772
Net gain/(loss) on financial investments available-for-sale	(70,306)	34,933	(68,150)	46,302
Net movement on cash flow hedge	13,532	(321)	20,280	4,982
Income tax relating to the components of other comprehensive income/(loss)	13,626	(8,307)	11,489	(13,231)
Other comprehensive income for the period, net of tax	20,730	32,686	28,682	39,825
Total comprehensive income for the period	292,742	292,548	526,450	505,612

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 30 SEPTEMBER 2015

Group	Attributable to equity holder of the Bank							Distributable			
	Non-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	-	-	-	-	-	-	-	525,009	525,009	-	525,009
Other comprehensive income	-	-	-	-	33,400	3,826	1,943	-	39,169	-	39,169
Net gain on foreign currency translation	-	-	-	-	-	-	1,943	-	1,943	-	1,943
Net gain on cash flow hedge	-	-	-	-	-	3,826	-	-	3,826	-	3,826
Net gain on financial investments available-for-sale	-	-	-	-	33,400	-	-	-	33,400	-	33,400
Total comprehensive income for the period	-	-	-	-	33,400	3,826	1,943	525,009	564,178	-	564,178
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(2,718)	(2,718)	-	(2,718)
Dividend on ordinary shares: - final, financial year ended 31 March 2014	-	-	-	-	-	-	-	(216,576)	(216,576)	-	(216,576)
Transaction with owner and other equity movements	-	-	-	-	-	-	-	(219,294)	(219,294)	-	(219,294)
At 30 September 2014	820,364	942,844	980,969	104,149	(37,694)	6,855	(47)	4,913,246	7,730,686	60	7,730,746

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 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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		
At 1 April 2015	820,364	942,844	980,969	104,149	1,207	(481)	50,537	5,147,900	8,047,489	61	8,047,550
Profit for the period	-	-	-	-	-	-	-	491,377	491,377	-	491,377
Other comprehensive (loss)/income	-	-	-	-	(51,400)	15,413	72,265	-	36,278	-	36,278
Net gain on foreign currency translation	-	-	-	-	-	-	72,265	-	72,265	-	72,265
Net gain on cash flow hedge	-	-	-	-	-	15,413	-	-	15,413	-	15,413
Net loss on financial investments available-for-sale	-	-	-	-	(51,400)	-	-	-	(51,400)	-	(51,400)
Total comprehensive (loss)/income for the period	-	-	-	-	(51,400)	15,413	72,265	491,377	527,655	-	527,655
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(831)	(831)	-	(831)
Dividend on ordinary shares: - final, financial year ended 31 March 2015	-	-	-	-	-	-	-	(426,589)	(426,589)	-	(426,589)
Transaction with owner and other equity movements	-	-	-	-	-	-	-	(427,420)	(427,420)	-	(427,420)
At 30 September 2015	820,364	942,844	980,969	104,149	(50,193)	14,932	122,802	5,211,857	8,147,724	61	8,147,785

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 30 SEPTEMBER 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 (deficit)/ reserve RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserves RM'000	Retained earnings 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	-	-	-	-	-	-	465,787	465,787
Other comprehensive income	-	-	-	34,227	3,826	1,772	-	39,825
Net gain on foreign currency translation	-	-	-	-	-	1,772	-	1,772
Net gain on cash flow hedge	-	-	-	-	3,826	-	-	3,826
Net gain on financial investments available-for-sale	-	-	-	34,227	-	-	-	34,227
Total comprehensive income for the period	-	-	-	34,227	3,826	1,772	465,787	505,612
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(2,696)	(2,696)
Dividend on ordinary shares: - final, financial year ended 31 March 2014	-	-	-	-	-	-	(216,576)	(216,576)
Transaction with owner and other equity movements	-	-	-	-	-	-	(219,272)	(219,272)
At 30 September 2014	820,364	942,844	980,969	(38,006)	6,855	4,557	4,697,194	7,414,777

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 30 SEPTEMBER 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	-	-	-	-	-	-	497,768	497,768
Other comprehensive income	-	-	-	(51,794)	15,413	65,063	-	28,682
Net gain on foreign currency translation	-	-	-	-	-	65,063	-	65,063
Net gain on cash flow hedge	-	-	-	-	15,413	-	-	15,413
Net loss on financial investments available-for-sale	-	-	-	(51,794)	-	-	-	(51,794)
Total comprehensive (loss)/income for the period	-	-	-	(51,794)	15,413	65,063	497,768	526,450
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(822)	(822)
Dividend on ordinary shares: - final, financial year ended 31 March 2015	-	-	-	-	-	-	(426,589)	(426,589)
Transaction with owner and other equity movements	-	-	-	-	-	-	(427,411)	(427,411)
At 30 September 2015	820,364	942,844	980,969	(50,471)	14,932	115,648	4,944,444	7,768,730

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 30 SEPTEMBER 2015

	Group		Bank	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Profit before taxation	628,620	691,898	620,306	613,424
Adjustments for non-operating and non-cash items	746,965	61,892	692,700	58,106
Operating profit before working capital changes	<u>1,375,585</u>	<u>753,790</u>	<u>1,313,006</u>	<u>671,530</u>
Changes in working capital:				
Net change in operating assets	2,206,957	1,578,035	2,156,716	1,565,116
Net change in operating liabilities	(1,630,953)	(4,126,577)	(1,574,480)	(4,113,983)
Tax paid	(163,691)	(178,059)	(162,251)	(176,802)
Net cash (used in)/generated from operating activities	<u>1,787,898</u>	<u>(1,972,811)</u>	<u>1,732,991</u>	<u>(2,054,139)</u>
Net cash (used in)/generated from investing activities	(1,238,801)	845,869	(1,169,393)	1,168,783
Net cash used in financing activities	(426,589)	(216,576)	(426,589)	(216,576)
Net increase/(decrease) in cash and cash equivalents	<u>122,508</u>	<u>(1,343,518)</u>	<u>137,009</u>	<u>(1,101,932)</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	44	27	71	8
Cash and cash equivalents at end of financial period	<u>6,065,732</u>	<u>5,786,409</u>	<u>5,805,059</u>	<u>5,573,735</u>

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

The 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.

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 standards is described below:

1.1.1 Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

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

1.1.2 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.)

1.1.2 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.

1.1.3 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 30 September 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 for 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 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

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.

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.

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.)

(a) Annual Improvements to MFRSs 2012-2014 Cycle (Cont'd.)

(i) MFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Cont'd.)

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 30 September 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 quarter, 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.

In respect of the current financial year, the Board of Directors declare an interim single-tier cash dividend of 25.00 sen per ordinary share on 820,363,762 ordinary shares amounting to approximately RM205,090,941.

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A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	30 September	31 March
	2015	2015
	RM'000	RM'000
At fair value		
Money market instruments:		
Bank Negara Monetary Notes	-	14,767
Government Investment Issues	18,491	340,247
Foreign Government Investment Issues	73,206	-
Islamic Treasury Bills	14,716	-
Malaysian Government Securities	171,809	797,036
Malaysian Treasury Bills	2,984	9,830
	<u>281,206</u>	<u>1,161,880</u>
Quoted Securities:		
<i>In Malaysia:</i>		
Shares	57,485	71,323
Unit trusts	31,557	3,187
Private debt securities	38,256	39,394
	<u>127,298</u>	<u>113,904</u>
<i>Outside Malaysia:</i>		
Shares	111,568	95,933
	<u>111,568</u>	<u>95,933</u>
Unquoted Securities:		
<i>In Malaysia:</i>		
Private debt securities	1,032,879	495,266
	<u>1,032,879</u>	<u>495,266</u>
<i>Outside Malaysia:</i>		
Private debt securities	72,571	166,521
	<u>72,571</u>	<u>166,521</u>
	<u>1,625,522</u>	<u>2,033,504</u>

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A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
At fair value				
Money market instruments:				
Bank Negara Monetary Notes	39,976	379,569	39,976	379,569
Government Investment Issues	772,102	372,502	772,102	372,502
Islamic Treasury Bills	28,272	-	28,272	-
Malaysian Government Securities	331,303	350,238	331,303	350,238
Malaysian Treasury Bills	19,988	39,691	19,988	39,691
Negotiable Instruments of Deposit	949,315	600,077	949,315	600,077
	<u>2,140,956</u>	<u>1,742,077</u>	<u>2,140,956</u>	<u>1,742,077</u>
Quoted Securities:				
<i>In Malaysia:</i>				
Shares	4,208	5,390	4,206	5,388
Unit trusts	145,874	171,562	145,874	171,562
	<u>150,082</u>	<u>176,952</u>	<u>150,080</u>	<u>176,950</u>
<i>Outside Malaysia:</i>				
Shares	46	44	8	7
	<u>46</u>	<u>44</u>	<u>8</u>	<u>7</u>
Unquoted securities:				
<i>In Malaysia:</i>				
Private debt securities	3,688,281	3,329,354	3,768,676	3,424,429
	<u>3,688,281</u>	<u>3,329,354</u>	<u>3,768,676</u>	<u>3,424,429</u>
<i>Outside Malaysia:</i>				
Private debt securities	297,050	273,071	297,050	273,071
	<u>297,050</u>	<u>273,071</u>	<u>297,050</u>	<u>273,071</u>
At cost				
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	195	1,198	195	157
	<u>195</u>	<u>1,198</u>	<u>195</u>	<u>157</u>
	<u>6,363,985</u>	<u>5,610,071</u>	<u>6,444,295</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 30 September 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 RM2,021,000 (31 March 2015: RM3,859,000).

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A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
At amortised cost				
Money market instruments:				
Foreign Treasury Bills	835,121	518,486	835,121	518,486
Unquoted:				
<i>In Malaysia:</i>				
Private debt securities	2,037,989	2,027,554	2,037,989	2,027,554
Less: Accumulated impairment losses	(3,298)	(6,198)	(3,298)	(6,198)
	<u>2,869,812</u>	<u>2,539,842</u>	<u>2,869,812</u>	<u>2,539,842</u>

A11. LOANS AND ADVANCES

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
At amortised cost:				
Overdraft	2,284,615	2,336,634	2,284,615	2,336,634
Term loans	15,625,170	16,575,549	15,625,170	16,575,549
Housing loan receivables	14,696,757	14,138,571	14,509,833	13,937,306
Hire purchase receivables	12,514,863	13,145,533	12,514,863	13,145,533
Bills receivables	812,659	796,179	812,659	796,179
Trust receipts	1,100,427	1,229,607	1,100,427	1,229,607
Claims on customers under acceptance credits	2,677,805	2,660,836	2,677,805	2,660,836
Staff loans	115,037	118,501	115,037	118,501
Card receivables	1,331,656	1,434,319	1,331,656	1,434,319
Revolving credits	7,404,533	6,874,214	7,484,280	6,955,247
Others	171,829	156,562	171,829	156,562
Gross loans and advances	<u>58,735,351</u>	<u>59,466,505</u>	<u>58,628,174</u>	<u>59,346,273</u>
Allowance for impairment on loans and advances:				
- Collective allowance	(897,789)	(953,660)	(897,667)	(953,480)
- Individual allowance	(160,890)	(167,457)	(160,890)	(167,457)
Net loans and advances	<u>57,676,672</u>	<u>58,345,388</u>	<u>57,569,617</u>	<u>58,225,336</u>

Note:

As part of Restricted Profit Sharing Investment Accounts ("RPSIA") arrangement with AmBank Islamic Berhad ("AmBank Islamic"), the Bank records the amount it provides as financing under the arrangement as investment accounts with banks and other financial institutions. 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	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Domestic banking institutions	2,776	6,718	2,776	6,718
Domestic non-bank financial institutions	1,505,859	1,786,264	1,585,606	1,867,297
Domestic business enterprises				
- Small medium enterprises	7,819,390	7,827,397	7,819,390	7,827,397
- Others	16,789,196	17,201,700	16,789,196	17,201,700
Government and statutory bodies	74,822	74,464	74,822	74,464
Individuals	30,955,529	31,079,596	30,768,605	30,878,331
Other domestic entities	121,955	139,108	121,955	139,108
Foreign individuals and entities	1,465,824	1,351,258	1,465,824	1,351,258
	<u>58,735,351</u>	<u>59,466,505</u>	<u>58,628,174</u>	<u>59,346,273</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
In Malaysia	57,836,246	58,605,093	57,729,069	58,484,861
Outside Malaysia	899,105	861,412	899,105	861,412
	<u>58,735,351</u>	<u>59,466,505</u>	<u>58,628,174</u>	<u>59,346,273</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Fixed rate				
- Housing loans	351,318	376,450	164,394	175,185
- Hire purchase receivables	11,582,854	12,083,943	11,582,854	12,083,943
- Other fixed rate loans	5,193,492	5,985,303	5,193,492	5,985,303
Variable rate				
- Base lending rate plus	24,347,089	24,179,990	24,347,089	24,179,990
- Cost plus	15,673,170	15,574,555	15,752,917	15,655,588
- Other variable rates	1,587,428	1,266,264	1,587,428	1,266,264
	<u>58,735,351</u>	<u>59,466,505</u>	<u>58,628,174</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	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Agriculture	2,850,677	2,858,662	2,850,677	2,858,662
Mining and quarrying	1,805,966	1,399,308	1,805,966	1,399,308
Manufacturing	6,171,555	6,204,482	6,171,555	6,204,482
Electricity, gas and water	404,323	1,089,535	404,323	1,089,535
Construction	1,927,604	1,841,952	1,927,604	1,841,952
Wholesale and retail trade and hotel and restaurants	3,530,821	3,666,418	3,530,821	3,666,418
Transport, storage and communication	1,429,181	1,397,069	1,429,181	1,397,069
Finance and insurance	1,552,749	1,792,982	1,632,496	1,874,015
Real estate	5,750,448	5,836,818	5,750,448	5,836,818
Business activities	665,443	703,429	665,443	703,429
Education and health	882,950	885,585	882,950	885,585
Household of which:	31,483,191	31,475,078	31,296,267	31,273,813
- purchase of residential properties	14,540,057	14,012,645	14,353,133	13,811,380
- purchase of transport vehicles	11,749,731	12,310,566	11,749,731	12,310,566
- others	5,193,403	5,151,867	5,193,403	5,151,867
Others	280,443	315,187	280,443	315,187
	<u>58,735,351</u>	<u>59,466,505</u>	<u>58,628,174</u>	<u>59,346,273</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Maturing within one year	12,329,989	11,957,254	12,408,437	12,036,988
Over one year to three years	7,019,487	7,112,526	7,011,595	7,104,634
Over three years to five years	8,000,669	8,320,603	7,992,520	8,312,454
Over five years	31,385,206	32,076,122	31,215,622	31,892,197
	<u>58,735,351</u>	<u>59,466,505</u>	<u>58,628,174</u>	<u>59,346,273</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 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	626,599	1,212,816	625,843	1,211,907
Reclassified as non-impaired	(79,978)	(255,955)	(79,978)	(255,945)
Recoveries	(211,487)	(542,495)	(210,530)	(540,335)
Amount written off	(245,128)	(748,892)	(245,128)	(748,892)
Balance at end of financial period/year	<u>1,053,991</u>	<u>963,985</u>	<u>1,053,568</u>	<u>963,361</u>
Gross impaired loans and advances as % of gross loans and advances	<u>1.8%</u>	<u>1.6%</u>	<u>1.8%</u>	<u>1.6%</u>
Loan loss coverage	<u>100.4%</u>	<u>116.3%</u>	<u>100.5%</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	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Agriculture	5,846	8,788	5,846	8,788
Mining and quarrying	4,144	7,034	4,144	7,034
Manufacturing	168,474	172,735	168,474	172,735
Electricity, gas and water	339	261	339	261
Construction	15,576	12,095	15,576	12,095
Wholesale and retail trade and hotel and restaurants	42,143	36,526	42,143	36,526
Transport, storage and communication	20,563	12,201	20,563	12,201
Finance and insurance	525	418	525	418
Real estate	198,768	76,276	198,768	76,276
Business activities	7,880	9,419	7,880	9,419
Education and health	4,347	6,434	4,347	6,434
Household of which:	575,044	609,513	574,621	608,889
- purchase of residential properties	309,212	339,768	308,789	339,144
- purchase of transport vehicles	202,168	211,427	202,168	211,427
- others	63,664	58,318	63,664	58,318
Others	10,342	12,285	10,342	12,285
	<u>1,053,991</u>	<u>963,985</u>	<u>1,053,568</u>	<u>963,361</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Collective allowance				
Balance at beginning of financial year	953,660	1,411,219	953,480	1,410,574
Charge to income statement, net	161,160	282,957	161,218	283,430
Amount transferred to AmBank Islamic*	-	(2,463)	-	(2,463)
Amount written-off and others	(220,361)	(740,094)	(220,361)	(740,094)
Foreign exchange differences	3,330	2,041	3,330	2,033
Balance at end of financial period/year**	<u>897,789</u>	<u>953,660</u>	<u>897,667</u>	<u>953,480</u>
Collective allowance as % of gross loans and advances less individual allowance	<u>1.5%</u>	<u>1.6%</u>	<u>1.5%</u>	<u>1.6%</u>
Individual allowance				
Balance at beginning of financial year	167,457	133,755	167,457	133,755
Charge to income statement, net	9,174	45,300	9,174	45,300
Amount written-off	(15,741)	(11,598)	(15,741)	(11,598)
Balance at end of financial period/year	<u>160,890</u>	<u>167,457</u>	<u>160,890</u>	<u>167,457</u>

* On 2 May 2014, upon expiry of the RPSIA 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.

** As at 30 September 2015, the gross exposure and collective allowance relating to the RPSIA financing for the Group and the Bank amounted to RM1,367,987,000 and RM1,561,000 (31 March 2015: RM1,363,811,000 and RM1,553,000) respectively.

There was no individual allowance provided for the RPSIA financing for 30 September 2015 and 31 March 2015.

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A12. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
At amortised cost:				
Unquoted private debt securities in Malaysia	97,181	87,181	97,181	87,181

A13. OTHER ASSETS

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Other receivables, deposits and prepayments, net of allowance for impairment	2,581,382	1,719,919	2,574,260	1,675,571
Interest receivable, net of allowance for impairment	214,484	205,998	214,495	206,002
Amount due from originators	315,838	328,015	315,838	328,015
Foreclosed properties, net of allowance for impairment	65,553	61,822	65,403	61,672
Deferred charges	75,987	83,697	75,987	83,697
Tax recoverable *	239,280	215,158	239,226	215,147
	<u>3,492,524</u>	<u>2,614,609</u>	<u>3,485,209</u>	<u>2,570,104</u>

* During the previous financial year, the Inland Revenue Board 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 Bank had sought legal advice on the appeals and pending the resolution of the appeals. The case is expected to be decided during the next case management which is scheduled on 29 July 2015, however tax authorities has requested for extension of time to finalise the case. The court fixed for next case management on 4 November 2015 for both parties to update status of settlement. The tax paid of approximately RM203,500,700 was recognised as tax recoverable as the Bank is of the opinion that it has strong grounds to succeed in its appeals.

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Licensed banks	1,464,125	913,644	1,464,125	913,817
Licensed investment banks	194,445	552,081	194,445	552,081
Other financial Institutions	435,554	562,078	493,197	596,785
Bank Negara Malaysia	25,151	30,298	25,151	30,298
	<u>2,119,275</u>	<u>2,058,101</u>	<u>2,176,918</u>	<u>2,092,981</u>

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A15. DEPOSIT FROM CUSTOMERS

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Demand deposits	9,957,156	9,701,374	9,959,730	9,702,618
Savings deposits	3,316,845	3,356,402	3,316,845	3,356,402
Term/Investment deposits	47,608,442	49,608,047	47,710,542	49,665,261
Negotiable instruments of deposits	243	4,567	243	4,567
	<u>60,882,686</u>	<u>62,670,390</u>	<u>60,987,360</u>	<u>62,728,848</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Government and other statutory bodies	3,932,894	3,845,436	3,932,894	3,845,436
Business enterprises	26,635,306	27,561,311	26,739,980	27,619,769
Individuals	28,727,611	28,868,684	28,727,611	28,868,684
Others	1,586,875	2,394,959	1,586,875	2,394,959
	<u>60,882,686</u>	<u>62,670,390</u>	<u>60,987,360</u>	<u>62,728,848</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Due within six months	35,403,182	36,246,422	35,505,282	36,303,636
Over six months to one year	9,590,473	10,494,544	9,590,473	10,494,544
Over one year to three years	2,258,629	2,252,256	2,258,629	2,252,256
Over three years to five years	356,401	619,392	356,401	619,392
	<u>47,608,685</u>	<u>49,612,614</u>	<u>47,710,785</u>	<u>49,669,828</u>

A16. OTHER LIABILITIES

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Other payables and accruals	1,645,066	1,815,215	1,634,998	1,810,417
Interest payable	625,689	588,645	625,701	588,665
Advance rentals	7,920	8,442	7,920	8,442
Provision for commitments and contingencies	94,520	97,308	94,549	97,353
Provision for taxation	11,044	81,360	30	81,156
	<u>2,384,239</u>	<u>2,590,970</u>	<u>2,363,198</u>	<u>2,586,033</u>

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A17. INTEREST INCOME

	Individual Quarter		Cumulative Quarter	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Group				
Short-term funds and deposits with financial institutions	59,610	45,495	125,447	92,965
Financial assets held-for-trading	16,343	19,877	32,998	36,928
Financial investments available-for-sale	77,735	58,966	135,017	117,679
Financial investments held-to-maturity	20,516	19,913	40,695	39,465
Loans and advances	819,464	914,317	1,648,253	1,812,931
Impaired loans and advances	3,213	2,037	4,624	3,890
Others	18,372	3,726	26,030	7,925
	<u>1,015,253</u>	<u>1,064,331</u>	<u>2,013,064</u>	<u>2,111,783</u>
Bank				
Short-term funds and deposits with financial institutions	59,575	41,757	123,251	85,737
Financial assets held-for-trading	16,343	19,877	32,998	36,928
Financial investments available-for-sale	78,827	60,416	137,280	120,677
Financial investments held-to-maturity	20,516	19,913	40,695	39,465
Loans and advances	817,024	911,268	1,643,284	1,806,653
Impaired loans and advances	3,213	2,037	4,624	3,890
Others	18,371	3,726	25,985	7,925
	<u>1,013,869</u>	<u>1,058,994</u>	<u>2,008,117</u>	<u>2,101,275</u>

A18. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Group				
Deposits from customers	468,026	443,905	931,400	892,878
Deposits and placements of banks and other financial institutions	10,182	14,384	22,240	24,529
Recourse obligation of loans sold to Cagamas Berhad	10,235	10,251	20,370	20,402
Term funding	50,533	44,594	97,861	79,509
Debt capital	50,629	52,477	99,238	104,547
Others	1,256	2,385	2,560	6,015
	<u>590,861</u>	<u>567,996</u>	<u>1,173,669</u>	<u>1,127,880</u>
Bank				
Deposits from customers	470,791	444,504	934,825	893,937
Deposits and placements of banks and other financial institutions	10,182	14,389	22,241	24,536
Recourse obligation of loans sold to Cagamas Berhad	10,235	10,251	20,370	20,402
Term funding	50,533	44,594	97,861	79,509
Debt capital	51,436	52,477	100,885	104,550
Others	1,256	2,385	2,560	6,015
	<u>594,433</u>	<u>568,600</u>	<u>1,178,742</u>	<u>1,128,949</u>

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A19. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Bancassurance commission	6,776	7,898	14,227	14,791
Brokerage fees, commission and rebates	588	589	1,328	1,072
Fees on loans, advances and securities	36,243	57,942	79,106	114,295
Guarantee fees	13,363	13,773	26,991	27,833
Underwriting fees	-	-	-	397
Remittances	5,308	5,578	10,936	10,822
Service charges and fees	3,798	3,436	7,337	7,339
Other fee and commission	9,090	12,256	18,771	22,343
	<u>75,166</u>	<u>101,472</u>	<u>158,696</u>	<u>198,892</u>
Investment and trading income:				
Foreign exchange *	5,322	11,416	49,096	32,208
Gross dividend income from:				
Financial assets held-for-trading	425	2,681	1,303	3,043
Financial investments available-for-sale	198	194	7,254	8,981
Net (loss)/gain on sale/redemption of:				
Financial assets held-for-trading	(11,016)	(5,747)	(11,668)	(6,508)
Financial investments available-for-sale	(1,717)	2,377	19,528	3,963
Net (loss)/gain on revaluation of financial assets held-for-trading	(42,845)	12,382	(25,774)	13,398
Net gain on derivatives	95,465	18,854	64,202	22,760
Others	(2,184)	83	(2,025)	1,164
	<u>43,648</u>	<u>42,240</u>	<u>101,916</u>	<u>79,009</u>
Other income:				
Net gain on disposal of property and equipment	18	2	53	114
Net non trading foreign exchange (loss)/gain	(617)	6,353	(1,304)	4,077
Profit from sale of goods and services	8,934	8,794	18,584	16,982
Rental income	904	917	1,941	1,903
Others	3,599	1,733	3,715	1,966
	<u>12,838</u>	<u>17,799</u>	<u>22,989</u>	<u>25,042</u>
	<u>131,652</u>	<u>161,511</u>	<u>283,601</u>	<u>302,943</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	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Bank				
Fee and commission income:				
Bancassurance commission	6,774	7,892	14,224	14,776
Brokerage fees, commission and rebates	588	589	1,328	1,072
Fees on loans, advances and securities	32,585	52,498	70,276	103,294
Guarantee fees	13,363	13,773	26,991	27,833
Underwriting fees	-	-	-	397
Remittances	5,308	5,578	10,936	10,822
Service charges and fees	3,897	3,627	7,586	7,737
Other fee and commission	9,090	12,249	18,771	22,336
	<u>71,605</u>	<u>96,206</u>	<u>150,112</u>	<u>188,267</u>
Investment and trading income:				
Foreign exchange *	5,322	11,416	49,096	32,208
Gross dividend income from:				
Associate	-	-	-	1,000
Financial assets held-for-trading	425	2,681	1,303	3,043
Financial investments available-for-sale	198	194	7,254	8,981
Subsidiaries	51,209	-	51,209	-
Net (loss)/gain on sale/redemption of:				
Financial assets held-for-trading	(11,016)	(5,747)	(11,668)	(6,508)
Financial investments available-for-sale	(1,763)	2,377	19,716	3,963
Net (loss)/gain on revaluation of financial assets held-for-trading	(42,845)	12,382	(25,774)	13,398
Net gain on derivatives	95,465	18,854	64,202	22,760
Others	(1,940)	2,924	(1,395)	5,940
	<u>95,055</u>	<u>45,081</u>	<u>153,943</u>	<u>84,785</u>
Other income:				
Net gain on disposal of property and equipment	10	-	44	(7)
Net non trading foreign exchange gain	198	6,364	350	4,092
Profit from sale of goods and services	8,934	8,794	18,584	16,982
Rental income	784	744	1,702	1,567
Others	3,627	1,858	3,691	1,954
	<u>13,553</u>	<u>17,760</u>	<u>24,371</u>	<u>24,588</u>
	<u>180,213</u>	<u>159,047</u>	<u>328,426</u>	<u>297,640</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	
	30 September 2015 RM'000	30 September 2014 (Restated) RM'000	30 September 2015 RM'000	30 September 2014 (Restated) RM'000
Personnel costs:				
Pension costs - defined contribution plan	24,433	28,515	47,700	58,424
Salaries, allowances and bonuses	157,703	164,651	299,246	356,607
Shares and options granted under ESS	(1,733)	9,266	949	9,872
Social security costs	1,276	1,285	2,546	2,563
Others	20,988	10,908	40,399	25,721
Expense capitalised	(2,161)	(1,877)	(5,841)	(5,716)
	<u>200,506</u>	<u>212,748</u>	<u>384,999</u>	<u>447,471</u>
Establishment costs:				
Amortisation of intangible assets	18,068	16,911	34,887	33,813
Cleaning, maintenance and security	7,638	4,897	13,563	10,445
Computerisation cost	44,758	42,706	87,381	84,965
Depreciation of property and equipment	10,185	11,187	19,908	22,255
Rental of premises	20,648	20,728	43,722	40,513
Others	9,006	9,105	18,351	18,944
Expense capitalised	(953)	(556)	(1,519)	(1,180)
	<u>109,350</u>	<u>104,978</u>	<u>216,293</u>	<u>209,755</u>
Marketing and communication expenses:				
Advertising and marketing	8,212	5,596	14,638	12,045
Commission	2,868	2,470	4,708	4,620
Communication	14,603	11,188	26,058	21,711
Others	1,871	1,909	3,624	4,034
	<u>27,554</u>	<u>21,163</u>	<u>49,028</u>	<u>42,410</u>
Administration and general expenses:				
Professional services	19,772	18,422	45,136	37,064
Travelling	1,365	1,395	2,416	3,019
Others	14,368	9,784	31,763	18,512
	<u>35,505</u>	<u>29,601</u>	<u>79,315</u>	<u>58,595</u>
Service transfer pricing recovery - net	(74,133)	(82,031)	(156,879)	(167,075)
Acquisition and business efficiency costs	1,816	11,659	3,159	20,754
	<u>300,598</u>	<u>298,118</u>	<u>575,915</u>	<u>611,910</u>

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A20. OTHER OPERATING EXPENSES (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 September 2015	30 September 2014 (Restated)	30 September 2015	30 September 2014 (Restated)
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs:				
Pension costs - defined contribution plan	23,294	26,871	44,924	55,111
Salaries, allowances and bonuses	151,088	154,998	282,726	336,950
Shares and options granted under ESS	(1,703)	9,078	910	9,599
Social security costs	1,186	1,191	2,366	2,376
Others	20,321	10,219	39,163	24,677
Expense capitalised	(2,161)	(1,877)	(5,841)	(5,716)
	<u>192,025</u>	<u>200,480</u>	<u>364,248</u>	<u>422,997</u>
Establishment costs:				
Amortisation of intangible assets	17,506	16,512	33,730	33,011
Cleaning, maintenance and security	7,446	4,478	13,074	9,714
Computerisation cost	43,889	42,683	86,319	84,743
Depreciation of property and equipment	8,746	9,872	17,576	19,669
Rental of premises	20,304	19,598	41,968	38,475
Others	8,656	8,781	17,746	18,306
Expense capitalised	(953)	(556)	(1,519)	(1,180)
	<u>105,594</u>	<u>101,368</u>	<u>208,894</u>	<u>202,738</u>
Marketing and communication expenses:				
Advertising and marketing	8,158	5,609	14,425	12,033
Commission	2,869	2,470	4,707	4,618
Communication	14,119	10,742	25,195	20,373
Others	1,609	1,499	3,063	3,305
	<u>26,755</u>	<u>20,320</u>	<u>47,390</u>	<u>40,329</u>
Administration and general expenses:				
Card operation charges	38,754	57,226	89,197	109,887
Professional services	19,971	18,317	45,222	36,845
Travelling	1,312	1,362	2,330	2,928
Others	14,429	9,487	31,363	17,823
	<u>74,466</u>	<u>86,392</u>	<u>168,112</u>	<u>167,483</u>
Service transfer pricing recovery - net	(83,548)	(89,427)	(173,409)	(181,582)
Acquisition and business efficiency costs	1,816	11,659	3,159	20,754
	<u>317,108</u>	<u>330,792</u>	<u>618,394</u>	<u>672,719</u>

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A21. WRITEBACK OF ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Group				
Allowance for impaired loans and advances:				
Individual allowance	14,008	(19,985)	9,174	23,286
Collective allowance	83,669	84,682	161,160	150,219
Impaired loans and advances recovered, net	<u>(170,359)</u>	<u>(92,977)</u>	<u>(268,442)</u>	<u>(176,146)</u>
	<u>(72,682)</u>	<u>(28,280)</u>	<u>(98,108)</u>	<u>(2,641)</u>
Bank				
Allowance for impaired loans and advances:				
Individual allowance	14,008	(19,985)	9,174	23,286
Collective allowance	83,729	84,863	161,218	150,420
Impaired loans and advances recovered, net	<u>(170,368)</u>	<u>(92,977)</u>	<u>(268,451)</u>	<u>(176,146)</u>
	<u>(72,631)</u>	<u>(28,099)</u>	<u>(98,059)</u>	<u>(2,440)</u>

A22. IMPAIRMENT LOSS/(WRITEBACK) ON FINANCIAL INVESTMENTS

	Individual Quarter		Cumulative Quarter	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Group				
Financial investments available-for-sale	25,688	-	25,688	-
Financial investments held-to-maturity	<u>(2,900)</u>	<u>2,354</u>	<u>(2,900)</u>	<u>2,354</u>
	<u>22,788</u>	<u>2,354</u>	<u>22,788</u>	<u>2,354</u>
Bank				
Financial investments available-for-sale	25,688	-	25,688	-
Financial investments held-to-maturity	<u>(2,900)</u>	<u>2,354</u>	<u>(2,900)</u>	<u>2,354</u>
	<u>22,788</u>	<u>2,354</u>	<u>22,788</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	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
Group				
Net profit attributable to shareholder of the Bank (RM'000)	239,238	292,863	491,377	525,009
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>29.16</u>	<u>35.70</u>	<u>59.90</u>	<u>64.00</u>
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
Bank				
Net profit attributable to shareholder of the Bank (RM'000)	272,012	259,862	497,768	465,787
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>33.16</u>	<u>31.68</u>	<u>60.68</u>	<u>56.78</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 30 September 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	1,006,624	761,144	167,756	19,034	342,714	2,297,272
Revenue from other segments	66,314	63,816	(109,564)	(8,791)	(11,775)	-
Total operating revenue	1,072,938	824,960	58,192	10,243	330,939	2,297,272
Net interest income	457,411	298,271	15,128	7,048	61,537	839,395
Other operating income	137,685	66,157	30,966	2,932	45,861	283,601
Income	595,096	364,428	46,094	9,980	107,398	1,122,996
Share in results of associates	-	-	-	-	607	607
Other operating expenses	(326,811)	(82,573)	(33,439)	(9,825)	(123,267)	(575,915)
<i>of which:</i>						
<i>Depreciation of Property and Equipment</i>	(11,284)	(618)	(436)	(31)	(7,582)	(19,951)
<i>Amortisation of Intangible Assets</i>	(4,452)	(1,432)	(3,521)	(6)	(25,845)	(35,256)
Profit before impairment losses	268,285	281,855	12,655	155	(15,262)	547,688
(Allowance)/Writeback for impairment losses on loans and advances	(8,371)	89,916	-	704	15,859	98,108
(Allowance)/Writeback for impairment losses on other assets	(2,894)	6,554	(209)	152	(20,779)	(17,176)
Profit before taxation	257,020	378,325	12,446	1,011	(20,182)	628,620
Taxation	(61,579)	(84,114)	(2,987)	1,026	10,411	(137,243)
Profit for the financial period	195,441	294,211	9,459	2,037	(9,771)	491,377
Other information						
Total segment assets	32,028,569	25,738,790	10,995,449	1,511,268	17,431,568	87,705,644
Total segment liabilities	31,667,517	31,012,358	6,176,866	23,639	10,677,479	79,557,859
Cost to income ratio	54.9%	22.7%	72.5%	98.4%	114.8%	51.3%
Gross loans and advances	31,774,246	25,691,225	-	1,265,358	4,522	58,735,351
Net loans and advances	31,375,934	25,343,192	-	1,262,206	(304,660)	57,676,672
Impaired loans and advances	668,736	385,255	-	-	-	1,053,991
Total deposits	31,187,053	30,169,493	111,163	177,454	1,356,798	63,001,961
Additions to:						
Property and equipment	9,055	413	77	-	29,128	38,673
Intangible assets	6,495	1,210	95	-	47,812	55,612

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A24. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group For the financial period ended 30 September 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	1,087,221	776,945	186,808	17,359	346,975	2,415,308
Revenue from other segments	52,740	84,691	(88,404)	(2,082)	(46,945)	-
Total operating revenue	1,139,961	861,636	98,404	15,277	300,030	2,415,308
Net interest income	537,729	338,055	20,532	2,141	85,446	983,903
Other operating income	137,917	86,041	61,964	12,869	4,153	302,944
Income	675,646	424,096	82,496	15,010	89,599	1,286,847
Share in results of associates	-	-	-	-	581	581
Other operating expenses	(325,722)	(110,393)	(33,460)	(7,370)	(134,965)	(611,910)
<i>of which:</i>						
<i>Depreciation of Property and Equipment</i>	(12,432)	(1,090)	(702)	(29)	(8,023)	(22,276)
<i>Amortisation of Intangible Assets</i>	(3,848)	(1,902)	(2,114)	(6)	(26,027)	(33,897)
Profit before impairment losses	349,924	313,703	49,036	7,640	(44,785)	675,518
(Allowance)/Writeback for impairment losses on loans and advances	(66,517)	29,882	-	2,736	36,540	2,641
(Allowance)/Writeback for impairment losses on other assets	6,315	12,526	(231)	(613)	(4,258)	13,739
Profit before taxation	289,722	356,111	48,805	9,763	(12,503)	691,898
Taxation	(72,521)	(80,179)	(12,201)	(2,884)	896	(166,889)
Profit for the financial period	217,201	275,932	36,604	6,879	(11,607)	525,009
Other information						
Total segment assets	33,415,253	27,393,626	6,228,978	1,144,297	14,917,256	83,099,410
Total segment liabilities	32,835,724	31,728,261	3,187,675	191,181	7,425,823	75,368,664
Cost to income ratio	48.2%	26.0%	40.6%	49.1%	150.6%	47.6%
Gross loans and advances	33,025,192	27,425,514	-	878,078	(23,403)	61,305,381
Net loans and advances	32,464,901	27,066,415	-	875,511	(373,207)	60,033,620
Impaired loans and advances	873,058	295,983	-	2,501	-	1,171,542
Total deposits	32,256,150	29,119,213	160,236	167,828	1,557,201	63,260,628
Additions to:						
Property and equipment	12,247	216	23	-	4,978	17,464
Intangible assets	1,303	358	4,859	-	18,593	25,113

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 30 SEPTEMBER 2015

The Group registered a profit before taxation ("pre-tax profit") of RM628.6 million representing a 9.1% 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 RM144.5 million or 14.7%, lower other operating income by RM19.3 million or 6.4%, higher impairment loss on financial investments by RM20.4 million and lower writeback of provision for commitments and contingencies by RM19.8 million.

Net interest income was lower mainly from loans and advances whilst other operating income was lower due to lower fee income mainly from loan and advances and loss on revaluation of securities mitigated by net gain on derivatives and sale of securities.

The decrease in pre-tax profit was mitigated with higher writeback of allowance for impairment on loans and advances by RM95.5 million due to higher recovery of impaired loans. Other operating expenses was lower by RM36.0 million or 5.9% mainly due to lower personnel costs offset with higher administration and general expenses.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 15.8% and 15.2% 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 second quarter of 2015, the Malaysian economy recorded a growth of 4.9% (1Q2015: 5.6%) driven mainly by private sector demand. Both private consumption and private investment grew moderately at 6.4% and 3.9% respectively (1Q2015: 8.8% and 11.7%).

For calendar year 2015, the Group forecasts a modest annual Gross Domestic Product growth of circa 4.7% (2014: 6.0%) due to softer demand and lower commodity prices, mitigated by a resilient export sector and an expected increase in public investment.

Inflation is projected to hover around 2.3%, reflecting the impact of the implementation of GST and recent Ringgit depreciation, partially offset by the decline in oil and commodity prices. The US dollar rise, interest gap and the Chinese yuan outlook will continue to weigh on 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. Private consumption is expected to grow moderately this year.

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.

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

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 30 September 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	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Contingent Liabilities				
Direct credit substitutes	1,846,114	788,743	1,846,114	788,743
Transaction related contingent items	4,379,154	5,609,010	4,379,154	5,609,010
Short term self liquidating trade related contingencies	694,275	634,176	694,275	634,176
Obligations under on-going underwriting agreements	-	250,000	-	250,000
	<u>6,919,543</u>	<u>7,281,929</u>	<u>6,919,543</u>	<u>7,281,929</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,043,364	12,491,550	12,083,988	12,530,954
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,763,535	3,993,436	3,763,535	3,993,436
Unutilised credit card lines	2,320,541	3,361,539	2,320,541	3,361,539
Forward asset purchase	503,665	824,066	503,665	824,066
Others	200	200	150	150
	<u>18,631,305</u>	<u>20,670,791</u>	<u>18,671,879</u>	<u>20,710,145</u>
Derivative Financial Instruments				
Foreign exchange related contracts				
- One year or less	52,502,007	33,934,956	52,502,007	33,934,956
- Over one year to five years	562,492	2,500,277	562,492	2,500,277
- Over five years	2,191,188	1,950,414	2,191,188	1,950,414
Interest rate related contracts				
- One year or less	7,424,548	4,922,516	7,424,548	4,922,516
- Over one year to five years	31,818,239	30,856,561	31,818,239	30,856,561
- Over five years	8,163,353	8,433,307	8,163,353	8,433,307
Credit related contracts				
- One year or less	360,681	-	360,681	-
- Over one year to five years	-	327,515	-	327,515
- Over five years	359,938	326,889	359,938	326,889
Equity and commodity related contracts				
- One year or less	250,028	606,219	250,028	606,219
- Over one year to five years	82,877	69,830	82,877	69,830
	<u>103,715,351</u>	<u>83,928,484</u>	<u>103,715,351</u>	<u>83,928,484</u>
Total	<u>129,266,199</u>	<u>111,881,204</u>	<u>129,306,773</u>	<u>111,920,558</u>

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A30. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

AmTrustee Berhad ("AmTrustee") an associate was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") for alleged loss and damage amounting to RM27.6 million together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Zurich Insurance Malaysia Berhad ("Zurich") (formerly known as Malaysian Assurance Alliance Berhad) for alleged loss and damages amounting to RM19.6 million together with interest and costs ("Zurich Suit"). Zurich had appointed Meridian as an external fund manager for certain of its insurance funds, and part of the insurance funds were deposited by Meridian with AmTrustee. The claim by Zurich in the Zurich Suit is part of the portion of the claim as mentioned in the above Meridian Suit. Just before the trial proceeded, Zurich added Meridian as a Co-Defendant in the Zurich Suit.

Proceedings at High Court

In the Zurich Suit, prior to the commencement of the trial, Zurich amended its Statement of Claim to include Meridian as a second Defendant. Prior to this Zurich's amendment, AmTrustee had already filed a Third Party Notice against Meridian on 6 November 2006 in the Zurich Suit seeking indemnification/contribution from Meridian. Meridian in turn filed a counter claim against AmTrustee over AmTrustee's Third Party Notice which in essence introduced the same argument and claim as in their Meridian Suit.

Parties filed several interim applications in the Meridian Suit amongst which was an application by Meridian to:-

- add the Bank as Co-Defendant; and
- to increase the alleged loss and damage from RM27.6 million to RM37 million.

The High Court dismissed Meridian's application to add the Bank as a party to the Meridian's Suit "Order" but allowed Meridian's application to increase its claim against AmTrustee from RM27.6 million to RM37 million. No appeal was filed by Meridian against this "Order", hence no litigation is pending today against the Bank by Meridian.

As facts of both the Meridian and Zurich suit are similar in nature with the same parties involved, the court has ordered that these two suits are to be heard together.

Trial proceeded on 3 to 5 of December 2012 and on 10 and 13 December 2012 and continued on 18 to 20 February 2013. Matter was fixed for decision and or clarification on 11 April 2013.

High Court Decision

After clarification of the matter on 11 April 2013 the court decided as follows ("High Court Decision"):

In the Zurich Suit:

- the court dismissed Zurich's claim against AmTrustee with costs of RM100,000.00 and interest at 5% on the cost from the date of the decision to the date of settlement. Meridian was found to be fully liable to Zurich and ordered to pay the sum of approximately RM19.6 million with interest from the date of filing of the writ to the date of realization and costs of RM100,000.00 with interest at 5% on the cost from the date of the decision to the date of settlement.

A30. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(b) As at the reporting date, other commitments and contingencies of the Group and of the Bank are as follows (cont'd.):

High Court Decision (Cont'd.)

In the Meridian Suit:

- the court found that AmTrustee is liable to contribute and indemnify Meridian for 40% of the amount that Meridian has been found liable to Zurich and KWAP.

This essentially means that Meridian has to pay Zurich and KWAP for all the damages claimed by Zurich and KWAP and AmTrustee has to pay 40% of that amount that Meridian has paid to Zurich and KWAP. Court further awarded Meridian to pay AmTrustee cost of RM0.2 million.

Proceedings at Court of Appeal

Both Meridian and Zurich to date have filed their appeals against Decision on 8 May 2013 and 9 May 2013 respectively. The appeals were called up for Case Management on 20 June 2013, wherein parties were directed to take steps prior to the actual hearing of the appeals and is now refixed for further Case Management on 6 August 2013.

AmTrustee obtained solicitors advice on Zurich appeal and Meridian appeal. AmTrustee's solicitors advised AmTrustee to file its cross appeals against Zurich's appeal and Meridian's appeal so as to reduce AmTrustee's 40% contribution of amount that Meridian has paid to Zurich and KWAP. AmTrustee's solicitors are of the view that AmTrustee has a fair chance of succeeding in its cross-appeals.

On 6 August 2013, the Court of Appeal ordered Zurich and Meridian to file their Supplementary Record of Appeal by 23 August 2013 and AmTrustee to file its notice of cross-appeals by 2 September 2013.

On 23 August 2013, Zurich and Meridian filed their Supplementary Record of Appeal on 23 August 2013 and AmTrustee filed its notice of cross-appeals on 30 August 2013.

Altogether, there will be 6 appeals by the parties in the Court of Appeal:

In the Zurich Suit:

- Zurich's appeal against the Decision in the Zurich Suit;
- Meridian's appeal against the Decision in the Zurich Suit;
- AmTrustee's cross-appeal against Zurich's appeal in the Zurich Suit;
- AmTrustee's cross-appeal against Meridian's appeal in the Zurich Suit.

In the Meridian's Suit:

- Meridian's appeal against the Decision in the Meridian Suit;
- AmTrustee's appeal against Meridian's appeal in the Meridian Suit.

The Court of Appeal has fixed the appeals for further case management on 5 September 2013 for parties to update Court of Appeal on the status of their appeals. On 5 September 2013 the Court of Appeal fixed 29 January 2014 for the parties to file Written Submissions. The Court of Appeal also had fixed the hearing on the appeals and cross appeals on 14 February 2014.

On 22 November 2013, the Court of Appeal notified that hearing for the appeals are now re-scheduled to 21 April 2014.

On 13 January 2014, the Court of Appeal informed that:

- (i) the originally fixed appeal hearing date of 21 April 2014 was vacated;
- (ii) all parties shall file their written submission for the appeal by 5 May 2014;
- (iii) the appeals by Zurich, Meridian and AmTrustee in the Zurich Suit and Meridian Suit, together with Meridian's appeal in the KWAP against Meridian case, will now be heard on 19 May 2014.

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A30. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(b) As at the reporting date, other commitments and contingencies of the Group and of the Bank are as follows (cont'd.):

Court of Appeal Decision

On 19 May 2014, the Court of Appeal heard the appeals by all parties on 19 May 2014. On 20 May 2014, the Court of Appeal gave its decision as follows ('Court of Appeal Decision'):

In the Zurich Suit:

- Zurich's appeal against the High Court Decision was allowed;
- Meridian's appeal against the High Court Decision was dismissed;
- AmTrustee's cross-appeal against Zurich's appeal was dismissed;
- AmTrustee's cross-appeal against Meridian's appeal was dismissed.

In the Meridian's Suit:

- Meridian's appeal against the High Court Decision was dismissed;
- AmTrustee's appeal against Meridian's appeal was dismissed.

On 28 May 2014, Zurich and AmTrustee had agreed to the stay of execution of the Court of Appeal Decision pending the disposal of AmTrustee's application for leave to appeal to Federal Court ('Leave Application').

Proceedings at Federal Court

Zurich and AmTrustee had agreed to the stay of execution of the Court of Appeal Decision pending the disposal of AmTrustee's application for leave to appeal to Federal Court ("Leave Application"). As at the end of the reporting period, AmTrustee filed its notice of motion for the Leave Application at Federal Court. Case management was fixed on 11 May 2015, pending the availability of grounds of judgment. On 8 April 2015, Grounds of Judgment was issued and the Federal Court fixed the Leave Application for case management on 21 April 2015. At the case management on 21 April 2015, AmTrustee's Leave Application was fixed for hearing before the Federal Court on 1 July 2015. On 6 June 2015, AmTrustee was notified by its solicitors that the hearing scheduled on 1 July 2015 has been converted to a Case Management. At the case management on 1 July 2015, AmTrustee's application for Leave to Appeal to the Federal Court was fixed for Hearing on 21 September 2015. On application of counsel for Zurich, the hearing of AmTrustee's leave application on 21 September 2015 was adjourned to 17 February 2016.

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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 1.0% (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	
30 September 2015								
Assets measured at fair value								
Derivative financial assets	340	3,562,853	-	3,563,193	340	3,562,853	-	3,563,193
Financial assets held-for-trading								
- Money market securities	-	281,206	-	281,206	-	281,206	-	281,206
- Equities	200,610	-	-	200,610	200,610	-	-	200,610
- Quoted private debt securities	38,256	-	-	38,256	38,256	-	-	38,256
- Unquoted private debt securities	-	1,105,450	-	1,105,450	-	1,105,450	-	1,105,450
Financial investments available-for-sale								
- Money market securities	-	2,140,956	-	2,140,956	-	2,140,956	-	2,140,956
- Equities	150,128	-	-	150,128	150,088	-	-	150,088
- Unquoted private debt securities	-	3,985,331	-	3,985,331	-	3,985,331	80,395	4,065,726
	<u>389,334</u>	<u>11,075,796</u>	<u>-</u>	<u>11,465,130</u>	<u>389,294</u>	<u>11,075,796</u>	<u>80,395</u>	<u>11,545,485</u>
Liabilities measured at fair value								
Derivative financial liabilities	3,312	3,349,709	-	3,353,021	3,312	3,349,709	-	3,353,021
	<u>3,312</u>	<u>3,349,709</u>	<u>-</u>	<u>3,353,021</u>	<u>3,312</u>	<u>3,349,709</u>	<u>-</u>	<u>3,353,021</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	
31 March 2015								
Assets measured at fair value								
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>
Liabilities measured at fair value								
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	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Financial investments available-for-sale:				
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
- other comprehensive income	-	-	(527)	1,667
Settlements	(3)	(742)	(14,157)	(30,233)
Balance at end of financial period/year	<u>-</u>	<u>-</u>	<u>80,395</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	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Financial investments available-for-sale:				
Total gains/(losses) included in:				
- other comprehensive income	<u>-</u>	<u>-</u>	<u>(527)</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:

	Group		Bank	
	30 September 2015	31 March 2015	30 September 2015	31 March 2015
Before deducting proposed dividends				
Common Equity Tier 1 Capital Ratio	10.961%	11.228%	10.361%	10.653%
Tier 1 Capital Ratio	12.685%	13.021%	12.076%	12.446%
Total Capital Ratio	16.124%	16.649%	15.468%	16.020%
After deducting proposed dividends				
Common Equity Tier 1 Capital Ratio	10.670%	10.599%	10.071%	10.023%
Tier 1 Capital Ratio	12.394%	12.391%	11.786%	11.816%
Total Capital Ratio	15.833%	16.019%	15.178%	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:

	Transitional arrangements		
	Calender year 2013	Calender year 2014	Calender year 2015 onwards
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%

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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:

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
CET 1 Capital				
Ordinary shares	820,364	820,364	820,364	820,364
Share premium	942,844	942,844	942,844	942,844
Retained earnings	5,211,857	5,147,900	4,944,444	4,874,087
Available-for-sale (deficit)/reserve	(50,193)	1,207	(50,471)	1,323
Foreign currency translation reserve	122,802	50,537	115,648	50,585
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	104,149	104,149	-	-
Cash flow hedging reserve/(deficit)	14,932	(481)	14,932	(481)
Less: Regulatory adjustments applied on CET1 Capital				
Intangible assets	(340,415)	(334,749)	(334,395)	(327,689)
Deferred tax assets	(68,599)	(102,546)	(67,546)	(98,869)
55% of cumulative gains of available- for-sale financial instruments	-	(664)	-	(728)
Cash flow hedging (deficit)/reserve	(14,932)	481	(14,932)	481
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(1,068)	(825)	(15,444)	(28,652)
Total CET1 Capital	7,722,710	7,609,186	7,336,413	7,214,234
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,214,570	1,214,570	1,214,570	1,214,570
Total Tier 1 Capital	8,937,280	8,823,756	8,550,983	8,428,804
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	400,000	400,000	400,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,310,000	1,310,000	1,310,000	1,310,000
Collective allowance and regulatory reserves	714,696	749,739	714,737	753,172
Less : Regulatory adjustments applied on Tier 2 Capital	(1,601)	(1,237)	(23,166)	(42,978)
Total Tier 2 capital	2,423,095	2,458,502	2,401,571	2,420,194
Total Capital	11,360,375	11,282,258	10,952,554	10,848,998

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

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Credit RWA	62,259,282	59,979,086	62,992,175	60,253,770
Market RWA	3,329,588	2,774,956	3,330,039	2,774,466
Operational RWA	4,866,290	5,012,317	4,487,624	4,694,931
Large exposure risk RWA for equity holdings	-	1,036	-	-
Total RWA	70,455,160	67,767,395	70,809,838	67,723,167

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A33. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group		Bank	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Outstanding credit exposures with connected parties (RM'000)	2,599,669	2,407,451	2,778,929	2,600,699
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	3.49	3.34	3.77	3.61
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	0.13	0.57	0.12	0.53

The credit exposures above are based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

A34. 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

	As previously reported RM'000	Restatement RM'000	As restated RM'000
Income statements for the financial quarter ended 30 September 2014			
Group			
Interest expense	(1,132,742)	4,862	(1,127,880)
Other operating expenses	(607,048)	(4,862)	(611,910)
Bank			
Interest expense	(1,133,811)	4,862	(1,128,949)
Other operating expenses	(667,857)	(4,862)	(672,719)
Income statements for the individual quarter ended 30 September 2014			
Group			
Interest expense	(570,439)	2,443	(567,996)
Other operating expenses	(295,675)	(2,443)	(298,118)
Bank			
Interest expense	(571,043)	2,443	(568,600)
Other operating expenses	(328,349)	(2,443)	(330,792)

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A35. 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.