

Company No. 295576-U

AmBank Islamic Berhad
(Formerly known as Amlslamic Bank Berhad)
(Incorporated in Malaysia)

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

Company No. 295576-U
AmBank Islamic Berhad
(Formerly known as Amlslamic Bank Berhad)
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

		30 September	31 March
	Note	2015	2015
		RM'000	RM'000
ASSETS			
Cash and short-term funds		2,096,207	4,061,682
Deposits and placements with banks and other financial institutions		1,215,000	750,000
Derivative financial assets		124,829	27,469
Financial assets held-for-trading	A8	126,426	151,783
Financial investments available-for-sale	A9	4,699,519	4,109,611
Financial investments held-to-maturity	A10	1,256,526	1,249,566
Financing and advances	A11	27,272,401	27,497,806
Receivables: Investments not quoted in active markets	A12	450,521	463,982
Statutory deposit with Bank Negara Malaysia		898,000	1,045,000
Other assets	A13	301,871	354,564
Property and equipment		352	301
Intangible assets		16	20
TOTAL ASSETS		38,441,668	39,711,784
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A14	1,484,015	2,714,064
Recourse obligation on financing sold to Cagamas Berhad		632,437	1,436,775
Derivative financial liabilities		118,511	34,491
Deposits from customers	A15	28,702,727	29,754,876
Investment accounts	A16	1,386,922	-
Term funding		1,850,000	1,850,000
Subordinated Sukuk		1,149,455	1,149,384
Deferred tax liability		9,281	10,840
Other liabilities	A17	585,516	347,339
Provision for zakat		1,915	1,137
TOTAL LIABILITIES		35,920,779	37,298,906
Share capital		462,922	462,922
Reserves		2,057,967	1,949,956
TOTAL EQUITY		2,520,889	2,412,878
TOTAL LIABILITIES AND EQUITY		38,441,668	39,711,784
COMMITMENTS AND CONTINGENCIES	A28	8,075,449	7,479,564
NET ASSETS PER SHARE (RM)		5.45	5.21

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

Company No. 295576-U
AmBank Islamic Berhad
(Formerly known as AmIslamic Bank Berhad)
(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

	Note	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
Income derived from investment of depositors' funds and others	A18	463,467	438,216	927,760	858,375
Income derived from investment of shareholder's funds	A19	25,135	24,073	47,764	47,101
Allowance for impairment on financing and advances	A20	(9,051)	(36,045)	(45,019)	(92,544)
Writeback of provision for/ (Provision for) commitments and contingencies		(141)	(1,950)	2,448	5,770
Transfer to profit equalisation reserve		-	(3,765)	(1,406)	(4,604)
Total distributable income		479,410	420,529	931,547	814,098
Income attributable to the depositors and others	A21	(276,467)	(223,852)	(544,689)	(448,738)
Total net income		202,943	196,677	386,858	365,360
Other operating expenses	A22	(81,329)	(87,585)	(167,653)	(177,022)
Finance cost		(33,745)	(19,326)	(67,122)	(38,441)
Profit before zakat and taxation		87,869	89,766	152,083	149,897
Zakat		(360)	(230)	(778)	(711)
Taxation		(18,628)	(19,871)	(31,551)	(33,008)
Profit for the period		68,881	69,665	119,754	116,178
Basic earnings per share (sen)	A23	14.88	15.05	25.87	25.10

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

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

	Individual Quarter		Cumulative Quarter	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period	<u>68,881</u>	<u>69,665</u>	<u>119,754</u>	<u>116,178</u>
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to the income statement:				
Net change in revaluation of financial investments available-for-sale	(18,249)	6,684	(16,292)	8,780
Transfer to income statement upon disposal	-	-	853	-
Income tax relating to the components of other comprehensive income	<u>4,380</u>	<u>(1,604)</u>	<u>3,706</u>	<u>(2,353)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>(13,869)</u>	<u>5,080</u>	<u>(11,733)</u>	<u>6,427</u>
Total comprehensive income for the period	<u>55,012</u>	<u>74,745</u>	<u>108,021</u>	<u>122,605</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015**

	Attributable to Equity Holder of the Bank					Retained earnings RM'000	Total equity RM'000
	Non-distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Profit equalisation reserve RM'000	Available-for-sale deficit RM'000		
At 1 April 2014	462,922	724,185	483,345	1,260	(18,442)	698,360	2,351,630
Profit for the period	-	-	-	-	-	116,178	116,178
Other comprehensive income	-	-	-	-	6,427	-	6,427
Total comprehensive income for the period	-	-	-	-	6,427	116,178	122,605
Net utilisation of profit equalisation reserve	-	-	-	1,341	-	(1,341)	-
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(273)	(273)
Dividend paid	-	-	-	-	-	(149,987)	(149,987)
Transactions with owner and other equity movements	-	-	-	1,341	-	(151,601)	(150,260)
At 30 September 2014	462,922	724,185	483,345	2,601	(12,015)	662,937	2,323,975
At 1 April 2015	462,922	724,185	483,345	3,904	(6,592)	745,114	2,412,878
Profit for the period	-	-	-	-	-	119,754	119,754
Other comprehensive loss	-	-	-	-	(11,733)	-	(11,733)
Total comprehensive income/(loss) for the period	-	-	-	-	(11,733)	119,754	108,021
Net utilisation of profit equalisation reserve	-	-	-	(3,904)	-	3,904	-
Transfer of AMMB ESS shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(10)	(10)
Transactions with owner and other equity movements	-	-	-	(3,904)	-	3,894	(10)
At 30 September 2015	462,922	724,185	483,345	-	(18,325)	868,762	2,520,889

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

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

	30 September 2015	30 September 2014
	RM'000	RM'000
Profit before zakat and taxation	152,083	149,897
Adjustments for non-operating and non-cash items	49,724	108,667
Operating profit before working capital changes	<u>201,807</u>	<u>258,564</u>
Changes in working capital:		
Net changes in operating assets	(103,639)	436,270
Net changes in operating liabilities	(1,460,395)	(1,393,724)
Taxation paid	(40,730)	(24,040)
Net cash used in operating activities	<u>(1,402,957)</u>	<u>(722,930)</u>
Net cash generated from/(used in) investing activities	(562,518)	786,152
Net cash used in financing activities	-	(149,987)
Net decrease in cash and cash equivalents	<u>(1,965,475)</u>	<u>(86,765)</u>
Cash and cash equivalents at beginning of the financial year	<u>4,061,682</u>	<u>2,935,528</u>
Cash and cash equivalents at end of the financial period	<u><u>2,096,207</u></u>	<u><u>2,848,763</u></u>

For purposes of Statement 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 Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2015.

Explanatory Notes

A1. BASIS OF PREPARATION

These condensed interim 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 Bank for the financial year ended 31 March 2015.

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

1. Standards effective for financial year ending 31 March 2016:

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

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

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

a. Annual Improvements to MFRSs 2010-2012 Cycle

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

(i) MFRS 2: Share-based Payment

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

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

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

A1. BASIS OF PREPARATION (CONT'D.)

1. Standards effective for financial year ending 31 March 2016 (CONT'D.):

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

(ii) MFRS 3: Business Combinations

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

(iii) MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

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

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

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

A1. BASIS OF PREPARATION (CONT'D.)

1. Standards effective for financial year ending 31 March 2016 (CONT'D.):

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

(v) MFRS 124: Related Party Disclosures

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

b. Annual Improvements to MFRSs 2011-2013 Cycle

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

(i) MFRS 3: Business Combinations

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

(ii) MFRS 13: Fair Value Measurement

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

(iii) MFRS 140: Investment Property

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

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

A1. BASIS OF PREPARATION (CONT'D.)

2. Change in regulatory requirements

a. BNM Policy Document on Investment Account and the Transition Policy under the Islamic Financial Services Act 2013 ("IFSA")

On 14 March 2014, BNM had issued a policy document on Investment Account ("IA") aimed at outlining the regulatory requirements on the conduct of investment accounts that are consistent with the IFSA and that comply with standards on Shariah issued by BNM. This policy document comes into effect on 14 March 2014.

On 14 February 2014, BNM had issued the Transition Policy under IFSA ("transition policy"), allowing Islamic financial institutions a transition period until 30 June 2015 to comply with IFSA and BNM standards on Shariah and policy document on Investment Account. Pursuant to the application of the policy document on Investment Account and the transition policy, the Bank :

- (i) segregated investment deposit products from deposit accounts and presented these separately as investment accounts in the financial statements;
- (ii) discontinued with the application of profit equalisation reserve ("PER"). The available amounts in PER had been distributed to the remaining account holders in the form of hibah; and
- (iii) will reclassify its Restricted Profit Sharing Investment Account ("RPSIA") as investment account when the necessary approvals have been obtained from BNM.

The policy document and the transition policy have been applied prospectively in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors as these investment accounts are new products offered by the Bank.

A1. BASIS OF PREPARATION (CONT'D.)

2. Change in regulatory requirements (Cont'd.)

a. Bank Negara Malaysia (“BNM”) Policy Documents on Investment Account and Transition policy under Islamic Financial Services Act 2013 (“IFSA”)(Cont'd.)

The accounting policy adopted for Investment account is as follows:

Unrestricted Investment Account

The Bank’s Unrestricted Investment Account is based on the Shariah concept of Wakalah bil Istithmar. It refers to an arrangement whereby the Investment Account Holder (“IAH”) (as the principal or muwakkil) appoints the Bank as an agent (the “wakil”) for the purpose of investment. The Bank as wakil shall not be liable to compensate losses except losses due to its own misconduct, negligence or breach of specified terms. The amount invested by the IAH aims to provide the IAH with steady flow of income by investing in low risk investments which the Bank deems appropriate. The Bank may however change the investment strategy if the Bank decides that it will be in the best interest of the IAH to do so in order to achieve the investment objectives. For the current financial period, the Bank did not impose Wakalah fees to the IAH.

Restricted Profit Sharing Investment Account (“RPSIA”)

The Bank’s RPSIA is based on Mudarabah concept where IAH agree to participate in the specific financial/investment activities undertaken by the Bank and share the profit generated from financing and/or investment activities based on an agreed profit-sharing ratio. The IAH shall bear the losses arising from the assets funded under the Mudarabah concept except in cases of misconduct, negligence or breach of contracted terms by the Bank. Therefore, any allowances for impairment and capital charged will be transferred to the IAH to reflect the potential losses to the IAH. Currently, the existing RPSIA arrangement is between the Bank and AmBank (M) Berhad.

Distribution of profit between the unrestricted IAH and the Bank

The unrestricted IAH place funds with the Bank in exchange for an expected rate of return (“ERR”) for the agreed period of the investment. The Bank mobilises the investment account funds in accordance with its investment strategy to generate returns. In the event that the actual rate of return (“ARR”) is higher than the ERR, the IAH agree that this difference shall be retained by the Bank as a performance incentive. On the contrary, if the ARR is lower than the ERR, the Bank is obliged to distribute the ARR to the IAH.

The Bank adopts the standard methodology in calculating the rate of return and profit distribution to the IAH consistent with Rate of Return framework issued by BNM. The Bank neither adopt profit smoothing practices nor employ displaced commercial risk technique in the calculation of the ARR to the IAH.

A1. BASIS OF PREPARATION (CONT'D.)

2. Change in regulatory requirements (Cont'd.)

b. 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 impairment charges to the Bank for the financial period.

3. Standards issued but not yet effective

The following are standards issued but not yet effective up to the date of issuance of the Bank's financial statements. The Bank intends to adopt the relevant standards when they become effective.

	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 Initiatives	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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

Standards effective for financial year ending 31 March 2017

Annual Improvements to MFRSs 2012–2014 Cycle

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

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

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

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

(ii) MFRS 7 Financial Instruments: Disclosures

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

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

(iii) MFRS 119 Employee Benefits

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

(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.

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.

Amendments to MFRS 101 Disclosure Initiatives

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

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

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards effective for financial year ending 31 March 2019

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

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 Bank’s financial assets, but no impact on the classification and measurement of the Bank’s financial liabilities.

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 Bank were not materially affected by any 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.

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

There were no issuance, cancellation, repurchase, resale and repayment of debt securities during the financial quarter and period.

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

A7. DIVIDENDS

The director do not recommend the payment of any dividend in respect of the financial quarter ended 30 September 2015 and no dividends were paid in the current financial quarter and period.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	30 September 2015 RM'000	31 March 2015 RM'000
At fair value:		
Money Market Instruments:		
Government Investment Issues	46,677	141,705
Unquoted Securities:		
In Malaysia:		
Private debt securities	79,749	10,078
	<u>126,426</u>	<u>151,783</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 September 2015 RM'000	31 March 2015 RM'000
At fair value:		
Money Market Instruments:		
Government Investment Issues	362,681	204,121
Islamic Negotiable instruments of deposit	3,596,675	3,045,887
Bank Negara Monetary Notes	-	254,914
	<u>3,959,356</u>	<u>3,504,922</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	740,163	604,689
	<u>4,699,519</u>	<u>4,109,611</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (CONT'D.)

Previously, the Bank had reclassified securities amounting to RM7.6 million out of financial investments available-for-sale category to the financing 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 RM249,000 (31 March 2015: RM475,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	30 September 2015 RM'000	31 March 2015 RM'000
At amortised cost:		
Unquoted Securities:		
In Malaysia:		
Private debt securities	1,256,526	1,249,566
	<u>1,256,526</u>	<u>1,249,566</u>

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A11. FINANCING AND ADVANCES

A11a. Financing and advances by type and Shariah contracts are as follows:

30 September 2015

	Bai Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al- Bai (AITAB) RM'000	Bai Al-Inah RM'000	Others RM'000	Total RM'000
Cash lines	-	-	-	-	891,079	-	891,079
Term financing	2,564,011	2,640,043	10,220	-	4,039,187	40,436	9,293,897
Revolving credit	220,902	1,150,901	-	-	2,544,758	-	3,916,561
Housing financing	1,623,230	-	37,717	-	-	-	1,660,947
Hire purchase receivables	4	-	-	10,488,005	-	-	10,488,009
Bills receivables	-	-	-	-	-	5,488	5,488
Credit card receivables	-	-	-	-	-	263,447	263,447
Trust receipts	-	118,273	-	-	-	-	118,273
Claims on customers under acceptance credits	-	1,019,741	-	-	-	122,830	1,142,571
Gross financing and advances*	4,408,147	4,928,958	47,937	10,488,005	7,475,024	432,201	27,780,272
Allowance for impairment on financing and advances							
- Collective allowance							(440,827)
- Individual allowance							(67,044)
Net financing and advances							<u>27,272,401</u>

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A11. FINANCING AND ADVANCES (CONT'D.)

A11a. Financing and advances by type and Shariah contracts are as follows (Cont'd.):

31 March 2015

	Bai Bithaman		Musharakah	Al-Ijarah		Others	Total
	Ajil	Murabahah	Mutanaqisah	Thummah Al-	Bai Al-Inah	RM'000	RM'000
	RM'000	RM'000	RM'000	Bai (AITAB)	RM'000	RM'000	RM'000
Cash lines	-	-	-	-	888,591	-	888,591
Term financing	2,561,064	2,530,032	9,325	-	4,122,052	40,429	9,262,902
Revolving credit	456,811	431,597	-	-	3,165,176	-	4,053,584
Housing financing	1,359,372	-	31,114	-	-	-	1,390,486
Hire purchase receivables	4	-	-	10,950,562	-	-	10,950,566
Bills receivables	-	-	-	-	-	735	735
Credit card receivables	-	-	-	-	-	278,597	278,597
Trust receipts	-	100,907	-	-	-	-	100,907
Claims on customers under acceptance credits	-	959,675	-	-	-	136,291	1,095,966
Gross financing and advances*	4,377,251	4,022,211	40,439	10,950,562	8,175,819	456,052	28,022,334
Allowance for impairment on financing and advances							
- Collective allowance							(458,453)
- Individual allowance							(66,075)
Net financing and advances							27,497,806

* Included in financing and advances are exposures to the Restricted Profit Sharing Investment Account ("RPSIA") arrangements between the Bank and AmBank (M) Berhad ("AmBank") amounting to RM1,368.0 million (31 March 2015: RM1,363.8 million). Under the RPSIA contract, the profit is shared based on a pre-agreed ratio. AmBank is exposed to the risks and rewards on the RPSIA financing and it shall account for all allowance for impairment arising from the RPSIA financing. Further details of the RPSIA are disclosed in Note A14.

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A11. FINANCING AND ADVANCES (CONT'D.)

A11b. Gross financing and advances analysed by type of customer are as follows:

	30 September 2015 RM'000	31 March 2015 RM'000
Domestic non-bank financial institutions	321,274	376,383
Domestic business enterprises		
- Small medium enterprises	4,423,543	4,320,458
- Others	9,058,657	9,136,728
Government and statutory bodies	362,777	383,730
Individuals	13,485,157	13,663,125
Other domestic entities	43,081	57,698
Foreign individuals and entities	85,783	84,212
	<u>27,780,272</u>	<u>28,022,334</u>

A11c. All financing and advances reside in Malaysia.

A11d. Gross financing and advances analysed by profit rate sensitivity are as follows:

	30 September 2015 RM'000	31 March 2015 RM'000
Fixed rate		
- Housing financing	254,007	257,808
- Hire purchase receivables	9,682,410	10,016,187
- Other financing	3,057,009	3,125,980
Variable rate		
- Base rate and base financing rate plus	5,109,434	5,236,078
- Cost plus	8,985,918	9,040,137
- Other variable rates	691,494	346,144
	<u>27,780,272</u>	<u>28,022,334</u>

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A11. FINANCING AND ADVANCES (CONT'D.)

A11e. Gross financing and advances analysed by sector are as follows:

	30 September 2015 RM'000	31 March 2015 RM'000
Agriculture	1,491,611	1,425,890
Mining and quarrying	1,867,448	1,676,384
Manufacturing	2,477,085	2,349,086
Electricity, gas and water	134,842	148,422
Construction	1,523,472	2,137,670
Wholesale and retail trade and hotel and restaurants	1,016,183	944,867
Transport, storage and communication	1,321,412	937,626
Finance and insurance	321,274	376,383
Real estate	2,744,408	2,825,535
Business activities	435,532	461,035
Education and health	732,771	821,983
Household of which:	13,567,269	13,742,679
- purchase of residential properties	1,644,484	1,370,877
- purchase of transport vehicles	10,025,626	10,401,534
- others	1,897,159	1,970,268
Others	146,965	174,774
	<u>27,780,272</u>	<u>28,022,334</u>

A11f. Gross financing and advances analysed by residual contractual maturity are as follows:

	30 September 2015 RM'000	31 March 2015 RM'000
Maturing within one year	9,634,526	8,712,569
Over one year to three years	3,004,987	2,914,449
Over three years to five years	4,024,966	4,481,931
Over five years	11,115,793	11,913,385
	<u>27,780,272</u>	<u>28,022,334</u>

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A11. FINANCING AND ADVANCES (CONT'D.)

A11g. Movements in impaired financing and advances are as follows:

	30 September 2015 RM'000	31 March 2015 RM'000
Balance at beginning of financial year	606,455	348,515
Impaired during the period/year	268,092	776,843
Reclassified as non-impaired	(49,346)	(81,471)
Recoveries	(61,606)	(123,309)
Amount written off	(123,098)	(314,123)
Balance at end of financial period/year	<u>640,497</u>	<u>606,455</u>
Gross impaired financing and advances as % of gross financing and advances	<u>2.3%</u>	<u>2.2%</u>
Financing loss coverage	<u>79.3%</u>	<u>86.5%</u>

A11h. All impaired financing and advances reside in Malaysia.

A11i. Impaired financing and advances by sector are as follows:

	30 September 2015 RM'000	31 March 2015 RM'000
Agriculture	305	354
Mining and quarrying	6	7
Manufacturing	26,417	34,143
Electricity, gas and water	17,831	21,100
Construction	9,908	9,590
Wholesale and retail trade and hotel and restaurants	12,840	6,763
Transport, storage and communication	18,603	12,076
Finance and insurance	1	33
Real estate	359,600	322,332
Business activities	4,205	4,211
Education and health	4,867	6,169
Household of which :	184,184	188,040
- purchase of residential properties	19,073	20,771
- purchase of transport vehicles	157,459	155,185
- others	7,652	12,084
Others	1,730	1,637
	<u>640,497</u>	<u>606,455</u>

A11. FINANCING AND ADVANCES (CONT'D.)

A11j. Movements in the allowances for impaired financing and advances are as follows:

	30 September 2015 RM'000	31 March 2015 RM'000
Collective allowance		
Balance at beginning of financial year	458,453	534,465
Allowance made during the period/year, net	94,589	224,295
Transferred from AmBank *	-	2,463
Amount written off and others	(112,215)	(302,770)
Balance at end of financial period/year**	<u>440,827</u>	<u>458,453</u>
Collective allowance as % of gross financing and advances (excluding RPSIA financing) less individual allowance	<u>1.7%</u>	<u>1.7%</u>
Individual allowance		
Balance at beginning of financial year	66,075	19,470
Allowance during the period/year, net	4,375	46,634
Amount written off	(3,406)	(29)
Balance at end of financial period/year	<u>67,044</u>	<u>66,075</u>

* On 2 May 2014, upon expiry of the RPSIA contract entered into with AmBank in the financial year ended 31 March 2013, AmBank had derecognized the collective allowance previously recognized in its financial statements. Accordingly, the Bank 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 amounted to RM1,368.0 million and RM1.6 million respectively (31 March 2015: RM1,363.8 million and RM1.6 million respectively). There was no individual allowance provided for the RPSIA financing.

A12. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

	30 September 2015 RM'000	31 March 2015 RM'000
Unquoted private debt securities:	456,649	456,649
Fair value changes arising from fair value hedge	(6,128)	7,333
	<u>450,521</u>	<u>463,982</u>

In the previous financial year, the Bank had undertaken a fair value hedge on the profit rate risk of unquoted securities of RM350.0 million using profit rate swaps with a related company. The gain/(loss) arising from the fair value hedge during the current financial period is as follows:

	30 September 2015 RM'000	31 March 2015 RM'000
Relating to hedged item	(13,461)	7,333
Relating to hedging instrument	13,348	(7,100)
	<u>(113)</u>	<u>233</u>

A13. OTHER ASSETS

	30 September 2015 RM'000	31 March 2015 RM'000
Other receivables, deposits and prepayments	40,042	44,421
Amount due from related companies	129	47,453
Amount due from originators	132,406	136,695
Profit receivable	26,602	28,207
Tax recoverable	40,110	28,784
Deferred charges	62,582	69,004
	<u>301,871</u>	<u>354,564</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2015 RM'000	31 March 2015 RM'000
<u>Non-Mudarabah</u>		
Licensed investment banks	264,945	159
Other financial institutions	1,195,513	251,311
Bank Negara Malaysia	23,557	29,250
	<u>1,484,015</u>	<u>280,720</u>
<u>Mudarabah</u>		
Licensed bank	-	1,363,442
Licensed investment banks	-	245,369
Other financial institutions	-	824,533
	<u>-</u>	<u>2,433,344</u>
	<u>1,484,015</u>	<u>2,714,064</u>

The Mudarabah placement from a licensed bank as at 31 March 2015 refers to the RPSIA arrangement and is placed by AmBank to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudarabah between two parties, that is, investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne solely by the investor. The placement is for a tenor of 370 days. During the current financial period, this placement has been classified under Investment Accounts (refer Note A16).

A15. DEPOSITS FROM CUSTOMERS

	30 September 2015 RM'000	31 March 2015 RM'000
(i) By type of deposit:		
Savings deposit		
Wadiah	1,919,681	1,893,135
Mudarabah	-	5,215
Demand deposit		
Wadiah	3,790,895	3,875,971
Mudarabah	-	45,380
Term Deposit :		
General investment deposit		
Wakalah	-	314,750
Mudarabah	5,317	13,852,523
Commodity Murabahah	22,980,340	9,761,507
Negotiable instruments of deposits		
Bai' Bithaman Ajil	6,494	6,395
Total	<u>28,702,727</u>	<u>29,754,876</u>
	30 September 2015 RM'000	31 March 2015 RM'000
(ii) The deposits are sourced from the following types of customers:		
Government and other statutory bodies	7,241,589	6,899,768
Business enterprises	13,274,456	14,721,954
Individuals	6,771,535	6,907,008
Others	1,415,147	1,226,146
	<u>28,702,727</u>	<u>29,754,876</u>
(iii) The maturity structure of all term deposits are as follows:		
Due within six months	16,501,731	20,620,290
Over six months to one year	5,119,936	2,054,368
Over one year to three years	927,643	816,628
Over three years to five years	442,841	443,889
	<u>22,992,151</u>	<u>23,935,175</u>

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A16. INVESTMENT ACCOUNTS

	30 September 2015 RM'000	31 March 2015 RM'000
Unrestricted		
Transactional investment accounts		
- Wakalah	23,480	-
Restricted		
Restricted profit sharing investment account arrangement		
- Mudarabah	1,363,442	-
	<u>1,386,922</u>	<u>-</u>

A17. OTHER LIABILITIES

	30 September 2015 RM'000	31 March 2015 RM'000
Profit payable	219,433	220,987
Other creditors and accruals	98,114	105,592
Advance rental	2,257	3,432
Profit equalisation reserve	-	1,680
Amount due to related companies	252,736	233
Provision for commitments and contingencies	12,976	15,415
	<u>585,516</u>	<u>347,339</u>

A18. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Income derived from investment of:				
- General investment deposits	73	282,330	138,293	577,292
- Specific investment deposits/accounts	17,656	-	34,415	2,175
- Other deposits	445,738	155,886	755,052	278,908
	<u>463,467</u>	<u>438,216</u>	<u>927,760</u>	<u>858,375</u>

Income derived from investment of general investment deposits

Finance income and hibah:

Financing and advances				
- Financing income	61	267,325	115,985	543,614
- Financing income on impaired financing	-	495	494	985
Financial assets held-for-trading	1	(3)	508	161
Financial investments available-for-sale	2	5,322	1,818	13,114
Financial investments held-to-maturity	2	1,605	4,363	1,605
Short-term funds and deposits and placements with banks and other financial institutions	5	-	11,755	-
Others	-	107	454	225
	<u>71</u>	<u>274,851</u>	<u>135,377</u>	<u>559,704</u>
Total finance income and hibah				

A18. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (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
Income derived from investment of general investment deposits (Cont'd.)				
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	-	1	-	4
- Fees on financing, advances and securities	-	4,433	1,580	9,610
- Guarantee fees	1	1,598	762	3,777
- Remittances	-	14	7	29
- Service charges and fees	-	460	192	939
- Others	-	738	341	1,679
Foreign exchange	1	309	196	1,621
Gain/(Loss) from sale of financial assets held-for-trading	-	(1)	301	9
Loss on revaluation of financial assets held-for-trading	-	(2)	(29)	(9)
Loss from sale of financial investments available-for-sale	-	-	(23)	-
Net loss on derivatives	-	-	(526)	-
Others	-	(71)	115	(71)
Total other operating income	2	7,479	2,916	17,588
Total	73	282,330	138,293	577,292

A18. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Income derived from investment of specific investment deposits/ accounts				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	17,656	-	34,415	2,175
Total finance income and hibah	<u>17,656</u>	<u>-</u>	<u>34,415</u>	<u>2,175</u>

Income derived from investment of other deposits

<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	364,731	109,321	618,985	187,162
- Financing income on impaired financing	2,645	201	4,808	339
Financial assets held- for-trading	2,036	1,785	3,183	3,213
Financial investments available-for-sale	13,849	2,320	17,407	4,515
Financial investments held-to-maturity	13,890	12,318	23,305	25,953
Short-term funds and deposits and placements with banks and other financial institutions	30,385	22,979	56,081	46,115
Others	7,051	2,987	13,572	4,303
Total finance income and hibah	<u>434,587</u>	<u>151,911</u>	<u>737,341</u>	<u>271,600</u>

A18. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONT'D.)

Income derived from investment of other deposits (Cont'd.)

	Individual Quarter		Cumulative Quarter	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	1	-	1	1
- Fees on financing, advances and securities	6,902	1,850	10,271	3,309
- Guarantee fees	2,321	687	3,966	1,301
- Remittances	22	6	36	10
- Service charges and fees	727	188	1,138	323
- Others	944	313	1,660	578
Foreign exchange	4,127	188	5,237	558
Gain/(Loss) from sale of financial assets held-for-trading	(1,305)	273	(798)	774
Gain/(Loss) on revaluation of financial assets held-for-trading	(1,966)	495	(2,163)	479
Loss from sale of financial investments available-for-sale	-	-	(30)	-
Net loss on derivatives	(954)	-	(2,169)	-
Others	332	(25)	562	(25)
Total other operating income	<u>11,151</u>	<u>3,975</u>	<u>17,711</u>	<u>7,308</u>
Total	<u>445,738</u>	<u>155,886</u>	<u>755,052</u>	<u>278,908</u>

A19. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Individual Quarter		Cumulative Quarter	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Finance income and hibah:</u>				
Financial investments available-for-sale	23,745	20,992	46,617	41,308
Total finance income and hibah	23,745	20,992	46,617	41,308
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	250	626	335	1,278
- Fees on financing, advances and securities	-	-	-	1
- Remittances	755	1,410	771	2,639
- Service charges and fees	535	941	1,557	1,769
- Others	-	2	-	4
Loss from sale of financial investments available-for-sale	-	-	(800)	-
Net gain/(loss) on derivatives:				
- fair value hedge	7	108	(113)	108
- others	(157)	(6)	(603)	(6)
Total other operating income	1,390	3,081	1,147	5,793
Total	25,135	24,073	47,764	47,101

A20. ALLOWANCE FOR IMPAIRMENT ON FINANCING 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
Allowance for impairment on financing and advances:				
Individual allowance, net	5,439	4,930	4,375	11,690
Collective allowance	29,201	51,807	94,589	146,392
Impaired financing and advances recovered, net	(25,589)	(20,692)	(53,945)	(65,538)
Total	9,051	36,045	45,019	92,544

A21. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	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
Deposit from customers				
- Mudarabah fund	40	130,589	63,067	267,923
- Non-Mudarabah fund	243,380	60,210	416,165	108,538
	<u>243,420</u>	<u>190,799</u>	<u>479,232</u>	<u>376,461</u>
Deposits and placements of banks and other financial institutions				
- Mudarabah fund	43	9,415	22,664	23,299
- Non-Mudarabah fund	11,920	2,351	13,232	6,470
	<u>11,963</u>	<u>11,766</u>	<u>35,896</u>	<u>29,769</u>
Investment accounts				
<u>Unrestricted</u>				
- Transactional investment accounts	2	-	3	-
<u>Restricted</u>				
- Restricted profit sharing investment account arrangement	15,891	-	15,891	-
	<u>15,893</u>	<u>-</u>	<u>15,894</u>	<u>-</u>
Others	5,191	21,287	13,667	42,508
Total	<u>276,467</u>	<u>223,852</u>	<u>544,689</u>	<u>448,738</u>

A22. OTHER OPERATING EXPENSES

	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:				
- Salaries, allowances and bonuses	207	1,425	2,620	3,748
- Shares and options granted under AMMB ESS	(62)	100	(27)	(306)
- Pension costs - defined contribution plan	8	225	415	597
- Social security cost	10	12	20	22
- Others	61	38	106	238
	<u>224</u>	<u>1,800</u>	<u>3,134</u>	<u>4,299</u>
Establishment costs:				
- Amortisation of intangible assets	2	4	3	8
- Cleaning, maintenance and security	4	7	12	14
- Computerisation costs	78	22	144	80
- Depreciation of property and equipment	23	31	46	61
- Rental of premises	155	150	310	300
- Others	5	120	12	236
	<u>267</u>	<u>334</u>	<u>527</u>	<u>699</u>
Marketing and communication expenses:				
- Communication, advertising and marketing	1,262	1,164	1,885	2,528
- Others	26	18	34	41
	<u>1,288</u>	<u>1,182</u>	<u>1,919</u>	<u>2,569</u>
Administration and general expenses:				
- Card operation charges from a related company	3,622	5,120	8,521	10,330
- Professional services	705	725	1,877	1,335
- Others	5,053	2,463	12,748	3,837
	<u>9,380</u>	<u>8,308</u>	<u>23,146</u>	<u>15,502</u>
Service transfer pricing expenses (net)	<u>70,170</u>	<u>75,961</u>	<u>138,927</u>	<u>153,953</u>
	<u>81,329</u>	<u>87,585</u>	<u>167,653</u>	<u>177,022</u>

A23. EARNINGS PER SHARE ("EPS")

Basic

Basic earnings per share is calculated by dividing the net profit attributable to the equity holder of the Bank by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
Net profit attributable to equity holder of the Bank (RM'000)	68,881	69,665	119,754	116,178
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	462,922	462,922	462,922	462,922
Basic earnings per share (sen)	14.88	15.05	25.87	25.10

A24. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Bank'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 Bank 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 financing, credit cards, small business financing, priority banking services, wealth management, remittance services and deposits.

(b) Wholesale Banking

Wholesale Banking comprises Corporate and Commercial Banking and Markets:

(i) Corporate and Commercial Banking

Corporate and Commercial Banking offers a full range of products and services of corporate lending, trade finance, and cash management solutions to wholesale banking clients.

(ii) Markets

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.

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

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

During the current financial quarter, the Bank:

- (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;
- (ii) expanded the disclosure for Wholesale Banking Division to provide disclosures that help investors and other stakeholders understand the Bank's performance.

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

A24. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the period ended 30 September 2015

	Wholesale banking				Total
	Retail banking	Corporate and Commercial Banking	Markets	Group Funding and Others	
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	425,065	366,820	30,667	152,972	975,524
Revenue from other segments	(97,283)	109,964	(23,993)	11,312	-
Total operating revenue	<u>327,782</u>	<u>476,784</u>	<u>6,674</u>	<u>164,284</u>	<u>975,524</u>
Net finance income	174,033	110,686	5,841	48,081	338,641
Other income	9,178	12,990	(1,902)	4,806	25,072
Net income	<u>183,211</u>	<u>123,676</u>	<u>3,939</u>	<u>52,887</u>	<u>363,713</u>
Other operating expenses of which:	(121,498)	(27,112)	(2,333)	(16,710)	(167,653)
<i>Depreciation of Property and Equipment</i>	-	-	-	(46)	(46)
<i>Amortisation of Intangible Assets</i>	-	-	-	(3)	(3)
Profit before impairment losses	<u>61,713</u>	<u>96,564</u>	<u>1,606</u>	<u>36,177</u>	<u>196,060</u>
Provisions:					
(Allowance)/Writeback for impairment losses on financing and advances	(45,879)	(15,564)	-	16,424	(45,019)
(Allowance)/Writeback for impairment losses on other assets	(293)	2,740	-	(1,405)	1,042
Profit before zakat and taxation	<u>15,541</u>	<u>83,740</u>	<u>1,606</u>	<u>51,196</u>	<u>152,083</u>
Zakat and taxation	(3,730)	(20,097)	(386)	(8,116)	(32,329)
Profit for the period	<u>11,811</u>	<u>63,643</u>	<u>1,220</u>	<u>43,080</u>	<u>119,754</u>

Other information

Total segment assets	13,869,549	13,839,273	1,659,036	9,073,810	38,441,668
Total segment liabilities	10,380,582	19,913,938	461,710	5,164,549	35,920,779
Cost to income ratio	66.3%	21.9%	59.2%	31.6%	46.1%
Gross financing and advances	13,993,317	13,845,169	-	(58,214)	27,780,272
Net financing and advances	13,778,429	13,706,250	-	(212,278)	27,272,401
Impaired financing and advances	206,131	434,366	-	-	640,497
Deposits	10,230,371	19,609,877	340,000	6,494	30,186,742
Additions to :					
Property and Equipment	5	-	-	231	236

A24. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the period ended 30 September 2014

	<u>Wholesale banking</u>				Total
	Retail banking	Corporate and Commercial Banking	Markets	Group Funding and Others	
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	460,416	266,479	27,276	151,305	905,476
Revenue from other segments	(153,414)	167,548	(16,474)	2,340	-
Total operating revenue	<u>307,002</u>	<u>434,027</u>	<u>10,802</u>	<u>153,645</u>	<u>905,476</u>
Net finance income	207,947	113,074	4,552	62,028	387,601
Other income	12,805	14,063	2,701	1,127	30,696
Net income	<u>220,752</u>	<u>127,137</u>	<u>7,253</u>	<u>63,155</u>	<u>418,297</u>
Other operating expenses of which:	(135,861)	(26,662)	(2,760)	(11,739)	(177,022)
<i>Depreciation of Property and Equipment</i>	-	-	-	(61)	(61)
<i>Amortisation of Intangible Assets</i>	-	-	-	(9)	(9)
Profit before impairment losses	<u>84,891</u>	<u>100,475</u>	<u>4,493</u>	<u>51,416</u>	<u>241,275</u>
Provisions:					
(Allowance)/Writeback for impairment losses on financing and advances	(72,480)	15,872	-	(35,936)	(92,544)
(Allowance)/Writeback for impairment losses on other assets	797	4,974	-	(4,605)	1,166
Profit before zakat and taxation	<u>13,208</u>	<u>121,321</u>	<u>4,493</u>	<u>10,875</u>	<u>149,897</u>
Zakat and taxation	(3,302)	(30,330)	(1,123)	1,036	(33,719)
Profit for the period	<u>9,906</u>	<u>90,991</u>	<u>3,370</u>	<u>11,911</u>	<u>116,178</u>

Other information

Total segment assets	14,430,689	10,342,087	1,457,449	7,559,032	33,789,257
Total segment liabilities	8,820,802	18,990,035	156,053	3,498,392	31,465,282
Cost to income ratio	61.5%	21.0%	38.1%	18.6%	42.3%
Gross financing and advances	14,589,339	10,301,855	-	(49,810)	24,841,384
Net financing and advances	14,324,781	10,200,338	-	(227,565)	24,297,554
Impaired financing and advances	292,684	79,897	-	-	372,581
Deposits	8,720,612	17,966,906	150,000	346,744	27,184,262
Additions to :					
Property and Equipment	-	-	-	23	23
Intangible assets	-	-	-	9	9

Notes:

- The financial information by geographical segment is not presented as the Bank's activities are principally conducted in Malaysia.
- Operating revenue of the Bank comprise financing income and hibah and other operating income.

A25a. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2015

The Bank recorded a profit before zakat and taxation ("Pre-tax profit") of RM152.1 million for the period ended 30 September 2015, an improvement of RM 2.2 million (1.5%) compared to the corresponding period in the previous year.

The increase in Pre-tax profit was mainly due to lower net provisioning offset by lower income.

- (i) Lower allowance for impaired financing and advances of RM45.0 million (September 2014: RM92.5 million) mainly due to lower collective allowance by RM51.8 million and lower individual allowance by RM7.3 million, offset by lower impaired financing recoveries by RM11.6 million

offset by:

- (ii) Lower net finance income of RM338.6 million (September 2014: RM387.6 million) mainly due to higher customer deposits growth compared to growth in financing and advances
- (iii) Lower other operating income of RM25.1 million (September 2014: RM30.7 million). Decrease was due to lower fee income by RM4.6 million mainly due to decrease in financing fees coupled with weaker performance from trading and investment activities by RM1.0 million arising from lower net gain on disposal of securities and lower revaluation gain on financial assets held for trading

Gross financing and advances decreased by RM0.2 billion to RM27.8 billion (March 2015: RM28.0 billion) mainly due to decrease in hire purchase receivables and revolving credit mitigated by growth in housing financing.

Customer deposits reduced by RM1.0 billion to RM28.7 billion (March 2015: RM29.7 billion) due to decrease in term deposits.

The Bank's total capital ratio remains strong at 14.253% as at the end of the current financial period.

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

A25b. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2016

In the second quarter of 2015, the Malaysian economy recorded a growth of 4.9% (First Quarter 2015: 5.6%) driven mainly by private sector demand. Both private consumption and private investment grew moderately at 6.4% and 3.9% respectively (First Quarter 2015: 8.8% and 11.7%).

For calendar year 2015, the AmBank 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.

A26. VALUATION OF PROPERTY AND EQUIPMENT

The Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

A27. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events subsequent to the reporting date.

A28. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs 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 Bank's assets.

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

	30 September	31 March
	2015	2015
	RM'000	RM'000
Contingent Liabilities		
Direct credit substitutes	176,179	107,926
Transaction related contingent items	680,239	746,892
Short-term self liquidating trade-related contingencies	60,731	80,959
	<u>917,149</u>	<u>935,777</u>
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,143,360	2,923,931
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,143,152	977,474
Unutilised credit card lines	455,202	594,355
	<u>4,741,714</u>	<u>4,495,760</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	1,386,586	1,154,993
Profit rate related contracts		
- Over one year to five years	680,000	180,000
- Over five years	350,000	350,000
Commodity related contracts:		
- One year or less	-	363,034
	<u>2,416,586</u>	<u>2,048,027</u>
Total	<u>8,075,449</u>	<u>7,479,564</u>

A29. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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 a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Bank'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 Bank. Therefore, unobservable inputs reflect 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 Bank's own data.

A29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

a) The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2015				
Financial assets measured at fair value				
Derivative financial assets	-	124,829	-	124,829
Financial assets held-for-trading				
- Money market securities	-	46,677	-	46,677
- Unquoted private debt securities	-	79,749	-	79,749
Financial investments available-for-sale				
- Money market securities	-	3,959,356	-	3,959,356
- Unquoted private debt securities	-	740,163	-	740,163
	<u>-</u>	<u>4,950,774</u>	<u>-</u>	<u>4,950,774</u>
Financial liabilities measured at fair value				
Derivative financial liabilities	-	118,511	-	118,511
	<u>-</u>	<u>118,511</u>	<u>-</u>	<u>118,511</u>

A29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

- a) The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities (Cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2015				
Financial assets measured at fair value				
Derivative financial assets	-	27,469	-	27,469
Financial assets held-for-trading				
- Unquoted private debt securities	-	151,783	-	151,783
Financial investments available-for-sale				
- Money market securities	-	3,504,922	-	3,504,922
- Unquoted private debt securities	-	604,689	-	604,689
	<u>-</u>	<u>4,288,863</u>	<u>-</u>	<u>4,288,863</u>
Financial liabilities measured at fair value				
Derivative financial liabilities	-	34,491	-	34,491
	<u>-</u>	<u>34,491</u>	<u>-</u>	<u>34,491</u>

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

A30. CAPITAL ADEQUACY

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

	30 September 2015	31 March 2015
Common Equity Tier 1 capital ratio	9.239%	9.200%
Tier 1 capital ratio	9.239%	9.200%
Total capital ratio	14.253%	14.371%

The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, the capital adequacy ratios are computed in accordance with BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which is based on the Basel III capital accord. The minimum regulatory capital adequacy requirements under the guidelines are set out as follows:

	<u>Transitional arrangements</u>		
	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%

A30. CAPITAL ADEQUACY (CONT'D.)

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

	30 September 2015 RM'000	31 March 2015 RM'000
<u>Common Equity Tier 1 ("CET1") capital</u>		
Ordinary shares	462,922	462,922
Share premium	724,185	724,185
Retained earnings	868,762	747,523
Available for sale deficit	(18,325)	(6,592)
Statutory reserve	483,345	483,345
Profit equalisation reserve	-	3,904
Less : Regulatory adjustments applied on CET1 capital		
- Intangible assets	(16)	(20)
- Profit equalisation reserve	-	(3,904)
CET1 capital/ Tier 1 capital	<u>2,520,873</u>	<u>2,411,363</u>
<u>Tier 2 capital</u>		
Tier 2 capital instruments meeting all relevant criteria for inclusion	350,000	350,000
Tier 2 capital instruments (subject to gradual phase-out treatment)	700,000	700,000
Collective allowance and regulatory reserves	317,963	305,338
Tier 2 capital	<u>1,367,963</u>	<u>1,355,338</u>
Total Capital	<u>3,888,836</u>	<u>3,766,701</u>

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

	30 September 2015 RM'000	31 March 2015 RM'000
Credit RWA	26,805,023	25,790,830
Less : Credit RWA absorbed by Restricted Profit Sharing Investment Account arrangement	(1,367,987)	(1,363,811)
Total Credit RWA	<u>25,437,036</u>	<u>24,427,019</u>
Market RWA	327,378	230,629
Operational RWA	1,520,474	1,553,441
Total Risk Weighted Assets	<u>27,284,888</u>	<u>26,211,089</u>

A30. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	30 September 2015	31 March 2015
Outstanding credit exposures with connected parties (RM'000)	630,021	958,870
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	2.12	3.21
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	0.01	0.01

The credit exposures above are based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A31. RESTATEMENT OF COMPARATIVE INFORMATION

During the last quarter in the financial year ended 31 March 2015, the Bank had reclassified certain expenses from income attributable to the depositors and others to Other operating expenses to align disclosure with market practice. Accordingly, the comparatives were restated to conform with the change in presentation.

Reconciliation of Income Statement

	As previously reported RM'000	Restatement RM'000	As restated RM'000
For the individual quarter ended			
30 September 2014			
Income attributable to the depositors and others	(225,004)	1,152	(223,852)
Other operating expenses	(86,433)	(1,152)	(87,585)
For the financial quarter ended			
30 September 2014			
Income attributable to the depositors and others	(450,998)	2,260	(448,738)
Other operating expenses	(174,762)	(2,260)	(177,022)