

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

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

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

		Group		Bank	
	Note	30.09.15	31.03.15	30.09.15	31.03.15
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		640,112	952,491	490,715	829,505
Derivative financial assets		-	1	-	1
Financial assets held-for-trading	8	425	441	425	441
Financial investments available-for-sale	9	45,489	40,680	45,489	40,680
Financial investments held-to-maturity	10	75,100	75,100	75,100	75,100
Loans and advances	11	313,772	319,685	313,772	319,685
Statutory deposit with Bank Negara Malaysia		7,380	7,483	7,380	7,483
Deferred tax assets		3,145	2,782	3,145	2,782
Investment in subsidiaries		-	-	102,441	102,941
Investment in an associate		1,470	1,167	100	100
Other assets	12	548,238	622,586	509,418	602,100
Property and equipment		21,582	22,530	21,551	22,486
Intangible assets		2,705	2,920	2,170	1,710
TOTAL ASSETS		1,659,418	2,047,866	1,571,706	2,005,014
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	13	638,446	980,869	638,446	980,869
Other liabilities	14	491,062	556,694	451,958	537,788
TOTAL LIABILITIES		1,129,508	1,537,563	1,090,404	1,518,657
Share capital		200,000	200,000	200,000	200,000
Reserves		329,910	310,303	281,302	286,357
Equity attributable to equity holder of the Bank		529,910	510,303	481,302	486,357
TOTAL LIABILITIES AND EQUITY		1,659,418	2,047,866	1,571,706	2,005,014
COMMITMENTS AND CONTINGENCIES	22	385,568	332,518	385,568	332,518
NET ASSETS PER ORDINARY SHARE (RM)		2.65	2.55	2.41	2.43

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

AmlInvestment Bank Berhad
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UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Operating revenue		58,667	76,179	106,316	146,458
Interest income	15	11,556	21,581	24,375	41,766
Interest expense	16	(9,063)	(17,223)	(19,241)	(32,543)
Net interest income		2,493	4,358	5,134	9,223
Net income from Islamic banking business		4,050	2,982	8,514	6,520
Other operating income	17	52,094	68,218	92,231	130,732
Direct costs	18	(9,179)	(16,747)	(19,109)	(33,764)
Share of results of an associate		144	145	303	290
Net income		49,602	58,956	87,073	113,001
Other operating expenses	19	(30,001)	(35,517)	(56,365)	(80,142)
Operating Profit		19,601	23,439	30,708	32,859
(Allowances for)/Writeback of impairment on:					
Loans and advances	20	(35)	3,036	(115)	4,006
Doubtful receivables, net		(556)	1,258	(891)	1,646
Writeback of provision for commitments and contingencies		72	359	200	286
Profit before taxation		19,082	28,092	29,902	38,797
Taxation		(2,048)	(6,117)	(4,880)	(13,789)
Profit for the period attributable to equity holder of the Bank		17,034	21,975	25,022	25,008
Basic earnings per share (sen)		8.52	10.99	12.51	12.50

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

AmlInvestment Bank Berhad
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UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Profit for the period		17,034	21,975	25,022	25,008
Other comprehensive income/(loss):					
Items that may be reclassified subsequently					
to the income statement					
Exchange differences on translation of foreign operations		11,274	296	15,482	(317)
Net loss on financial investments available-for-sale		(580)	(192)	(952)	(485)
Income tax relating to the components of other comprehensive income/(loss)		139	46	228	139
Other comprehensive income/(loss) for the period, net of tax		10,833	150	14,758	(663)
Total comprehensive income for the period attributable to equity holder of the Bank		27,867	22,125	39,780	24,345

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

AmlInvestment Bank Berhad
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UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Operating revenue		47,088	52,838	92,978	118,784
Interest income	15	10,981	20,789	23,321	40,191
Interest expense	16	(8,969)	(16,855)	(19,097)	(31,808)
Net interest income		2,012	3,934	4,224	8,383
Net income from Islamic banking business		4,050	2,982	8,514	6,520
Other operating income	17	40,991	43,974	79,770	101,406
Direct costs	18	(8,936)	(14,907)	(18,629)	(30,247)
Net income		38,117	35,983	73,879	86,062
Other operating expenses	19	(28,479)	(24,735)	(53,151)	(57,037)
Operating Profit		9,638	11,248	20,728	29,025
(Allowances for)/Writeback of impairment on:					
Loans and advances	20	(35)	2,771	(115)	3,891
Doubtful receivables, net		96	(8)	(239)	(430)
Writeback of provision for commitments and contingencies		72	359	199	286
Profit before taxation		9,771	14,370	20,573	32,772
Taxation		(2,028)	(6,103)	(4,747)	(13,772)
Profit for the period attributable to equity holder of the Bank		7,743	8,267	15,826	19,000
Basic earnings per share (sen)		3.87	4.13	7.91	9.50

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

AmlInvestment Bank Berhad
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UNAUDITED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Profit for the period		7,743	8,267	15,826	19,000
Other comprehensive loss:					
Items that may be reclassified subsequently					
to the income statement					
Net loss on financial investments					
available-for-sale		(580)	(192)	(952)	(485)
Income tax relating to the components of					
other comprehensive income/(loss)		139	46	228	139
Other comprehensive loss for the					
period, net of tax		(441)	(146)	(724)	(346)
Total comprehensive income for the period					
 attributable to equity holder of the Bank		7,302	8,121	15,102	18,654

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

AmlInvestment Bank Berhad
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

Group	←-----Attributable to equity holder of the Bank-----→								Total equity RM'000
	Non-distributable						Distributable		
	Share capital RM'000	Capital reserve RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	
At 1 April 2014	200,000	2,815	200,000	-	7,656	1,759	34,517	38,006	484,753
Profit for the period	-	-	-	-	-	-	-	25,008	25,008
Other comprehensive loss	-	-	-	-	-	(346)	(317)	-	(663)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(346)	(317)	25,008	24,345
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(801)	(801)
At 30 September 2014	200,000	2,815	200,000	-	7,656	1,413	34,200	62,213	508,297
At 1 April 2015	200,000	2,815	200,000	2,800	7,656	1,076	37,445	58,511	510,303
Profit for the period	-	-	-	-	-	-	-	25,022	25,022
Other comprehensive income/(loss)	-	-	-	-	-	(724)	15,482	-	14,758
Total comprehensive income for the period	-	-	-	-	-	(724)	15,482	25,022	39,780
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(173)	(173)
Dividends paid	-	-	-	-	-	-	-	(20,000)	(20,000)
At 30 September 2015	200,000	2,815	200,000	2,800	7,656	352	52,927	63,360	529,910

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

AmlInvestment Bank Berhad
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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

	-----Attributable to equity holder of the Bank----->					
	Non-distributable				Distributable	
	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available-for- sale reserve RM'000	Retained earnings RM'000	Total equity RM'000
Bank						
At 1 April 2014	200,000	200,000	-	1,707	57,377	459,084
Profit for the period	-	-	-	-	19,000	19,000
Other comprehensive loss	-	-	-	(346)	-	(346)
Total comprehensive income/(loss) for the period	-	-	-	(346)	19,000	18,654
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(726)	(726)
At 30 September 2014	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>1,361</u>	<u>75,651</u>	<u>477,012</u>
At 1 April 2015	200,000	200,000	2,800	1,024	82,533	486,357
Profit for the period	-	-	-	-	15,826	15,826
Other comprehensive loss	-	-	-	(724)	-	(724)
Total comprehensive income for the period	-	-	-	(724)	15,826	15,102
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(157)	(157)
Dividends paid	-	-	-	-	(20,000)	(20,000)
At 30 September 2015	<u>200,000</u>	<u>200,000</u>	<u>2,800</u>	<u>300</u>	<u>78,202</u>	<u>481,302</u>

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

AmlInvestment Bank Berhad
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	Group		Bank	
	30.09.15	30.09.14 (Restated)	30.09.15	30.09.14 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	29,902	38,797	20,573	32,772
Adjustments for non-operating and non cash items	<u>(10,229)</u>	<u>(10,432)</u>	<u>(724)</u>	<u>(8,387)</u>
Operating profit before working capital changes	19,673	28,365	19,849	24,385
Increase/(Decrease) in operating assets	(275,167)	775,652	(256,912)	883,204
Increase in operating liabilities	<u>(52,830)</u>	<u>(850,593)</u>	<u>(70,990)</u>	<u>(858,297)</u>
Cash generated from/(used in) operations	<u>(308,324)</u>	<u>(46,576)</u>	<u>(308,053)</u>	<u>49,292</u>
Taxation paid	<u>(6,718)</u>	<u>(7,650)</u>	<u>(6,139)</u>	<u>(5,846)</u>
Net cash generated from/(used in) operating activities	<u>(315,042)</u>	<u>(54,226)</u>	<u>(314,192)</u>	<u>43,446</u>
Net cash generated from/(used in) investing activities	8,060	251,057	(4,598)	250,103
Net cash used in financing activities	<u>(20,000)</u>	<u>(518)</u>	<u>(20,000)</u>	<u>-</u>
	<u>(11,940)</u>	<u>250,539</u>	<u>(24,598)</u>	<u>250,103</u>
Net increase/(decrease) in cash and cash equivalents	(326,982)	196,313	(338,790)	293,549
Cash and cash equivalents at beginning of the financial year	952,491	873,290	829,505	745,837
Effect of exchange rate changes	14,603	(663)	-	-
Cash and cash equivalents at end of the financial period	<u>640,112</u>	<u>1,068,940</u>	<u>490,715</u>	<u>1,039,386</u>

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

EXPLANATORY NOTES :

1. BASIS OF PREPARATION

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

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2015.

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

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

1.1 Standards effective for financial year ending 31 March 2016:

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

The nature of the new standards relevant to the Group and the Bank is described below:

(a) Annual Improvements to MFRSs 2010-2012 Cycle

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

(i) MFRS 2: Share-based Payment

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

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

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

(ii) MFRS 3: Business Combinations

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

1. BASIS OF PREPARATION (Contd.)

1.1 Standards effective for financial year ending 31 March 2016: (Contd.)

(a) Annual Improvements to MFRSs 2010-2012 Cycle (Contd.)

(iii) MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

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

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

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

(v) MFRS 124: Related Party Disclosures

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

(b) Annual Improvements to MFRSs 2011-2013 Cycle

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

(i) MFRS 3: Business Combinations

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

(ii) MFRS 13: Fair Value Measurement

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

1. BASIS OF PREPARATION (Contd.)

1.1 Standards effective for financial year ending 31 March 2016: (Contd.)

(b) Annual Improvements to MFRSs 2011-2013 Cycle (Contd.)

(iii) MFRS 140: Investment Property

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

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

1.2 Bank Negara Malaysia (“BNM”) Policy Document

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

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

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

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

1.3 Standards issued but not yet effective

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

Description	Effective from financial year ending
Annual Improvements to MFRSs 2012-2014 Cycle	31 March 2017
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	31 March 2017
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	31 March 2017
Amendments to MFRS 10 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

1. BASIS OF PREPARATION (Contd.)

1.3 Standards issued but not yet effective (Contd.)

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

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

(a) Annual Improvements to MFRSs 2012-2014 Cycle

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

Standards effective from financial year ending 31 March 2017

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

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

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

(ii) MFRS 7 Financial Instruments: Disclosures

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

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

(iii) MFRS 134 Interim Financial Reporting

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

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

1. BASIS OF PREPARATION (Contd.)

1.3 Standards issued but not yet effective (Contd.)

Standards effective from financial year ending 31 March 2017 (Contd.)

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

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

(c) Amendments to MFRS 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 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.

(e) 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

1. BASIS OF PREPARATION (Contd.)

1.3 Standards issued but not yet effective (Contd.)

Standards effective from financial year ending 31 March 2019

(a) 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.

(b) 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.

2. AUDIT QUALIFICATION

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

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

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

5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect for the financial quarter ended 30 September 2015.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

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

7. DIVIDENDS

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

In respect of the current financial period, the Board of Directors declare an interim single-tier cash dividend of 5.0 sen per ordinary share on 200,000,000 ordinary shares amounting to RM10,000,000.

8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	30.09.15	31.03.15
	RM'000	RM'000
At Fair Value		
Quoted Securities:		
In Malaysia:		
Unit trusts	425	441
	<u>425</u>	<u>441</u>

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group and Bank	
	30.09.15	31.03.15
	RM'000	RM'000
At Fair value		
Unquoted Securities		
Outside Malaysia:		
Private debt securities	33,769	28,886
	<u>33,769</u>	<u>28,886</u>
At Cost		
Unquoted Securities:		
In Malaysia:		
Shares	11,713	11,788
	<u>11,713</u>	<u>11,788</u>
Outside Malaysia:		
Shares	7	6
	<u>7</u>	<u>6</u>
	<u>45,489</u>	<u>40,680</u>

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group and Bank	
	30.09.15	31.03.15
	RM'000	RM'000
At Amortised Cost:		
Unquoted Securities		
In Malaysia:		
Private debt securities	75,100	75,100
	<u>75,100</u>	<u>75,100</u>

11. LOANS AND ADVANCES

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
At Amortised Cost				
Share margin financing	259,299	258,270	259,299	258,270
Revolving credits	55,052	61,486	55,052	61,486
Staff loans	3,138	3,531	3,138	3,531
Gross loans and advances	<u>317,489</u>	<u>323,287</u>	<u>317,489</u>	<u>323,287</u>
Less:				
Allowance for impairment on loans and advances				
Collective allowance	(1,426)	(1,311)	(1,426)	(1,311)
Individual allowance	(2,291)	(2,291)	(2,291)	(2,291)
	<u>(3,717)</u>	<u>(3,602)</u>	<u>(3,717)</u>	<u>(3,602)</u>
Net loans and advances	<u>313,772</u>	<u>319,685</u>	<u>313,772</u>	<u>319,685</u>

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

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Domestic business enterprises:				
Small medium enterprises	4,679	6,553	4,679	6,553
Others	58,453	51,236	58,453	51,236
Individuals	254,357	263,146	254,357	263,146
Foreign individuals and entities	-	2,352	-	2,352
	<u>317,489</u>	<u>323,287</u>	<u>317,489</u>	<u>323,287</u>

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

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
In Malaysia	317,489	320,884	317,489	320,884
Outside Malaysia	-	2,403	-	2,403
	<u>317,489</u>	<u>323,287</u>	<u>317,489</u>	<u>323,287</u>

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

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
Housing loans	2,253	2,467	2,253	2,467
Hire purchase receivables	884	1,037	884	1,064
Other fixed rates	259,299	258,297	259,299	258,270
	<u>262,436</u>	<u>261,801</u>	<u>262,436</u>	<u>261,801</u>
Variable rate:				
Cost-plus	55,053	61,486	55,053	61,486
	<u>317,489</u>	<u>323,287</u>	<u>317,489</u>	<u>323,287</u>

11. LOANS AND ADVANCES (CONTD.)

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

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Agriculture	860	860	860	860
Real estate	4,227	5,527	4,227	5,527
Business activities	58,044	51,402	58,044	51,402
Household, of which:				
Purchase of residential properties	2,253	2,467	2,253	2,467
Purchase of transport vehicles	884	1,064	884	1,064
Others	251,221	261,967	251,221	261,967
	<u>317,489</u>	<u>323,287</u>	<u>317,489</u>	<u>323,287</u>

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

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	314,357	319,768	314,357	319,768
One to three years	328	443	328	443
Three to five years	694	831	694	831
Over five years	2,110	2,245	2,110	2,245
	<u>317,489</u>	<u>323,287</u>	<u>317,489</u>	<u>323,287</u>

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

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of financial year	2,291	21,678	2,291	9,758
Impaired during the financial year/period	-	17	-	-
Disposal of a subsidiary	-	(9,905)	-	-
Recoveries	(8)	(7,488)	(8)	(6,679)
Amount written off	-	(2,464)	-	(788)
Foreign exchange differences	-	453	-	-
Balance at end of the financial year/period	<u>2,283</u>	<u>2,291</u>	<u>2,283</u>	<u>2,291</u>
Gross impaired loans and advances as % of gross loans and advances	<u>0.72%</u>	<u>0.71%</u>	<u>0.72%</u>	<u>0.71%</u>
Loan loss coverage	<u>285.46%</u>	<u>279.44%</u>	<u>285.46%</u>	<u>279.44%</u>

11. LOANS AND ADVANCES (CONTD.)

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

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Collective allowance				
Balance at beginning of the financial year	1,311	4,872	1,311	4,872
Allowance made/(written back)				
during the financial year/period	115	(2,730)	115	(2,730)
Amount written off	-	(788)	-	(788)
Foreign exchange differences	-	(43)	-	(43)
Balance at end of the financial year/period	<u>1,426</u>	<u>1,311</u>	<u>1,426</u>	<u>1,311</u>
Collective allowance (including regulatory reserve)				
as % of gross loans and advances				
less individual allowance	<u>1.34%</u>	<u>1.28%</u>	<u>1.34%</u>	<u>1.28%</u>
Individual allowance				
Balance at beginning of the financial year	2,291	14,327	2,291	2,407
Allowance (written back)/made during the				
financial year/period	-	(907)	-	(116)
Disposal of a subsidiary	-	(9,905)	-	-
Amount written off	-	(1,677)	-	-
Foreign exchange differences	-	453	-	-
Balance at end of the financial year/period	<u>2,291</u>	<u>2,291</u>	<u>2,291</u>	<u>2,291</u>

12. OTHER ASSETS

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Trade receivables, net of allowance for impairment	422,665	494,814	422,484	494,641
Other receivables, deposits and prepayments, net of allowance for impairment	37,952	45,115	27,690	36,013
Interest receivable	1,160	4,859	1,151	4,853
Tax recoverable	53,900	63,582	53,900	63,340
Margin Deposits	28,554	10,904	-	-
Amount due from:				
Holding company	-	-	-	-
Subsidiaries	-	-	188	38
Other related companies	4,007	3,312	4,005	3,215
	548,238	622,586	509,418	602,100

13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

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

14. OTHER LIABILITIES

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Trade payables	428,143	481,322	399,881	470,748
Other payables and accruals	29,470	48,034	28,066	44,421
Interest payable	12,652	16,233	12,652	16,233
Provision for commitments and contingencies	3,284	580	379	580
Amount due to:				
Holding company	8,135	5,165	2,893	229
Subsidiaries	-	-	123	290
Other related companies	9,340	5,322	7,926	5,249
Zakat payable	38	38	38	38
	491,062	556,694	451,958	537,788

15. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.15	30.09.14	30.09.15	30.09.14
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	3,729	6,479	9,190	9,206
Financial investments available-for-sale	1,249	4,167	2,073	10,017
Financial investments held-to-maturity	789	771	1,568	1,551
Loans and advances	5,606	10,065	11,212	20,803
Others	183	99	332	189
	11,556	21,581	24,375	41,766

Bank	Individual Quarter		Cumulative Quarter	
	30.09.15	30.09.14	30.09.15	30.09.14
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	3,169	6,036	8,163	8,312
Financial investments available-for-sale	1,249	4,167	2,073	10,017
Financial investments held-to-maturity	789	771	1,568	1,551
Loans and advances	5,606	9,785	11,212	20,242
Others	168	30	305	69
	10,981	20,789	23,321	40,191

16. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.09.15	30.09.14	30.09.15	30.09.14
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	8,968	16,853	19,096	31,806
Subordinated term loan	-	312	-	625
Others	95	58	145	112
	9,063	17,223	19,241	32,543

Bank	Individual Quarter		Cumulative Quarter	
	30.09.15	30.09.14	30.09.15	30.09.14
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	8,969	16,853	19,097	31,806
Others	-	2	-	2
	8,969	16,855	19,097	31,808

17. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Fee and commission income:				
Brokerage fees and commission	21,262	32,887	42,898	62,944
Corporate advisory	5,744	6,784	8,826	13,771
Fees on loans and securities	1,076	(149)	2,243	3,997
Guarantee fees	46	73	95	157
Portfolio management fees	154	143	298	285
Underwriting commission	472	(467)	2,274	6,971
Wealth management fees	6,537	7,872	14,186	19,048
Other fee and commission income	3,025	897	5,061	2,563
	<u>38,316</u>	<u>48,040</u>	<u>75,881</u>	<u>109,736</u>
Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	1	-	1	-
Financial investments available-for-sale	210	175	1,093	175
Net foreign exchange gain	2,958	421	3,638	123
Net loss from sale of financial assets held-for-trading	(2)	(3)	(1)	(13)
Net loss from sale of financial investments available-for-sale	-	-	(49)	-
Gain on disposal of subsidiary*	9,030	-	9,030	-
Net gain/(loss) on revaluation of derivatives	14	6	44	(1)
Net gain/(loss) on revaluation of financial assets held-for-trading	(25)	(7)	(61)	11
Gain from liquidation of subsidiary	-	18,608	-	18,608
	<u>12,186</u>	<u>19,200</u>	<u>13,695</u>	<u>18,903</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	1	-	(78)	2
Non-trading foreign exchange gain	919	154	919	229
Rental income	623	591	1,171	1,191
Others	49	233	643	671
	<u>1,592</u>	<u>978</u>	<u>2,655</u>	<u>2,093</u>
	<u>52,094</u>	<u>68,218</u>	<u>92,231</u>	<u>130,732</u>

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

17. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.09.15	30.09.14	30.09.15	30.09.14
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commission	20,266	27,642	41,051	52,153
Corporate advisory	5,744	6,784	8,826	13,771
Fees on loans and securities	1,076	(149)	2,243	3,997
Guarantee fees	46	73	95	157
Portfolio management fees	154	143	298	285
Underwriting commission	472	(467)	2,274	6,944
Wealth management fees	6,537	7,872	14,186	19,048
Other fee and commission income	2,944	653	4,931	2,086
	<u>37,239</u>	<u>42,551</u>	<u>73,904</u>	<u>98,441</u>
Investment and trading income:				
Gross dividend income from:				
Associate	-	-	-	1,000
Financial assets held-for-trading	1	-	1	-
Financial investments				
available-for-sale	210	175	1,093	175
Net foreign exchange gain	2,906	418	3,580	119
Net loss from sale of financial assets				
held-for-trading	(2)	-	(1)	3
Net loss from sale of financial				
investments available-for-sale	-	-	(49)	-
Net gain/(loss) on revaluation of derivatives	14	6	44	(1)
Net gain/(loss) on revaluation of financial				
assets held-for-trading	(25)	(7)	(61)	11
Gain from liquidation of a subsidiary	-	201	-	201
	<u>3,104</u>	<u>793</u>	<u>4,607</u>	<u>1,508</u>
Other income:				
Net gain/(loss) on disposal of property and				
equipment	1	-	(78)	2
Non-trading foreign exchange gain	1	-	1	-
Rental income	623	591	1,171	1,191
Others	23	39	165	264
	<u>648</u>	<u>630</u>	<u>1,259</u>	<u>1,457</u>
	<u>40,991</u>	<u>43,974</u>	<u>79,770</u>	<u>101,406</u>

18. DIRECT COSTS

Group	Individual Quarter		Cumulative Quarter	
	30.09.15	30.09.14	30.09.15	30.09.14
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	1,218	1,421	2,631	4,242
Brokerage commission	4,893	9,665	9,891	17,610
Others	3,068	5,661	6,587	11,912
	<u>9,179</u>	<u>16,747</u>	<u>19,109</u>	<u>33,764</u>
Bank	30.09.15	30.09.14	30.09.15	30.09.14
	RM'000	RM'000	RM'000	RM'000
Dealers' incentive	1,218	1,421	2,631	4,242
Brokerage commission	4,651	7,825	9,410	14,093
Others	3,067	5,661	6,588	11,912
	<u>8,936</u>	<u>14,907</u>	<u>18,629</u>	<u>30,247</u>

19. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Personnel costs				
- Pension costs - defined contribution plan	2,589	2,462	4,291	6,422
- Salaries, allowances and bonuses	15,793	14,900	26,652	39,960
- Scheme shares and options granted under AMMB ESS	(88)	2,528	601	2,711
- Social security costs	76	87	152	181
- Others	1,704	3,475	3,642	6,865
	<u>20,074</u>	<u>23,452</u>	<u>35,338</u>	<u>56,139</u>
Establishment costs				
- Amortisation of intangible assets	215	206	421	429
- Cleaning, maintenance and security	589	678	815	1,184
- Computerisation costs	1,734	1,476	3,058	3,026
- Depreciation of property and equipment	679	979	1,364	1,962
- Rental of premises	2,020	3,163	4,001	6,614
- Others	1,243	966	1,782	1,857
	<u>6,480</u>	<u>7,468</u>	<u>11,441</u>	<u>15,072</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	133	292	245	478
- Sales commission	156	167	236	294
- Travel and entertainment	425	577	941	1,354
- Communication expenses	640	1,226	1,188	2,087
- Others	260	649	562	1,171
	<u>1,614</u>	<u>2,911</u>	<u>3,172</u>	<u>5,384</u>
Administration and general expenses				
- Professional fees	919	1,025	2,012	1,970
- Travelling	103	165	184	372
- Others	1,824	2,488	3,565	4,110
	<u>2,846</u>	<u>3,678</u>	<u>5,761</u>	<u>6,452</u>
Service transfer pricing, net	(1,013)	(1,992)	653	(2,905)
	<u>30,001</u>	<u>35,517</u>	<u>56,365</u>	<u>80,142</u>

19. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Personnel costs				
- Pension costs - defined contribution plan	2,503	1,952	3,991	5,317
- Salaries, allowances and bonuses	15,121	10,793	24,544	31,408
- Scheme shares and options granted under AMMB ESS	5	2,423	664	2,641
- Social security costs	72	84	145	174
- Others	1,477	2,778	3,131	4,392
	<u>19,178</u>	<u>18,030</u>	<u>32,475</u>	<u>43,932</u>
Establishment costs				
- Amortisation of intangible assets	204	197	402	412
- Cleaning, maintenance and security	583	380	805	568
- Computerisation costs	1,505	6	2,691	18
- Depreciation of property and equipment	670	722	1,347	1,460
- Rental of premises	1,933	2,050	3,820	4,377
- Others	1,218	489	1,746	928
	<u>6,113</u>	<u>3,844</u>	<u>10,811</u>	<u>7,763</u>
Marketing and communication expenses				
- Advertising, promotional and other marketing activities	123	287	235	464
- Sales commission	156	167	236	294
- Travel and entertainment	393	454	903	1,114
- Communication expenses	619	1,014	1,145	1,675
- Others	261	738	561	1,233
	<u>1,552</u>	<u>2,660</u>	<u>3,080</u>	<u>4,780</u>
Administration and general expenses				
- Professional fees	307	716	935	1,462
- Travelling	103	159	182	359
- Others	1,611	1,970	3,280	3,132
	<u>2,021</u>	<u>2,845</u>	<u>4,397</u>	<u>4,953</u>
Service transfer pricing, net	(385)	(2,644)	2,388	(4,391)
	<u>28,479</u>	<u>24,735</u>	<u>53,151</u>	<u>57,037</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Allowance for impairment on loans and advances:				
Collective allowance	(35)	3,512	(115)	3,508
Individual allowance	-	(476)	-	(577)
Impaired loans and advances recovered	-	-	-	1,075
	<u>(35)</u>	<u>3,036</u>	<u>(115)</u>	<u>4,006</u>
Bank				
Writeback of/(Allowance for) impairment on loans and advances:				
Collective allowance	(35)	3,512	(115)	3,508
Individual allowance	-	(741)	-	(692)
Impaired loans and advances recovered	-	-	-	1,075
	<u>(35)</u>	<u>2,771</u>	<u>(115)</u>	<u>3,891</u>

21. BUSINESS SEGMENT ANALYSIS

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

(a) Wholesale banking

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

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

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

(b) Group Funding and Others (Previously known as Operating Segments)

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

During the current financial quarter, the Group;

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

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

21. BUSINESS SEGMENT ANALYSIS
FOR THE FINANCIAL QUARTER ENDED

Wholesale Banking

30.09.2015 Group	Equity Markets RM'000	Private Banking RM'000	Corporate Finance RM'000	Debt Capital Market RM'000	Others RM'000	Group Funding and Others RM'000	Total RM'000
External revenue	53,245	14,466	15,294	3,297	1,865	18,149	106,316
Revenue from other segments	331	(959)	1	(69)	(84)	780	-
Revenue	53,576	13,507	15,295	3,228	1,781	18,929	106,316
Net interest income/(expense)	11,338	393	-	(70)	(82)	(2,872)	8,707
Other operating income (net of direct costs)	30,157	13,114	15,295	3,298	1,862	5,307	69,033
Gain on disposal of subsidiary	11,935	-	-	-	-	(2,905)	9,030
Income	53,430	13,507	15,295	3,228	1,780	(470)	86,770
Share in results of an associate	-	-	-	-	-	303	303
Other operating expenses	(28,716)	(8,565)	(5,568)	(4,185)	(94)	(9,237)	(56,365)
<i>of which:</i>							
<i>Depreciation of property and equipment</i>	(489)	(128)	(29)	(16)	(306)	(396)	(1,364)
<i>Amortisation of intangible assets</i>	(392)	(14)	(3)	(1)	(11)	-	(421)
Profit before impairment losses	24,714	4,942	9,727	(957)	1,686	(9,404)	30,708
(Allowance)/Writeback for impairment losses on loan & advances	(89)	14	-	-	(1)	(39)	(115)
(Allowance)/Writeback for impairment losses other assets	202	17	(243)	(10)	3	(660)	(691)
Profit/(loss) before taxation	24,827	4,973	9,484	(967)	1,688	(10,103)	29,902
Taxation and zakat	(3,079)	(1,194)	(2,276)	232	(405)	1,842	(4,880)
Profit/(loss) for the period	21,748	3,779	7,208	(735)	1,283	(8,261)	25,022
Other information:							
Total segment assets	1,246,231	56,923	4,160	5,652	(349,935)	696,387	1,659,418
Total segment liabilities	803,454	5,733	1,508	2,631	(355,049)	671,231	1,129,508
Cost to income ratio	53.7%	63.4%	36.4%	>100%	5.3%	>-100%	65.0%
Gross loans and advances	259,299	55,052	-	-	1	3,137	317,489
Net loans and advances	255,804	54,944	-	-	-	3,024	313,772
Impaired loans and advances	2,283	-	-	-	-	-	2,283
Total deposits	-	-	-	-	-	638,446	638,446
Additions to:							
Property and equipment	366	71	26	27	76	2	568
Intangible assets	852	10	-	-	-	-	862

21. BUSINESS SEGMENT ANALYSIS
FOR THE FINANCIAL QUARTER ENDED (CONTD.)

30.09.2014 (Restated) Group	Wholesale Banking						Total RM'000
	Equity Markets RM'000	Private Banking RM'000	Corporate Finance RM'000	Debt Capital Market RM'000	Others RM'000	Group Funding and Others RM'000	
External revenue	70,291	23,214	21,712	4,552	849	25,840	146,458
Revenue from other segments	4,435	(5,311)	(46)	(84)	92	914	-
Revenue	74,726	17,903	21,666	4,468	941	26,754	146,458
Net interest income/(expenses)	15,994	4,197	(46)	(84)	93	(7,783)	12,371
Other operating income (net of direct costs)	39,389	13,704	21,712	4,552	848	1,527	81,732
Gain from liquidation of subsidiary	18,608	-	-	-	-	-	18,608
Income	73,991	17,901	21,666	4,468	941	(6,256)	112,711
Share in results of an associate	-	-	-	-	-	290	290
Other operating expenses	(50,484)	(10,371)	(11,584)	(5,726)	(851)	(1,126)	(80,142)
<i>of which:</i>							
<i>Depreciation of property and equipment</i>	(1,015)	(131)	(27)	(20)	(391)	(378)	(1,962)
<i>Amortisation of intangible assets</i>	(282)	(126)	(8)	(2)	(11)	-	(429)
Profit before impairment losses	23,507	7,530	10,082	(1,258)	90	(7,092)	32,859
(Allowance)/Writeback for impairment losses on loan & advances	713	2,101	-	-	731	460	4,005
(Allowance)/Writeback for impairment losses other assets	2,155	135	(270)	(10)	10	(87)	1,933
Profit/(loss) before taxation	26,375	9,766	9,812	(1,268)	831	(6,719)	38,797
Taxation and zakat	(4,849)	(2,442)	(2,453)	314	(204)	(4,155)	(13,789)
Profit/(loss) for the period	21,526	7,324	7,359	(954)	627	(10,874)	25,008
Other information:							
Total segment assets	1,102,155	244,039	3,777	6,329	9,038	1,706,638	3,071,976
Total segment liabilities	651,396	16,872	2,544	2,064	11,260	1,879,543	2,563,679
Cost to income ratio	68.2%	57.9%	53.5%	>100%	90.4%	-18.0%	71.1%
Gross loans and advances	275,183	231,305	-	-	-	4,172	510,660
Net loans and advances	272,134	231,075	-	-	-	3,824	507,033
Impaired loans and advances	2,311	-	-	-	-	-	2,311
Total deposits	-	-	-	-	-	1,845,897	1,845,897
Additions to:							
Property and equipment	19	14	22	1	97	181	333
Intangible assets	21	-	-	-	-	-	21

The Group's activities are principally conducted in Malaysia except for AmFrasers International Pte. Ltd. and its subsidiaries, activities of which are principally conducted in Singapore, which contributed to a profit before tax of RM12.2 million for the financial period ended 30 September 2015 (Profit before tax RM 9.6 million for the financial period ended 30 September 2014).

22. COMMITMENTS AND CONTINGENCIES

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

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

Group and Bank	30.09.15	31.03.15
	RM'000	RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	201,161	230,174
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
Others	100	100
	<u>201,280</u>	<u>230,293</u>
Contingent Liabilities		
Direct credit substitutes	71,952	99,447
Obligations under an on-going underwriting agreement	109,997	-
	<u>181,949</u>	<u>99,447</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	2,339	2,321
Equity related contracts:		
- One year or less	-	457
	<u>2,339</u>	<u>2,778</u>
	<u>385,568</u>	<u>332,518</u>

22. COMMITMENTS AND CONTINGENCIES (CONTD.)

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

- (a) 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

AmTrustee was also served on 2 September 2009 with a copy of a Third Party Notice dated 12 August 2009 by solicitors acting for Meridian. The Third Party Notice was taken against AmTrustee by Meridian to indemnify Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007. AmTrustee filed an application to strike out the Third Party Notice. The court allowed AmTrustee's application. Meridian appealed against this decision to the Court of Appeal and the Court of Appeal dismissed the appeal on 1 November 2010 ("Order"). With this Order, AmTrustee is no longer involved in KWAP's claim against Meridian. Decision was handed down by the High Court against Meridian in KWAP's claim on 5 May 2012 for a sum of RM7.3 million with interest on the said sum from the date of the misappropriation of the said sum to the date of judgment and a further interest of 8% on the said sum from the date of judgment to the date of settlement of the judgment sum.

In the 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"):

22. COMMITMENTS AND CONTINGENCIES (CONTD.)

In the Zurich Suit:

- the court dismissed Zurich's claim against AmTrustee with costs of RM100,000 and interest at 5% on the cost from the date of the decision to the date of settlement. Meridian on the other hand was found to be fully liable to Zurich and was ordered to pay the sum of RM19.6 million with interest from the date of filing of the writ to the date of realization and costs of RM0.1 million with interest at 5% on the cost from the date of the decision to the date of settlement.

In the Meridian Suit:

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

22. COMMITMENTS AND CONTINGENCIES (CONTD.)

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.

- (b) As at 30 September 2015, AmFutures Sdn Bhd ('AmFutures'), a wholly-owned subsidiary and the Bank were served with a total of 19 suits by 19 individuals ('Claimants') in relation to a purported investment scheme called Futures Crude Palm Oil ('Alleged Scheme') allegedly offered by person(s) unknown to AmFutures and the Bank to the Claimants. In the suits, the Claimants claim for the return of their alleged principal investment sum and the return of investment in the Alleged Scheme.

The parties to the suits had agreed that trial of one test case to be heard first by the Court and the decision in the test case shall be binding on all the other suits filed by the Claimants. The trial hearing dates for the test case is fixed from 27 April 2015 to 29 April 2015. The decision of the test case was delivered on 22 June 2015 in which the Court dismissed the claim against AmF and AMIB with costs, to be borne by the Claimants. The Claimants have 14 days (from 22 June 2015) to file their appeals. The appeal has been fixed for Case Management on 13 November 2015.

23. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

23. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

30 September 2015	< ----- Group ----- >				< ----- Bank ----- >			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value								
Derivative financial assets	-	-	-	-	-	-	-	-
Financial assets held-for-trading								
- Equities	425	-	-	425	425	-	-	425
Financial investments available-for-sale								
- Unquoted private debt securities	-	33,769	-	33,769	-	33,769	-	33,769
	<u>425</u>	<u>33,769</u>	<u>-</u>	<u>34,194</u>	<u>425</u>	<u>33,769</u>	<u>-</u>	<u>34,194</u>
31 March 2015	< ----- Group ----- >				< ----- Bank ----- >			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value								
Derivative financial assets	1	-	-	1	1	-	-	1
Financial assets held-for-trading								
- Equities	441	-	-	441	441	-	-	441
Financial investments available-for-sale								
- Unquoted private debt securities	-	28,886	-	28,886	-	28,886	-	28,886
	<u>442</u>	<u>28,886</u>	<u>-</u>	<u>29,328</u>	<u>442</u>	<u>28,886</u>	<u>-</u>	<u>29,328</u>

24. CAPITAL ADEQUACY

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

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") capital ratio	29.633%	28.744%	24.875%	24.196%
Tier 1 capital ratio	29.633%	28.744%	24.875%	24.196%
Total capital ratio	29.633%	28.744%	24.875%	24.196%
After deducting proposed dividends:				
CET 1 capital ratio	29.016%	27.534%	24.146%	22.820%
Tier 1 capital ratio	29.016%	27.534%	24.146%	22.820%
Total capital ratio	29.016%	27.534%	24.146%	22.820%

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, 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 for the risk weighted capital ratios under transitional arrangements are as follows:

	Calendar year 2013	Calendar year 2014	Calendar year 2015 onwards
CET 1 Capital Ratio	3.5%	4.0%	4.5%
Tier 1 Capital Ratio	4.5%	5.5%	6.0%
Total Capital Ratio	8.0%	8.0%	8.0%

24. CAPITAL ADEQUACY (CONTD.)

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

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
CET 1 Capital				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	54,180	58,511	78,202	82,533
Available-for-sale ("AFS") reserve	352	1,076	300	1,024
Exchange fluctuation reserve	52,927	37,445	-	-
Statutory reserve	200,000	200,000	200,000	200,000
Regulatory reserve	2,800	2,800	2,800	2,800
Capital reserve	2,815	2,815	-	-
Merger reserve	7,656	7,656	-	-
Less : Regulatory adjustments applied on CET1 capital				
Other intangibles	(2,705)	(2,920)	(2,170)	(1,710)
Deferred tax assets	(3,381)	(2,782)	(3,381)	(2,782)
55% of Available-for-sale ("AFS") reserve	(194)	(592)	(165)	(563)
Regulatory reserve	(2,800)	(2,800)	(2,800)	(2,800)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(14,096)	(12,021)	(54,324)	(52,370)
Deduction in excess of Tier 2 *	(16,922)	(13,922)	(77,265)	(74,446)
CET1 capital/Tier 1 ("T1") capital	480,632	475,266	341,197	351,686
Tier 2 ("T2") capital				
Collective impairment provisions and regulatory reserves #	4,221	4,111	4,221	4,111
Less : Regulatory adjustments applied on Tier 2 capital	(4,221)	(4,111)	(4,221)	(4,111)
Tier 2 capital	-	-	-	-
Total Capital	480,632	475,266	341,197	351,686

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

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

	Group		Bank	
	30.09.15	31.03.15	30.09.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Credit risk	1,000,311	1,155,040	937,831	1,122,413
Market risk	257,608	117,058	128,967	16,101
Operational risk	363,645	380,922	304,434	314,533
Large exposure risk for equity holdings	406	438	406	438
	1,621,970	1,653,458	1,371,638	1,453,485

25. OPERATIONS OF ISLAMIC BANKING

The financial position as at 30 September 2015 and the results for the financial period ended 30 September 2015 of the Islamic banking business of the Group and of the Bank are included in the financial statements, after elimination of intercompany transactions and balances, and are summarised as follows:

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	Note	Group and Bank	
		30.09.15	31.03.15
		RM'000	RM'000
ASSETS			
Cash and short-term funds		265,134	245,596
Other receivables, deposits and prepayments		31,740	24,163
Deferred tax assets		377	1
Property and equipment		20	25
Intangible assets		-	1
TOTAL ASSETS		<u>297,271</u>	<u>269,786</u>
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits and placements of banks and other financial institutions		4,600	-
Other liabilities	25a	117,037	98,280
TOTAL LIABILITIES		<u>121,637</u>	<u>98,280</u>
ISLAMIC BANKING FUNDS			
Capital funds		30,000	30,000
Reserves		145,634	141,506
Islamic Banking Funds		<u>175,634</u>	<u>171,506</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		<u>297,271</u>	<u>269,786</u>
COMMITMENTS AND CONTINGENCIES		<u>57,663</u>	<u>77,650</u>

25. OPERATIONS OF ISLAMIC BANKING (CONTD.)

UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

Group and Bank	Individual Quarter		Cumulative Quarter	
	30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Income derived from investment of depositors' funds and others	904	566	1,595	889
Impairment on doubtful sundry receivables, net	-	-	(10)	-
Total attributable income	904	566	1,585	889
Income attributable to depositors	(2)	-	(2)	(914)
Profit/(loss) attributable to the Group and the Bank	902	566	1,583	(25)
Income derived from investment of Islamic banking funds	3,175	2,435	6,970	6,581
Direct costs	(27)	(19)	(49)	(36)
Total net income	4,050	2,982	8,504	6,520
Other operating expenses	(217)	162	(3,045)	(654)
Profit before taxation	3,833	3,144	5,459	5,866
Taxation	(933)	(791)	(1,332)	(1,487)
Profit attributable to the Group and the Bank, representing total comprehensive income for the financial period	2,900	2,353	4,127	4,379

25. OPERATIONS OF ISLAMIC BANKING (CONTD.)

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

	<u>Non-distributable</u>	<u>Distributable</u>	
	Capital Funds RM'000	Retained Earnings RM'000	Total RM'000
Group and Bank			
At 1 April 2014	30,000	129,810	159,810
Profit for the financial period	-	4,379	4,379
At 30 September 2014	<u>30,000</u>	<u>134,189</u>	<u>164,189</u>
At 1 April 2015	30,000	141,506	171,506
Profit for the financial period	-	4,127	4,127
At 30 September 2015	<u>30,000</u>	<u>145,633</u>	<u>175,633</u>

25a. OTHER LIABILITIES

	Group and Bank	
	30.09.15	31.03.15
	RM'000	RM'000
Trade payables	12	4,494
Other payables and accruals	1,412	1,774
Amount due to head office	84,534	62,641
Taxation and zakat payable	31,079	29,371
	<u>117,037</u>	<u>98,280</u>

25. OPERATIONS OF ISLAMIC BANKING (CONTD.)

25b. CAPITAL ADEQUACY

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

	30.09.15	31.03.15
CET 1 capital ratio	104.540%	107.696%
Tier 1 capital ratio	104.540%	107.696%
Total capital ratio	104.540%	107.696%

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

	30.09.15	31.03.15
	RM'000	RM'000
<u>CET1 Capital</u>		
Capital Funds	30,000	30,000
Retained earnings	145,634	141,506
Less : Regulatory adjustments applied on CET1 Capital		
Other intangibles	-	(1)
Deferred tax assets	(412)	(1)
CET1 capital/ Tier 1 capital/ Total capital	175,222	171,504

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

	30.09.15	31.03.15
	RM'000	RM'000
Credit risk	137,084	127,718
Operational risk	30,528	31,531
Total risk weighted assets	167,612	159,249

26. Credit Exposures Arising From Credit Transactions With Connected Parties

Group and Bank	30.09.15	31.03.15
Outstanding credit exposure with connected parties (RM'000)	33,845	28,517
Percentage of outstanding credit exposure to connected parties as proportion of total credit exposures	7.87%	6.08%

The disclosure on credit transactions and exposures with connected parties above is presented in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

27. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2015

The Group reported a pretax profit of RM29.9 million (RM38.8 million for the period ended 30 September 2014). The results are analysed as follows:

- (i) Lower net interest income of RM5.1 million (RM9.2 million for the period ended 30 September 2014), due to lower interest income from loans and from Available For Sale securities.
- (ii) Lower fee income of RM75.9 million (RM109.7 million for the period ended 30 September 2014), due to lower brokerage fees and commission and lower corporate advisory fees.
- (iii) Lower investment and trading income of RM13.7 million (Investment and trading income RM18.9 million for the period ended 30 September 2014), due to non-recurring gains i.e. gain on liquidation of subsidiary in previous period of RM18.6 million and for the current period, the Group recorded a gain on disposal of subsidiary of RM9.0 million.
- (iv) Allowance for impairment on loans and advances of RM0.1 million for the Group (Writeback of impairment on loan and advances of RM4.0 million for the period ended 30 September 2014) was due to recovery of impaired loans and writeback of collective allowance for the previous corresponding period.

Higher net income from Islamic banking business of RM8.5 million for the Group and the Bank (RM6.5 million for the period ended 30 September 2014 for the Group and the Bank) due to higher fee income.

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 .

28. 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.

28. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2016 (CONTD.)

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.

29. VALUATION OF PROPERTY AND EQUIPMENT

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

30. EVENTS SUBSEQUENT TO REPORTING DATE

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

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

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

32. RESTATEMENT OF COMPARATIVE INFORMATION

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

- (i) Reconciliation of statements of cash flow of the Group and of the Bank for the financial period ended 30 September 2014.

	As previously reported RM'000	Restatement RM'000	As restated RM'000
As at 30 September 2014			
Group			
(Decrease)/increase in operating assets	656,940	118,712	775,652
Decrease/(increase) in operating liabilities	(732,544)	(118,712)	(851,256)
Bank			
(Decrease)/increase in operating assets	764,492	118,712	883,204
Decrease/(increase) in operating liabilities	(739,585)	(118,712)	(858,297)