

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

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

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

## UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Group		Bank	
		30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<b>ASSETS</b>					
Cash and short-term funds		6,531,770	5,943,180	6,221,325	5,667,979
Securities purchased under resale agreements		212,659	-	212,659	-
Deposits and placements with banks and other financial institutions		5,273,018	5,415,039	5,273,018	5,415,039
Derivative financial assets		1,244,557	1,444,743	1,244,557	1,444,743
Financial assets held-for-trading	A8	2,229,859	2,033,504	2,229,859	2,033,504
Financial investments available-for-sale	A9	6,332,098	5,610,071	6,419,969	5,704,021
Financial investments held-to-maturity	A10	2,556,382	2,539,842	2,556,382	2,539,842
Loans and advances	A11	56,941,872	58,345,388	56,828,346	58,225,336
Receivables: Investments not quoted in active markets	A12	97,181	87,181	97,181	87,181
Statutory deposit with Bank Negara Malaysia		2,141,640	2,162,108	2,141,640	2,162,108
Deferred tax assets		63,514	102,546	62,293	98,869
Investment in subsidiaries and other investment		-	-	104,277	104,277
Investment in associates		2,380	2,062	122	122
Other assets	A13	2,409,498	2,614,609	2,401,892	2,570,104
Property and equipment		166,144	152,730	130,675	117,480
Intangible assets		334,987	334,749	328,487	327,689
<b>TOTAL ASSETS</b>		<b>86,537,559</b>	<b>86,787,752</b>	<b>86,252,682</b>	<b>86,498,294</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits and placements of banks and other financial institutions	A14	2,811,194	2,058,101	2,852,140	2,092,981
Securities sold under repurchase agreements		6,552	-	6,552	-
Recourse obligation on loans sold to Cagamas Berhad		1,326,121	1,332,810	1,326,121	1,332,810
Derivative financial liabilities		1,203,887	1,385,663	1,203,887	1,385,663
Deposits from customers	A15	61,636,461	62,670,390	61,734,198	62,728,848
Term funding		5,533,832	5,243,585	5,533,832	5,243,585
Debt capital		3,465,935	3,458,683	3,465,935	3,458,683
Other liabilities	A16	2,245,787	2,590,970	2,227,082	2,586,033
<b>TOTAL LIABILITIES</b>		<b>78,229,769</b>	<b>78,740,202</b>	<b>78,349,747</b>	<b>78,828,603</b>
Share capital		820,364	820,364	820,364	820,364
Reserves		7,487,365	7,227,125	7,082,571	6,849,327
<b>Equity attributable to equity holder of the Bank</b>		<b>8,307,729</b>	<b>8,047,489</b>	<b>7,902,935</b>	<b>7,669,691</b>
Non-controlling interests		61	61	-	-
<b>TOTAL EQUITY</b>		<b>8,307,790</b>	<b>8,047,550</b>	<b>7,902,935</b>	<b>7,669,691</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>86,537,559</b>	<b>86,787,752</b>	<b>86,252,682</b>	<b>86,498,294</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A29	<b>112,596,513</b>	<b>111,881,204</b>	<b>112,637,183</b>	<b>111,920,558</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>10.13</b>	<b>9.81</b>	<b>9.63</b>	<b>9.35</b>

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

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

**UNAUDITED CONSOLIDATED INCOME STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015**

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2015 RM'000	30 June 2014 (Restated) RM'000	30 June 2015 RM'000	30 June 2014 (Restated) RM'000
<b>Group</b>					
Operating revenue		1,149,760	1,188,885	1,149,760	1,188,885
Interest income	A17	997,811	1,047,452	997,811	1,047,452
Interest expense	A18	(582,808)	(559,884)	(582,808)	(559,884)
Net interest income		415,003	487,568	415,003	487,568
Net income from Islamic banking business	A33	-	1	-	1
Other operating income	A19	151,949	141,432	151,949	141,432
Share in results of associates		318	290	318	290
Net income		567,270	629,291	567,270	629,291
Other operating expenses	A20	(275,317)	(313,792)	(275,317)	(313,792)
Operating profit		291,953	315,499	291,953	315,499
Writeback of allowance/(Allowance) for impairment on loans and advances	A21	25,426	(25,639)	25,426	(25,639)
Writeback of provision for commitments and contingencies		3,806	26,577	3,806	26,577
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		(102)	(2,187)	(102)	(2,187)
Foreclosed properties		(84)	(5,558)	(84)	(5,558)
Recoveries of other receivables		467	436	467	436
<b>Profit before taxation</b>		<b>321,466</b>	<b>309,128</b>	<b>321,466</b>	<b>309,128</b>
Taxation		(69,327)	(76,982)	(69,327)	(76,982)
<b>Profit for the period</b>		<b>252,139</b>	<b>232,146</b>	<b>252,139</b>	<b>232,146</b>
Attributable to:					
Equity holder of the Bank		252,139	232,146	252,139	232,146
Non-controlling interests		-	-	-	-
Profit for the period		252,139	232,146	252,139	232,146
<b>Earnings per share (sen)</b>	A22				
Basic/Diluted		30.74	28.30	30.74	28.30

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

Company No. 8515-D

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

**UNAUDITED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015**

	Individual Quarter		Cumulative Quarter	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<b>Group</b>				
Profit for the period	252,139	232,146	252,139	232,146
<b>Other comprehensive income/(loss)</b>				
<b>Items that may be reclassified to the income statement</b>				
Currency translation on foreign operations	1,929	(5,191)	1,929	(5,191)
Net gain on financial investments available-for-sale	1,982	11,140	1,982	11,140
Net movement on cash flow hedge	6,749	5,303	6,749	5,303
Income tax relating to the components of other comprehensive income/(loss)	(2,095)	(4,868)	(2,095)	(4,868)
Other comprehensive income for the period, net of tax	8,565	6,384	8,565	6,384
<b>Total comprehensive income for the period</b>	<b>260,704</b>	<b>238,530</b>	<b>260,704</b>	<b>238,530</b>
Attributable to:				
Equity holder of the Bank	260,704	238,530	260,704	238,530
Non-controlling interests	-	-	-	-
	<b>260,704</b>	<b>238,530</b>	<b>260,704</b>	<b>238,530</b>

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

**Company No. 8515-D**

**AmBank (M) Berhad**  
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**And Its Subsidiaries**

**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015**

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2015 RM'000	30 June 2014 (Restated) RM'000	30 June 2015 RM'000	30 June 2014 (Restated) RM'000
<b>Bank</b>					
Operating revenue		1,142,461	1,180,874	1,142,461	1,180,874
Interest income	A17	994,248	1,042,281	994,248	1,042,281
Interest expense	A18	(584,309)	(560,349)	(584,309)	(560,349)
Net interest income		409,939	481,932	409,939	481,932
Other operating income	A19	148,213	138,593	148,213	138,593
Net income		558,152	620,525	558,152	620,525
Other operating expenses	A20	(301,286)	(341,927)	(301,286)	(341,927)
Operating profit		256,866	278,598	256,866	278,598
Writeback of allowance/(Allowance) for impairment on loans and advances	A21	25,428	(25,659)	25,428	(25,659)
Writeback of provision for commitments and contingencies		3,820	26,575	3,820	26,575
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		(102)	(2,187)	(102)	(2,187)
Foreclosed properties		(84)	(5,558)	(84)	(5,558)
Other recoveries		467	436	467	436
<b>Profit before taxation</b>		<b>286,395</b>	<b>272,205</b>	<b>286,395</b>	<b>272,205</b>
Taxation		(60,639)	(66,280)	(60,639)	(66,280)
<b>Profit for the period</b>		<b>225,756</b>	<b>205,925</b>	<b>225,756</b>	<b>205,925</b>
<b>Earnings per share (sen)</b>					
Basic/Diluted	A22	27.52	25.10	27.52	25.10

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

Company No. 8515-D

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

**UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015**

	Individual Quarter		Cumulative Quarter	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<b>Bank</b>				
Profit for the period	225,756	205,925	225,756	205,925
<b>Other comprehensive income/(loss)</b>				
<b>Items that may be reclassified to the income statement</b>				
Currency translation on foreign operations	1,185	(4,609)	1,185	(4,609)
Net gain on financial investments available-for-sale	2,156	11,369	2,156	11,369
Net movement on cash flow hedge	6,748	5,303	6,748	5,303
Income tax relating to the components of other comprehensive income/(loss)	(2,137)	(4,924)	(2,137)	(4,924)
Other comprehensive income for the period, net of tax	7,952	7,139	7,952	7,139
<b>Total comprehensive income for the period</b>	<b>233,708</b>	<b>213,064</b>	<b>233,708</b>	<b>213,064</b>

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015

Group	Attributable to equity holder of the Bank										
	Non-distributable						Distributable				
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve/ (deficit) RM'000	Cash flow hedging reserve RM'000	Foreign currency translation (deficit) RM'000	Retained earnings RM'000	Total attributable to equity holder RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2014	820,364	942,844	980,969	104,149	(71,094)	3,029	(1,990)	4,607,531	7,385,802	60	7,385,862
Profit for the period	-	-	-	-	-	-	-	232,146	232,146	-	232,146
Other comprehensive income/(loss)	-	-	-	-	7,504	4,071	(5,191)	-	6,384	-	6,384
Net loss on foreign currency translation	-	-	-	-	-	-	(5,191)	-	(5,191)	-	(5,191)
Net gain on cash flow hedge	-	-	-	-	-	4,071	-	-	4,071	-	4,071
Net gain on financial investments available-for-sale	-	-	-	-	7,504	-	-	-	7,504	-	7,504
Total comprehensive income/(loss) for the period	-	-	-	-	7,504	4,071	(5,191)	232,146	238,530	-	238,530
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(169)	(169)	-	(169)
Transactions with owner and other equity movements	-	-	-	-	-	-	-	(169)	(169)	-	(169)
At 30 June 2014	820,364	942,844	980,969	104,149	(63,590)	7,100	(7,181)	4,839,508	7,624,163	60	7,624,223

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015

Group	Attributable to equity holder of the Bank										
	Non-distributable						Distributable				
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging reserve/ (deficit) RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to equity holder RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2015	820,364	942,844	980,969	104,149	1,207	(481)	50,537	5,147,900	8,047,489	61	8,047,550
Profit for the period	-	-	-	-	-	-	-	252,139	252,139	-	252,139
Other comprehensive income	-	-	-	-	1,507	5,129	1,929	-	8,565	-	8,565
Net gain on foreign currency translation	-	-	-	-	-	-	1,929	-	1,929	-	1,929
Net gain on cash flow hedge	-	-	-	-	-	5,129	-	-	5,129	-	5,129
Net gain on financial investments available-for-sale	-	-	-	-	1,507	-	-	-	1,507	-	1,507
Total comprehensive income for the period	-	-	-	-	1,507	5,129	1,929	252,139	260,704	-	260,704
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(464)	(464)	-	(464)
Transactions with owner and other equity movements	-	-	-	-	-	-	-	(464)	(464)	-	(464)
At 30 June 2015	820,364	942,844	980,969	104,149	2,714	4,648	52,466	5,399,575	8,307,729	61	8,307,790

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



Company No. 8515-D

**AmBank (M) Berhad**  
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**And Its Subsidiaries**

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015**

	Attributable to equity holder of the Bank						Distributable	Total equity RM'000
	Non-distributable			Distributable				
Bank	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale (deficit) RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve/(deficit) RM'000	Retained earnings RM'000	
At 1 April 2014	820,364	942,844	980,969	(72,233)	3,029	2,785	4,450,679	7,128,437
Profit for the period	-	-	-	-	-	-	205,925	205,925
Other comprehensive income/(loss)	-	-	-	7,677	4,071	(4,609)	-	7,139
Net loss on foreign currency translation	-	-	-	-	-	(4,609)	-	(4,609)
Net gain on cash flow hedge	-	-	-	-	4,071	-	-	4,071
Net gain on financial investments available-for-sale	-	-	-	7,677	-	-	-	7,677
Total comprehensive income/(loss) for the period	-	-	-	7,677	4,071	(4,609)	205,925	213,064
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(169)	(169)
Transactions with owner and other equity movements	-	-	-	-	-	-	(169)	(169)
At 30 June 2014	820,364	942,844	980,969	(64,556)	7,100	(1,824)	4,656,435	7,341,332

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

Company No. 8515-D

**AmBank (M) Berhad**  
(Incorporated in Malaysia)  
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**UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015**

	Attributable to equity holder of the Bank							Total equity RM'000
	Non-distributable					Distributable		
Bank	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging reserve/(deficit) RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	
At 1 April 2015	820,364	942,844	980,969	1,323	(481)	50,585	4,874,087	7,669,691
Profit for the period	-	-	-	-	-	-	225,756	225,756
Other comprehensive income	-	-	-	1,638	5,129	1,185	-	7,952
Net gain on foreign currency translation	-	-	-	-	-	1,185	-	1,185
Net gain on cash flow hedge	-	-	-	-	5,129	-	-	5,129
Net gain on financial investments available-for-sale	-	-	-	1,638	-	-	-	1,638
Total comprehensive income for the period	-	-	-	1,638	5,129	1,185	225,756	233,708
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(464)	(464)
Transactions with owner and other equity movements	-	-	-	-	-	-	(464)	(464)
At 30 June 2015	820,364	942,844	980,969	2,961	4,648	51,770	5,099,379	7,902,935

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

**AmBank (M) Berhad**  
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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015**

	Group		Bank	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Profit before taxation	321,466	309,128	286,395	272,205
Adjustments for non-operating and non-cash items	129,999	27,916	128,509	25,571
Operating profit before working capital changes	451,465	337,044	414,904	297,776
Changes in working capital:				
Net changes in operating assets	1,305,498	1,409,429	1,262,135	1,400,245
Net changes in operating liabilities	(315,300)	(3,768,200)	(283,227)	(3,759,443)
Tax paid	(86,539)	(94,590)	(85,751)	(93,927)
Net cash generated from/(used in) operating activities	1,355,124	(2,116,317)	1,308,061	(2,155,349)
Net cash (used in)/generated from investing activities	(766,538)	166,692	(754,722)	176,157
Net increase/(decrease) in cash and cash equivalents	588,586	(1,949,625)	553,339	(1,979,192)
Cash and cash equivalents at beginning of financial year	5,943,180	7,129,900	5,667,979	6,675,659
Effect of exchange rate changes	4	(102)	7	(32)
Cash and cash equivalents at end of the financial period	6,531,770	5,180,173	6,221,325	4,696,435

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

## EXPLANATORY NOTES

### A1. BASIS OF PREPARATION

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

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

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

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

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

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

##### 1.1.1 Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

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

##### 1.1.2 Annual Improvements to MFRSs 2010-2012 Cycle

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

###### (a) MFRS 2: Share-based Payment

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

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

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

###### (b) MFRS 3: Business Combinations

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

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

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

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

**(c) MFRS 8: Operating Segments**

The amendments are to be applied retrospectively and clarify that:

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

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

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

**(e) MFRS 124: Related Party Disclosures**

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

**1.1.3 Annual Improvements to MFRSs 2011-2013 Cycle**

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

**(a) MFRS 3: Business Combinations**

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

**(b) MFRS 13: Fair Value Measurement**

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

**(c) MFRS 140: Investment Property**

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

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

## EXPLANATORY NOTES (CONT'D.)

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

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

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

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

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

The revised policy did not result in significant provision charges to the Group and the Bank for the financial quarter ended 30 June 2015.

#### 1.3 Standards issued but not yet effective

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

Description	Effective for financial year ending
Annual Improvements to MFRSs 2012-2014 Cycle	31 March 2017
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	31 March 2017
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	31 March 2017
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	31 March 2017
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	31 March 2017
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	31 March 2017
Amendments to MFRS 127 Equity Method in Separate Financial Statements	31 March 2017
Amendments to MFRS 101 Disclosure Initiative	31 March 2017
MFRS 14 Regulatory Deferral Accounts	31 March 2017
MFRS 15 Revenue from Contracts with Customers	31 March 2018
MFRS 9 Financial Instruments	31 March 2019

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

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

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

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

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

**(a) Annual Improvements to MFRSs 2012-2014 Cycle**

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

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

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

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

**(ii) MFRS 7 Financial Instruments: Disclosures**

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

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

**(iii) MFRS 119 Employee Benefits**

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

**(iv) MFRS 134 Interim Financial Reporting**

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

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

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

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

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

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

**(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 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception**

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

**(e) Amendments to MFRS 127 Equity Method in Separate Financial Statements**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.



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

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

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

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

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

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

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

**1.3.2 Standards effective for financial year ending 31 March 2018**

**MFRS 15 Revenue from Contracts with Customers**

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

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

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

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

**MFRS 9 Financial Instruments**

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

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

**A2. AUDIT QUALIFICATION**

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

**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

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

There were no unusual items during the current financial quarter.

**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 ended 30 June 2015.

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

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

**A7. DIVIDENDS**

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

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

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 March</b>
	<b>2015</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Money market instruments:		
Bank Negara Monetary Notes	290,683	14,767
Government Investment Issues	138,263	340,247
Foreign Government Investment Issues	73,747	-
Islamic Treasury Bills	41,830	-
Malaysian Government Securities	596,131	797,036
Malaysian Treasury Bills	7,478	9,830
	<u>1,148,132</u>	<u>1,161,880</u>
Quoted securities:		
In Malaysia:		
Shares	63,338	71,323
Unit trusts	32,051	3,187
Private debt securities	38,754	39,394
	<u>134,143</u>	<u>113,904</u>
Outside Malaysia:		
Shares	131,240	95,933
	<u>131,240</u>	<u>95,933</u>
Unquoted securities:		
In Malaysia:		
Private debt securities	674,568	495,266
	<u>674,568</u>	<u>495,266</u>
Outside Malaysia:		
Private debt securities	141,776	166,521
	<u>141,776</u>	<u>166,521</u>
	<u>2,229,859</u>	<u>2,033,504</u>

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

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<b>At fair value</b>				
Money market instruments:				
Bank Negara Monetary Notes	49,621	379,569	49,621	379,569
Government Investment Issues	685,379	372,502	685,379	372,502
Islamic Treasury Bills	28,055	-	28,055	-
Malaysian Government Securities	399,787	350,238	399,787	350,238
Malaysian Treasury Bills	39,997	39,691	39,997	39,691
Negotiable Instruments of Deposit	1,200,272	600,077	1,200,272	600,077
	<u>2,403,111</u>	<u>1,742,077</u>	<u>2,403,111</u>	<u>1,742,077</u>
Quoted securities:				
In Malaysia:				
Shares	4,795	5,390	4,795	5,388
Unit trusts	162,388	171,562	162,388	171,562
	<u>167,183</u>	<u>176,952</u>	<u>167,183</u>	<u>176,950</u>
Outside Malaysia:				
Shares	46	44	8	7
	<u>46</u>	<u>44</u>	<u>8</u>	<u>7</u>
Unquoted securities:				
In Malaysia:				
Private debt securities	3,389,890	3,329,354	3,477,844	3,424,429
	<u>3,389,890</u>	<u>3,329,354</u>	<u>3,477,844</u>	<u>3,424,429</u>
Outside Malaysia:				
Private debt securities	284,327	273,071	284,327	273,071
	<u>284,327</u>	<u>273,071</u>	<u>284,327</u>	<u>273,071</u>
<b>At cost</b>				
Unquoted securities:				
In Malaysia:				
Shares	87,375	87,375	87,330	87,330
	<u>87,375</u>	<u>87,375</u>	<u>87,330</u>	<u>87,330</u>
Outside Malaysia:				
Shares	166	1,198	166	157
	<u>166</u>	<u>1,198</u>	<u>166</u>	<u>157</u>
	<u>6,332,098</u>	<u>5,610,071</u>	<u>6,419,969</u>	<u>5,704,021</u>

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

As at 30 June 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 RM998,000 (31 March 2015: RM3,859,000).

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

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<b>At amortised cost</b>				
Money market instruments:				
Foreign Treasury Bills	528,518	518,486	528,518	518,486
Unquoted securities:				
In Malaysia:				
Private debt securities	2,034,062	2,027,554	2,034,062	2,027,554
Less: Accumulated impairment losses	(6,198)	(6,198)	(6,198)	(6,198)
	<u>2,556,382</u>	<u>2,539,842</u>	<u>2,556,382</u>	<u>2,539,842</u>

**A11. LOANS AND ADVANCES**

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<b>At amortised cost:</b>				
Overdraft	2,187,275	2,336,634	2,187,275	2,336,634
Term loans	15,977,590	16,575,549	15,977,590	16,575,549
Housing loan receivables	14,345,075	14,138,571	14,149,457	13,937,306
Hire purchase receivables	12,720,668	13,145,533	12,720,668	13,145,533
Bills receivables	762,306	796,179	762,306	796,179
Trust receipts	1,087,737	1,229,607	1,087,737	1,229,607
Claims on customers under acceptance credits	2,554,744	2,660,836	2,554,744	2,660,836
Staff loans	115,844	118,501	115,844	118,501
Card receivables	1,364,463	1,434,319	1,364,463	1,434,319
Revolving credits	6,707,863	6,874,214	6,789,772	6,955,247
Others	179,782	156,562	179,782	156,562
Gross loans and advances	<u>58,003,347</u>	<u>59,466,505</u>	<u>57,889,638</u>	<u>59,346,273</u>
Allowance for impairment on loans and advances:				
- Collective allowance	(912,121)	(953,660)	(911,938)	(953,480)
- Individual allowance	(149,354)	(167,457)	(149,354)	(167,457)
Net loans and advances	<u>56,941,872</u>	<u>58,345,388</u>	<u>56,828,346</u>	<u>58,225,336</u>

## Notes:

As part of Restricted Profit Sharing Investment Accounts ("RPSIA") arrangements with AmBank Islamic, the Bank records the amount it provides as financing under the arrangement as deposits and placements with banks and other financial institutions. The financing to external parties made by AmBank Islamic is recorded by AmBank Islamic as financing and advances. As losses from the business venture is borne solely by the Bank, the related collective allowance is recorded by the Bank.

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

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	4,012	6,718	4,012	6,718
Domestic non-bank financial institutions	1,439,475	1,786,264	1,521,384	1,867,297
Domestic business enterprises				
- Small medium enterprises	7,687,186	7,827,397	7,687,186	7,827,397
- Others	16,680,281	17,201,700	16,680,281	17,201,700
Government and statutory bodies	77,551	74,464	77,551	74,464
Individuals	30,710,152	31,079,596	30,514,534	30,878,331
Other domestic entities	128,699	139,108	128,699	139,108
Foreign individuals and entities	1,275,991	1,351,258	1,275,991	1,351,258
	<u>58,003,347</u>	<u>59,466,505</u>	<u>57,889,638</u>	<u>59,346,273</u>

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
In Malaysia	57,586,845	58,605,093	57,473,136	58,484,861
Outside Malaysia	416,502	861,412	416,502	861,412
	<u>58,003,347</u>	<u>59,466,505</u>	<u>57,889,638</u>	<u>59,346,273</u>

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	365,307	376,450	169,689	175,185
- Hire purchase receivables	11,705,866	12,083,943	11,705,866	12,083,943
- Other fixed rate loans	5,061,901	5,985,303	5,061,901	5,985,303
Variable rate				
- Base lending rate plus	24,063,175	24,179,990	24,063,175	24,179,990
- Cost plus	15,382,150	15,574,555	15,464,059	15,655,588
- Other variable rates	1,424,948	1,266,264	1,424,948	1,266,264
	<u>58,003,347</u>	<u>59,466,505</u>	<u>57,889,638</u>	<u>59,346,273</u>

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

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

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Agriculture	2,858,149	2,858,662	2,858,149	2,858,662
Mining and quarrying	1,950,093	1,399,308	1,950,093	1,399,308
Manufacturing	5,867,764	6,204,482	5,867,764	6,204,482
Electricity, gas and water	468,237	1,089,535	468,237	1,089,535
Construction	1,780,599	1,841,952	1,780,599	1,841,952
Wholesale and retail trade and hotel and restaurants	3,476,812	3,666,418	3,476,812	3,666,418
Transport, storage and communication	1,342,288	1,397,069	1,342,288	1,397,069
Finance and insurance	1,517,708	1,792,982	1,599,617	1,874,015
Real estate	5,752,615	5,836,818	5,752,615	5,836,818
Business activities	631,241	703,429	631,241	703,429
Education and health	876,781	885,585	876,781	885,585
Household of which:	31,192,965	31,475,078	30,997,347	31,273,813
- Purchase of residential properties	14,204,534	14,012,645	14,008,916	13,811,380
- Purchase of transport vehicles	11,921,012	12,310,566	11,921,012	12,310,566
- Others	5,067,419	5,151,867	5,067,419	5,151,867
Others	288,095	315,187	288,095	315,187
	<u>58,003,347</u>	<u>59,466,505</u>	<u>57,889,638</u>	<u>59,346,273</u>

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

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Maturing within one year	12,939,138	11,957,254	13,019,748	12,036,988
Over one year to three years	7,536,172	7,112,526	7,528,280	7,104,634
Over three years to five years	7,832,724	8,320,603	7,824,575	8,312,454
Over five years	29,695,313	32,076,122	29,517,035	31,892,197
	<u>58,003,347</u>	<u>59,466,505</u>	<u>57,889,638</u>	<u>59,346,273</u>

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

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Balance at beginning of financial year	963,985	1,298,511	963,361	1,296,626
Impaired during the period/year	298,826	1,212,816	298,555	1,211,907
Reclassified as non-impaired	(103,610)	(255,955)	(103,610)	(255,945)
Recoveries	(111,364)	(542,495)	(111,278)	(540,335)
Amount written off	(137,356)	(748,892)	(137,356)	(748,892)
Balance at end of financial period/year	<u>910,481</u>	<u>963,985</u>	<u>909,672</u>	<u>963,361</u>
Gross impaired loans and advances as % of gross loans and advances	<u>1.6%</u>	<u>1.6%</u>	<u>1.6%</u>	<u>1.6%</u>
Loan loss coverage (excluding collateral values)	<u>116.6%</u>	<u>116.3%</u>	<u>116.7%</u>	<u>116.4%</u>

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

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

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

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Agriculture	7,263	8,788	7,263	8,788
Mining and quarrying	6,632	7,034	6,632	7,034
Manufacturing	166,554	172,735	166,554	172,735
Electricity, gas and water	409	261	409	261
Construction	10,857	12,095	10,857	12,095
Wholesale and retail trade and hotel and restaurants	42,138	36,526	42,138	36,526
Transport, storage and communication	10,529	12,201	10,529	12,201
Finance and insurance	783	418	783	418
Real estate	73,078	76,276	73,078	76,276
Business activities	8,310	9,419	8,310	9,419
Education and health	7,433	6,434	7,433	6,434
Household of which:	565,028	609,513	564,219	608,889
- Purchase of residential properties	307,716	339,768	306,907	339,144
- Purchase of transport vehicles	210,549	211,427	210,549	211,427
- Others	46,763	58,318	46,763	58,318
Others	11,467	12,285	11,467	12,285
	<u>910,481</u>	<u>963,985</u>	<u>909,672</u>	<u>963,361</u>

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

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<b>Collective allowance</b>				
Balance at beginning of financial year	953,660	1,411,219	953,480	1,410,574
Charge to income statement, net	77,491	282,957	77,489	283,430
Amount transferred to AmBank Islamic*	-	(2,463)	-	(2,463)
Amount written-off and others	(119,403)	(740,094)	(119,403)	(740,094)
Foreign exchange differences	373	2,041	372	2,033
Balance at end of financial period/year**	<u>912,121</u>	<u>953,660</u>	<u>911,938</u>	<u>953,480</u>
Collective allowance as % of gross loans and advances less individual allowance	<u>1.6%</u>	<u>1.6%</u>	<u>1.6%</u>	<u>1.6%</u>
<b>Individual allowance</b>				
Balance at beginning of financial year	167,457	133,755	167,457	133,755
Charge to income statement, net	(4,834)	45,300	(4,834)	45,300
Amount written-off	(13,269)	(11,598)	(13,269)	(11,598)
Balance at end of financial period/year	<u>149,354</u>	<u>167,457</u>	<u>149,354</u>	<u>167,457</u>

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

\*\* As at 30 June 2015, the gross exposure and collective allowance relating to the RPSIA financing for the Group and the Bank amounted to RM1,367,677,000 and RM1,561,000 (31 March 2015: RM1,363,811,000 and RM1,553,000) respectively.

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



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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
<b>At amortised cost:</b>				
Unquoted private debt securities in Malaysia	97,181	87,181	97,181	87,181

**A13. OTHER ASSETS**

	Group		Bank	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments, net of allowance for impairment	1,544,836	1,719,919	1,537,389	1,675,571
Interest receivable, net of allowance for impairment	183,488	205,998	183,499	206,002
Amount due from originators	321,770	328,015	321,770	328,015
Foreclosed properties, net of allowance for impairment	65,560	61,822	65,410	61,672
Deferred charges	78,511	83,697	78,511	83,697
Tax recoverable *	215,333	215,158	215,313	215,147
	<u>2,409,498</u>	<u>2,614,609</u>	<u>2,401,892</u>	<u>2,570,104</u>

\* During the previous financial year, the Inland Revenue Board had issued notice of income tax assessments for the year of assessment 2008 and 2009 to the Bank and the Bank had appealed against the said notices by filing an application to the High Court for judicial review of the notice of assessment for the year of assessment 2008 and to the Special Commissioners of Income Tax for the notice of assessment for the year of assessment 2009. The Bank had sought legal advice on the appeals and pending the resolution of the appeals. The case is expected to be decided during the next case management which is scheduled on 29 July 2015. The tax paid of approximately RM203,500,700 was recognised as tax recoverable as the Bank is of the opinion that it has strong grounds to succeed in its appeals.

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
Licensed banks	1,650,152	913,644	1,650,152	913,817
Licensed investment banks	575,339	552,081	575,339	552,081
Other financial Institutions	559,942	562,078	600,888	596,785
Bank Negara Malaysia	25,761	30,298	25,761	30,298
	<u>2,811,194</u>	<u>2,058,101</u>	<u>2,852,140</u>	<u>2,092,981</u>

**A15. DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
Demand deposits	9,685,595	9,701,374	9,687,172	9,702,618
Savings deposits	3,377,209	3,356,402	3,377,209	3,356,402
Term/Investment deposits	48,571,216	49,608,047	48,667,376	49,665,261
Negotiable instruments of deposits	2,441	4,567	2,441	4,567
	<u>61,636,461</u>	<u>62,670,390</u>	<u>61,734,198</u>	<u>62,728,848</u>

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

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
Government and other statutory bodies	3,982,414	3,845,436	3,982,414	3,845,436
Business enterprises	27,028,986	27,561,311	27,126,723	27,619,769
Individuals	28,757,249	28,868,684	28,757,249	28,868,684
Others	1,867,812	2,394,959	1,867,812	2,394,959
	<u>61,636,461</u>	<u>62,670,390</u>	<u>61,734,198</u>	<u>62,728,848</u>

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

	Group		Bank	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
Due within six months	37,939,436	36,246,422	38,035,596	36,303,636
Over six months to one year	7,916,665	10,494,544	7,916,665	10,494,544
Over one year to three years	2,082,259	2,252,256	2,082,259	2,252,256
Over three years to five years	635,297	619,392	635,297	619,392
	<u>48,573,657</u>	<u>49,612,614</u>	<u>48,669,817</u>	<u>49,669,828</u>

**A16. OTHER LIABILITIES**

	Group		Bank	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
Other payables and accruals	1,509,151	1,815,215	1,496,024	1,810,417
Interest payable	607,491	588,645	607,498	588,665
Lease deposits and advance rentals	8,148	8,442	8,148	8,442
Provision for commitments and contingencies	93,622	97,308	93,652	97,353
Provision for taxation	27,375	81,360	21,760	81,156
	<u>2,245,787</u>	<u>2,590,970</u>	<u>2,227,082</u>	<u>2,586,033</u>

**A17. INTEREST INCOME**

Group	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	65,837	47,470	65,837	47,470
Financial assets held-for-trading	16,655	17,051	16,655	17,051
Financial investments available-for-sale	57,282	58,713	57,282	58,713
Financial investments held-to-maturity	20,179	19,552	20,179	19,552
Loans and advances	828,789	898,614	828,789	898,614
Impaired loans and advances	1,411	1,853	1,411	1,853
Others	7,658	4,199	7,658	4,199
	<u>997,811</u>	<u>1,047,452</u>	<u>997,811</u>	<u>1,047,452</u>

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**A17. INTEREST INCOME (CONT'D.)**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Short-term funds and deposits with financial institutions	63,676	43,980	63,676	43,980
Financial assets held-for-trading	16,655	17,051	16,655	17,051
Financial investments available-for-sale	58,453	60,261	58,453	60,261
Financial investments held-to-maturity	20,179	19,552	20,179	19,552
Loans and advances	826,260	895,385	826,260	895,385
Impaired loans and advances	1,411	1,853	1,411	1,853
Others	7,614	4,199	7,614	4,199
	<u>994,248</u>	<u>1,042,281</u>	<u>994,248</u>	<u>1,042,281</u>

**A18. INTEREST EXPENSE**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
<b>Group</b>				
Deposits from customers	463,374	448,973	463,374	448,973
Deposits and placements of banks and other financial institutions	12,058	10,145	12,058	10,145
Recourse obligation of loans sold to Cagamas Berhad	10,135	10,151	10,135	10,151
Term funding	47,328	34,915	47,328	34,915
Debt capital	48,609	52,070	48,609	52,070
Others	1,304	3,630	1,304	3,630
	<u>582,808</u>	<u>559,884</u>	<u>582,808</u>	<u>559,884</u>
<b>Bank</b>				
Deposits from customers	464,034	449,433	464,034	449,433
Deposits and placements of banks and other financial institutions	12,059	10,147	12,059	10,147
Recourse obligation of loans sold to Cagamas Berhad	10,135	10,151	10,135	10,151
Term funding	47,328	34,915	47,328	34,915
Debt capital	49,449	52,073	49,449	52,073
Others	1,304	3,630	1,304	3,630
	<u>584,309</u>	<u>560,349</u>	<u>584,309</u>	<u>560,349</u>

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**A19. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Fee and commission income:				
Bancassurance commission	7,451	6,893	7,451	6,893
Brokerage fees, commission and rebates	740	483	740	483
Fees on loans, advances and securities	42,863	56,353	42,863	56,353
Guarantee fees	13,628	14,060	13,628	14,060
Underwriting fees	-	397	-	397
Remittances	5,628	5,244	5,628	5,244
Service charges and fees	3,539	3,903	3,539	3,903
Other fee and commission	9,681	10,087	9,681	10,087
	<u>83,530</u>	<u>97,420</u>	<u>83,530</u>	<u>97,420</u>
Investment and trading income:				
Foreign exchange *	43,774	20,792	43,774	20,792
Gross dividend income from:				
Financial assets held-for-trading	878	362	878	362
Financial investments available-for-sale	7,056	8,787	7,056	8,787
Net gain/(loss) on sale/redemption of:				
Financial assets held-for-trading	(652)	(761)	(652)	(761)
Financial investments available-for-sale	21,245	1,586	21,245	1,586
Net gain on revaluation of financial assets held-for-trading	17,071	1,016	17,071	1,016
Net (loss)/gain on derivatives	(31,263)	3,906	(31,263)	3,906
Others	159	1,081	159	1,081
	<u>58,268</u>	<u>36,769</u>	<u>58,268</u>	<u>36,769</u>
Other income:				
Net gain on disposal of property and equipment	35	112	35	112
Net non trading foreign exchange loss	(687)	(2,276)	(687)	(2,276)
Profit from sale of goods and services	9,650	8,188	9,650	8,188
Rental income	1,037	986	1,037	986
Others	116	233	116	233
	<u>10,151</u>	<u>7,243</u>	<u>10,151</u>	<u>7,243</u>
	<u>151,949</u>	<u>141,432</u>	<u>151,949</u>	<u>141,432</u>

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

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

	Individual Quarter		Cumulative Quarter	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<b>Bank</b>				
Fee and commission income:				
Bancassurance commission	7,450	6,884	7,450	6,884
Brokerage fees, commission and rebates	740	483	740	483
Fees on loans, advances and securities	37,691	50,796	37,691	50,796
Guarantee fees	13,628	14,060	13,628	14,060
Underwriting fees	-	397	-	397
Remittances	5,628	5,244	5,628	5,244
Service charges and fees	3,689	4,110	3,689	4,110
Other fee and commission	9,681	10,087	9,681	10,087
	<u>78,507</u>	<u>92,061</u>	<u>78,507</u>	<u>92,061</u>
Investment and trading income:				
Foreign exchange *	43,774	20,792	43,774	20,792
Gross dividend income from:				
Associate	-	1,000	-	1,000
Financial assets held-for-trading	878	362	878	362
Financial investments available-for-sale	7,056	8,787	7,056	8,787
Net gain/(loss) on sale/redemption of:				
Financial assets held-for-trading	(652)	(761)	(652)	(761)
Financial investments available-for-sale	21,479	1,586	21,479	1,586
Net gain on revaluation of financial assets held-for-trading	17,071	1,016	17,071	1,016
Net (loss)/gain on derivatives	(31,263)	3,906	(31,263)	3,906
Others	545	3,016	545	3,016
	<u>58,888</u>	<u>39,704</u>	<u>58,888</u>	<u>39,704</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	34	(7)	34	(7)
Net non trading foreign exchange gain/(loss)	152	(2,272)	152	(2,272)
Profit from sale of goods and services	9,650	8,188	9,650	8,188
Rental income	918	823	918	823
Others	64	96	64	96
	<u>10,818</u>	<u>6,828</u>	<u>10,818</u>	<u>6,828</u>
	<u>148,213</u>	<u>138,593</u>	<u>148,213</u>	<u>138,593</u>

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

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**A20. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	30 June 2015 RM'000	30 June 2014 (Restated) RM'000	30 June 2015 RM'000	30 June 2014 (Restated) RM'000
Personnel costs:				
Pension costs - defined contribution plan	23,267	29,909	23,267	29,909
Salaries, allowances and bonuses	141,543	191,956	141,543	191,956
Shares and options granted under ESS	2,682	606	2,682	606
Social security costs	1,270	1,278	1,270	1,278
Others	19,411	14,813	19,411	14,813
Expense capitalised	(3,680)	(3,839)	(3,680)	(3,839)
	<u>184,493</u>	<u>234,723</u>	<u>184,493</u>	<u>234,723</u>
Establishment costs:				
Amortisation of intangible assets	16,819	16,902	16,819	16,902
Cleaning, maintenance and security	5,925	5,548	5,925	5,548
Computerisation cost	42,623	42,259	42,623	42,259
Depreciation of property and equipment	9,723	11,068	9,723	11,068
Rental of premises	23,074	19,785	23,074	19,785
Others	9,345	9,839	9,345	9,839
Expense capitalised	(566)	(624)	(566)	(624)
	<u>106,943</u>	<u>104,777</u>	<u>106,943</u>	<u>104,777</u>
Marketing and communication expenses:				
Advertising and marketing	6,426	6,449	6,426	6,449
Commission	1,840	2,150	1,840	2,150
Communication	11,455	10,523	11,455	10,523
Others	1,753	2,125	1,753	2,125
	<u>21,474</u>	<u>21,247</u>	<u>21,474</u>	<u>21,247</u>
Administration and general expenses:				
Professional services	25,364	18,642	25,364	18,642
Travelling	1,051	1,624	1,051	1,624
Others	17,395	8,728	17,395	8,728
	<u>43,810</u>	<u>28,994</u>	<u>43,810</u>	<u>28,994</u>
Service transfer pricing recovery - net	(82,746)	(85,044)	(82,746)	(85,044)
Acquisition and business efficiency costs	1,343	9,095	1,343	9,095
	<u>275,317</u>	<u>313,792</u>	<u>275,317</u>	<u>313,792</u>

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

	Individual Quarter		Cumulative Quarter	
	30 June 2015	30 June 2014 (Restated)	30 June 2015	30 June 2014 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Personnel costs:				
Pension costs - defined contribution plan	21,630	28,240	21,630	28,240
Salaries, allowances and bonuses	131,638	181,952	131,638	181,952
Shares and options granted under ESS	2,613	521	2,613	521
Social security costs	1,180	1,185	1,180	1,185
Others	18,842	14,458	18,842	14,458
Expense capitalised	(3,680)	(3,839)	(3,680)	(3,839)
	<u>172,223</u>	<u>222,517</u>	<u>172,223</u>	<u>222,517</u>
Establishment costs:				
Amortisation of intangible assets	16,224	16,499	16,224	16,499
Cleaning, maintenance and security	5,628	5,236	5,628	5,236
Computerisation cost	42,430	42,060	42,430	42,060
Depreciation of property and equipment	8,830	9,797	8,830	9,797
Rental of premises	21,664	18,877	21,664	18,877
Others	9,090	9,525	9,090	9,525
Expense capitalised	(566)	(624)	(566)	(624)
	<u>103,300</u>	<u>101,370</u>	<u>103,300</u>	<u>101,370</u>
Marketing and communication expenses:				
Advertising and marketing	6,267	6,424	6,267	6,424
Commission	1,838	2,148	1,838	2,148
Communication	11,076	9,631	11,076	9,631
Others	1,454	1,806	1,454	1,806
	<u>20,635</u>	<u>20,009</u>	<u>20,635</u>	<u>20,009</u>
Administration and general expenses:				
Card operation charges	50,443	52,661	50,443	52,661
Professional services	25,251	18,528	25,251	18,528
Travelling	1,018	1,566	1,018	1,566
Others	16,934	8,336	16,934	8,336
	<u>93,646</u>	<u>81,091</u>	<u>93,646</u>	<u>81,091</u>
Service transfer pricing recovery - net	(89,861)	(92,155)	(89,861)	(92,155)
Acquisition and business efficiency costs	1,343	9,095	1,343	9,095
	<u>301,286</u>	<u>341,927</u>	<u>301,286</u>	<u>341,927</u>

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

	Individual Quarter		Cumulative Quarter	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2014 RM'000	30 June 2014 RM'000
<b>Group</b>				
(Writeback of allowance)/Allowance for impaired loans and advances:				
Individual allowance	(4,834)	43,271	(4,834)	43,271
Collective allowance	77,491	65,537	77,491	65,537
Impaired loans and advances recovered, net	(98,083)	(83,169)	(98,083)	(83,169)
	<u>(25,426)</u>	<u>25,639</u>	<u>(25,426)</u>	<u>25,639</u>
<b>Bank</b>				
(Writeback of allowance)/Allowance for impaired loans and advances:				
Individual allowance	(4,834)	43,271	(4,834)	43,271
Collective allowance	77,489	65,557	77,489	65,557
Impaired loans and advances recovered, net	(98,083)	(83,169)	(98,083)	(83,169)
	<u>(25,428)</u>	<u>25,659</u>	<u>(25,428)</u>	<u>25,659</u>



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**A22. EARNINGS PER SHARE ("EPS")**

**Basic/Diluted**

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

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

	Individual Quarter		Cumulative Quarter	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
<b>Group</b>				
Net profit attributable to equity holder of the Bank (RM'000)	252,139	232,146	252,139	232,146
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/Diluted earnings per share (sen)	<u>30.74</u>	<u>28.30</u>	<u>30.74</u>	<u>28.30</u>

	Individual Quarter		Cumulative Quarter	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
<b>Bank</b>				
Net profit attributable to equity holder of the Bank (RM'000)	225,756	205,925	225,756	205,925
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/Diluted earnings per share (sen)	<u>27.52</u>	<u>25.10</u>	<u>27.52</u>	<u>25.10</u>

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**A23. BUSINESS SEGMENT ANALYSIS**

Group	Wholesale banking	Retail banking	Operating segments	Total
30 June 2015	RM'000	RM'000	RM'000	RM'000
External revenue	468,588	516,820	164,352	1,149,760
Revenue from other segments	(30,658)	44,949	(14,291)	-
Total operating revenue	437,930	561,769	150,061	1,149,760
Net interest Income	150,027	238,036	26,940	415,003
Other operating income	54,589	83,538	13,822	151,949
Share in results of associates	-	-	318	318
Other operating expenses	(67,891)	(155,240)	(52,186)	(275,317)
<i>of which:</i>				
<i>Depreciation of property and equipment</i>	(541)	(5,496)	(3,708)	(9,745)
<i>Amortisation of intangible assets</i>	(2,097)	(2,164)	(12,748)	(17,009)
Profit/(Loss) before provisions	136,725	166,334	(11,106)	291,953
Provisions - net	36,165	(13,430)	6,778	29,513
Profit/(Loss) before taxation	172,890	152,904	(4,328)	321,466
Taxation	(39,849)	(38,174)	8,696	(69,327)
Profit/(Loss) for the period	133,041	114,730	4,368	252,139
Other information				
Total segment assets	34,871,950	31,915,220	19,750,389	86,537,559
Total segment liabilities	35,241,254	32,435,160	10,553,355	78,229,769
Cost to income ratio	33.2%	48.3%	127.0%	48.5%
Gross loans and advances	26,313,631	31,687,074	2,642	58,003,347
Net loans and advances	25,984,926	31,270,475	(313,529)	56,941,872
Impaired loans and advances	239,534	670,947	-	910,481
Deposits	30,525,804	31,893,872	2,027,979	64,447,655
Additions to:				
Property and equipment	276	3,487	21,389	25,152
Intangible assets	1,140	2,572	24,488	28,200

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**A23. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

<b>Group</b>	<b>Wholesale banking</b>	<b>Retail banking</b>	<b>Operating segments</b>	<b>Total</b>
<b>30 June 2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	470,941	547,970	169,974	1,188,885
Revenue from other segments	8,244	22,715	(30,959)	-
Total operating revenue	479,185	570,685	139,015	1,188,885
Net interest Income	183,497	271,283	32,789	487,569
Other operating income	64,653	68,573	8,206	141,432
Share in results of associates	-	-	290	290
Other operating expenses	(76,563)	(166,272)	(70,957)	(313,792)
<i>of which:</i>				
<i>Depreciation of property and equipment</i>	(926)	(6,151)	(4,002)	(11,079)
<i>Amortisation of intangible assets</i>	(2,306)	(1,943)	(12,693)	(16,942)
Profit/(Loss) before provisions	171,587	173,584	(29,672)	315,499
Provisions - net	(1,290)	(19,135)	14,054	(6,371)
Profit/(Loss) before taxation	170,297	154,449	(15,618)	309,128
Taxation	(38,320)	(38,619)	(43)	(76,982)
Profit/(Loss) for the period	131,977	115,830	(15,661)	232,146
<b>Other information</b>				
Total segment assets	34,453,452	33,910,581	14,914,465	83,278,498
Total segment liabilities	36,878,353	33,444,704	5,331,218	75,654,275
Cost to income ratio	30.9%	48.9%	171.9%	49.9%
Gross loans and advances	27,965,693	33,724,792	(45,113)	61,645,372
Net loans and advances	27,569,889	33,080,156	(410,777)	60,239,268
Impaired loans and advances	351,480	932,676	-	1,284,156
Deposits	30,461,109	32,817,076	848,919	64,127,104
Additions to:				
Property and equipment	133	7,784	3,673	11,590
Intangible assets	1,101	814	13,544	15,459

Notes:

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

#### **A24. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2015**

The Group registered a profit before taxation ("pre-tax profit") of RM321.5 million representing a 4.0% increase compared to the pre-tax profit for the corresponding period last year.

For current financial period, the increase in pre-tax profit was attributable to writeback of allowance for impairment on loans and advances of RM25.4 million compared to allowance charged of RM25.6 million in the corresponding period last year. This was mainly due to lower impairment charges and higher recovery of impaired loans. Impaired loan ratio maintained at 1.6%. Other operating expenses was lower by RM38.5 million or 12.3% mainly due to decrease in personnel cost. Other operating income slightly increased by RM10.5 million or 7.4% due to higher net gains on trading activities from securities and gain on revaluation of securities offset by loss from derivatives and lower fee income from loans and advances.

The increase was offset by decrease in writeback of provision for commitments and contingencies by RM22.8 million and net interest income by RM72.6 million or 14.9%. The decrease in net interest income was mainly contributed by lower interest income from loans and advances coupled with higher interest expense from term funding and customers deposits.

The Group and the Bank remained well capitalized with Risk Weighted capital adequacy ratios of 16.4% and 15.8% respectively.

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

#### **A25. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2016**

In the first quarter of 2015, the Malaysian economy expanded 5.6% (Fourth quarter 2014: 5.7%) mainly driven by private sector demand. The services sector recorded growth in most sub-sectors, particularly the consumption-related sub-sectors. The manufacturing sector experienced better performance in the export-oriented industries, particularly the electronics and electrical segment (Source: Bank Negara Malaysia Quarterly Bulletin, First Quarter 2015).

For calendar year 2015, the Group forecasts a modest annual Gross Domestic Product ("GDP") growth of 4.7% due to weaker demand and softening of oil and commodity prices, mitigated by continued growth in domestic demand and a resilient export sector. Private consumption is expected to grow moderately this year whilst the household spending is being affected by the implementation of the Goods and Services Act ("GST") effective 1 April 2015, balanced with an increase in public investment.

Headline inflation is projected to hover around 2.0% to 2.3%, reflecting the impact of the implementation of GST and recent depreciation of Ringgit Malaysia, partially offset by the decline in oil and commodity prices.

Over the longer term, business and economic conditions are expected to remain challenging coupled with increasing pressures from compliance requirements. In the near to medium-term, the banking sector is expected to experience slower loans growth and narrowing net interest margins while asset quality may come under pressure.

At AmBank Group, we remain committed to deliver risk-adjusted returns with key measures in place to drive sustainable growth, supported by ongoing investments to improve our capabilities and customer experience. We remain focused on our FY2015-2017 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 Group's and the Bank's property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

#### **A27. EVENTS SUBSEQUENT TO REPORTING DATE**

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

#### **A28. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no significant changes in the composition of the Group for the financial quarter ended 30 June 2015.

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**A29. COMMITMENTS AND CONTINGENCIES**

- (a) In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their 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 principal/notional amounts of the commitments and contingencies of the Group and the Bank are as follows:

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<b>Contingent Liabilities</b>				
Direct credit substitutes	686,858	788,743	686,858	788,743
Transaction related contingent items	5,584,049	5,609,010	5,584,049	5,609,010
Short term self liquidating trade related contingencies	638,844	634,176	638,844	634,176
Obligations under on-going underwriting agreements	-	250,000	-	250,000
	<u>6,909,751</u>	<u>7,281,929</u>	<u>6,909,751</u>	<u>7,281,929</u>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,634,974	12,491,550	12,675,694	12,530,954
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,790,353	3,993,436	3,790,353	3,993,436
Unutilised credit card lines	2,349,513	3,361,539	2,349,513	3,361,539
Forward asset purchase	424,470	824,066	424,470	824,066
Others	200	200	150	150
	<u>19,199,510</u>	<u>20,670,791</u>	<u>19,240,180</u>	<u>20,710,145</u>
<b>Derivative Financial Instruments</b>				
<b>Foreign exchange related contracts</b>				
- One year or less	35,489,786	33,934,956	35,489,786	33,934,956
- Over one year to five years	2,561,859	2,500,277	2,561,859	2,500,277
- Over five years	1,981,863	1,950,414	1,981,863	1,950,414
<b>Interest rate related contracts</b>				
- One year or less	5,127,838	4,922,516	5,127,838	4,922,516
- Over one year to five years	32,387,934	30,856,561	32,387,934	30,856,561
- Over five years	7,983,707	8,433,307	7,983,707	8,433,307
<b>Credit related contracts</b>				
- Over one year to five years	220,816	327,515	220,816	327,515
- Over five years	440,472	326,889	440,472	326,889
<b>Equity and commodity related contracts</b>				
- One year or less	221,790	606,219	221,790	606,219
- Over one year to five years	71,187	69,830	71,187	69,830
	<u>86,487,252</u>	<u>83,928,484</u>	<u>86,487,252</u>	<u>83,928,484</u>
	<u>112,596,513</u>	<u>111,881,204</u>	<u>112,637,183</u>	<u>111,920,558</u>

## **A29. COMMITMENTS AND CONTINGENCIES (CONT'D.)**

(b) As at the reporting date, the associate of the Group has the following contingent liability:

AmTrustee Berhad ("AmTrustee") 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 approximately 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 approximately RM19.6 million together with interest and costs ("Zurich Suit").

AmTrustee was also served 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's application to strike out the Third Party Notice was allowed by the court. Meridian's appeal against this decision to the Court of Appeal was dismissed. Decision was handed down by the High Court against Meridian in KWAP's claim for a sum of approximately RM7.3 million with interest 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.

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.

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 another related company of AMMB Group, namely AmInvestment Bank Berhad as Co-Defendant and to increase the alleged loss and damage from approximately RM27.6 million to RM37.0 million.

The High Court dismissed Meridian's application to add AmInvestment Bank Berhad as a party to the Meridian's Suit "Order" but allowed Meridian's application to increase its claim against AmTrustee to approximately RM37.0 million. No appeal was filed by Meridian against this "Order", hence no litigation is pending today against AmInvestment Bank Berhad 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.

On 11 April 2013, the court decided as follows ("Decision"):

In the Zurich Suit:

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

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.

**A29. COMMITMENTS AND CONTINGENCIES (CONT'D.)**

(b) As at the reporting date, the associate of the Group has the following contingent liability (cont'd.):

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 RM20,000.00.

Both Meridian and Zurich have filed their appeals and AmTrustee has also filed its cross appeals against Meridian's and Zurich's appeals.

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.

The Court of Appeal had 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 19 May 2014.

On 19 May 2014, the Court of Appeal heard the appeals by all parties and subsequently, gave its decisions 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-appeals against Zurich's and Meridian's appeals were dismissed

In the Meridian Suit:

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

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.

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**A30. 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 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 periods.

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

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

About 0.9% (31 March 2015 : 1.0%) of the total Bank's financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.



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

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

	<b>Group</b>				<b>Bank</b>			
	<b>Valuation techniques</b>			<b>Total RM'000</b>	<b>Valuation techniques</b>			<b>Total RM'000</b>
	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>		<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	
<b>30 June 2015</b>								
<b>Assets measured at fair value</b>								
Derivative financial assets	1,634	1,242,923	-	1,244,557	1,634	1,242,923	-	1,244,557
Financial assets held-for-trading								
- Money market securities	-	1,148,132	-	1,148,132	-	1,148,132	-	1,148,132
- Equities	226,629	-	-	226,629	226,629	-	-	226,629
- Quoted private debt securities	38,754	-	-	38,754	38,754	-	-	38,754
- Unquoted private debt securities	-	816,344	-	816,344	-	816,344	-	816,344
Financial investments available-for-sale								
- Money market securities	-	2,403,111	-	2,403,111	-	2,403,111	-	2,403,111
- Equities	167,229	-	-	167,229	167,191	-	-	167,191
- Unquoted private debt securities	-	3,674,217	-	3,674,217	-	3,674,217	87,954	3,762,171
	<b>434,246</b>	<b>9,284,727</b>	<b>-</b>	<b>9,718,973</b>	<b>434,208</b>	<b>9,284,727</b>	<b>87,954</b>	<b>9,806,889</b>
<b>Liabilities measured at fair value</b>								
Derivative financial liabilities	2,513	1,201,374	-	1,203,887	2,513	1,201,374	-	1,203,887

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

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

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

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

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

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

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

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<b>Financial investments available-for-sale:</b>				
Balance at beginning of financial year	-	417	95,076	123,317
Total gains recognised in:				
- income statement:				
- other operating income	3	325	3	325
- other comprehensive income	-	-	171	1,667
Settlements	(3)	(742)	(7,296)	(30,233)
Balance at end of financial period/year	-	-	87,954	95,076

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

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<b>Financial investments available-for-sale:</b>				
Total gains included in:				
- other comprehensive income	-	-	171	1,667

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

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

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

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**A31. CAPITAL ADEQUACY**

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

	Group		Bank	
	30 June 2015	31 March 2015	30 June 2015	31 March 2015
<b>Before deducting proposed dividends</b>				
Common Equity Tier 1 Capital Ratio	11.540%	11.228%	10.966%	10.653%
Tier 1 Capital Ratio	13.372%	13.021%	12.799%	12.446%
Total Capital Ratio	17.054%	16.649%	16.456%	16.020%
<b>After deducting proposed dividends</b>				
Common Equity Tier 1 Capital Ratio	10.896%	10.599%	10.322%	10.023%
Tier 1 Capital Ratio	12.728%	12.391%	12.155%	11.816%
Total Capital Ratio	16.411%	16.019%	15.813%	15.390%

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

	Transitional arrangements		
	Calender year 2013	Calender year 2014	Calender year 2015 onwards
Common Equity Tier 1 ("CET 1") Capital Ratio	3.5%	4.0%	4.5%
Tier 1 Capital Ratio	4.5%	5.5%	6.0%
Total Capital Ratio	8.0%	8.0%	8.0%

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**A31. CAPITAL ADEQUACY (CONT'D.)**

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

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<b><u>CET 1 Capital</u></b>				
Ordinary shares	820,364	820,364	820,364	820,364
Share premium	942,844	942,844	942,844	942,844
Retained earnings	4,721,311	5,147,900	4,447,498	4,874,087
Available-for-sale reserve	2,714	1,207	2,961	1,323
Foreign currency translation reserve	52,466	50,537	51,770	50,585
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	104,149	104,149	-	-
Cash flow hedging reserve/(deficit)	4,648	(481)	4,648	(481)
Less: Regulatory adjustments applied on CET1 Capital				
Intangible assets	(334,987)	(334,749)	(328,487)	(327,689)
Deferred tax assets	(63,514)	(102,546)	(62,293)	(98,869)
55% of cumulative gains of available- for-sale financial instruments	(1,492)	(664)	(1,629)	(728)
Cash flow hedging (deficit)/reserve	(4,648)	481	(4,648)	481
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(952)	(825)	(15,444)	(28,652)
Total CET1 Capital	7,223,872	7,609,186	6,838,553	7,214,234
<b><u>Additional Tier 1 Capital</u></b>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,214,570	1,214,570	1,214,570	1,214,570
Total Tier 1 Capital	8,438,442	8,823,756	8,053,123	8,428,804
<b><u>Tier 2 Capital</u></b>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	400,000	400,000	400,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,310,000	1,310,000	1,310,000	1,310,000
Collective allowance and regulatory reserves	732,592	749,739	736,464	753,172
Less : Regulatory adjustments applied on Tier 2 Capital	(1,428)	(1,237)	(23,166)	(42,978)
Total Tier 2 capital	2,441,164	2,458,502	2,423,298	2,420,194
<b>Total Capital</b>	<b>10,879,606</b>	<b>11,282,258</b>	<b>10,476,421</b>	<b>10,848,998</b>

The breakdown of the Risk Weighted Assets ("RWA") in various categories of risk is as follows:

	Group		Bank	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Credit RWA	58,607,394	59,979,086	58,917,119	60,253,770
Market RWA	2,760,625	2,774,956	2,760,195	2,774,466
Operational RWA	4,927,994	5,012,317	4,576,278	4,694,931
Large exposure risk RWA for equity holdings	-	1,036	-	-
<b>Total RWA</b>	<b>66,296,013</b>	<b>67,767,395</b>	<b>66,253,592</b>	<b>67,723,167</b>

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

**A32. RESTATEMENT OF COMPARATIVE INFORMATION**

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

The financial effects arising from the above are as follows:

**Reconciliation of income statements**

	<b>As previously reported RM'000</b>	<b>Restatement RM'000</b>	<b>As restated RM'000</b>
<b>Income statements for the quarter ended 30 June 2014</b>			
<b>Group</b>			
Interest expense	(562,303)	2,419	(559,884)
Other operating expenses	(311,373)	(2,419)	(313,792)
<b>Bank</b>			
Interest expense	(562,768)	2,419	(560,349)
Other operating expenses	(339,508)	(2,419)	(341,927)

**A33. ISLAMIC BANKING BUSINESS**

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