

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Group		Company	
		30.06.15 RM'000	31.03.15 RM'000	30.06.15 RM'000	31.03.15 RM'000
ASSETS					
Cash and short-term funds		11,261,418	10,758,600	4,408	12,464
Securities purchased under resale agreements		212,658	-	-	-
Deposits and placements with banks and other financial institutions		3,098,476	4,068,819	29,857	25,131
Derivative financial assets	A30	1,244,124	1,437,537	-	-
Financial assets held-for-trading	A8	5,108,315	4,674,223	-	-
Financial investments available-for-sale	A9	10,567,294	10,387,275	111,482	110,704
Financial investments held-to-maturity	A10	3,884,527	3,864,508	-	-
Loans, advances and financing	A11	84,066,160	86,173,795	-	-
Receivables: Investments not quoted in active markets		554,391	551,163	-	-
Statutory deposits with Bank Negara Malaysia	A12	3,152,178	3,214,591	-	-
Deferred tax assets		37,100	83,434	-	-
Investments in subsidiaries		-	-	9,507,225	9,507,225
Investment in associates and joint ventures		658,420	662,273	-	-
Other assets	A13	3,690,560	3,667,045	12,788	20,381
Reinsurance, retakaful assets and other insurance receivables	A14	437,160	433,929	-	-
Investment properties		7,713	7,713	-	-
Property and equipment		281,300	266,562	503	536
Intangible assets		3,348,963	3,348,121	-	-
Assets held for sale		83,775	204,236	-	-
TOTAL ASSETS		131,694,532	133,803,824	9,666,263	9,676,441
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	A15	3,068,092	2,301,664	-	-
Securities sold under repurchase agreements		6,552	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		1,960,738	2,769,585	-	-
Derivative financial liabilities	A30	1,203,832	1,385,478	-	-
Deposits from customers	A16	89,840,029	92,130,049	-	-
Term funding		8,592,452	8,302,354	1,206,000	1,206,000
Investment accounts		15,865	-	-	-
Debt capital		4,587,034	4,580,573	-	-
Redeemable cumulative convertible preference share		201,041	198,821	-	-
Deferred tax liabilities		118,150	116,557	-	-
Other liabilities	A17	3,736,675	3,917,675	50,803	40,873
Insurance, takaful contract liabilities and other insurance payables	A18	2,570,635	2,544,649	-	-
Liabilities directly associated with assets held for sale		-	48,995	-	-
Total Liabilities		115,901,095	118,296,400	1,256,803	1,246,873
Share capital		3,014,185	3,014,185	3,014,185	3,014,185
Reserves		11,822,435	11,440,960	5,395,275	5,415,383
Equity attributable to equity holders of the Company		14,836,620	14,455,145	8,409,460	8,429,568
Non-controlling interests		956,817	1,052,279	-	-
Total Equity		15,793,437	15,507,424	8,409,460	8,429,568
TOTAL LIABILITIES AND EQUITY		131,694,532	133,803,824	9,666,263	9,676,441
COMMITMENTS AND CONTINGENCIES	A29	117,856,783	116,765,056	-	-

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015 (CONT'D.)

	Note	Group 30.06.15 RM'000	31.03.15 RM'000
CAPITAL ADEQUACY RATIOS	A32		
Before deducting proposed dividends:			
Common Equity Tier 1 ("CET1") Capital ratio		11.202%	10.975%
Tier 1 Capital ratio		12.493%	12.245%
Total Capital ratio		16.525%	16.233%
After deducting proposed dividends:			
CET1 Capital ratio		10.727%	10.508%
Tier 1 Capital ratio		12.018%	11.778%
Total Capital ratio		16.050%	15.766%
 NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		 4.92	 4.80

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Operating revenue	A25	2,109,103	2,582,906	2,109,103	2,582,906
Interest income	A19	1,016,205	1,081,684	1,016,205	1,081,684
Interest expense	A20	(592,669)	(576,284)	(592,669)	(576,284)
Net interest income		423,536	505,400	423,536	505,400
Net income from Islamic banking business		206,921	208,049	206,921	208,049
Income from insurance business		379,523	419,661	379,523	419,661
Insurance claims and commissions		(270,112)	(304,556)	(270,112)	(304,556)
Net income from insurance business	A21	109,411	115,105	109,411	115,105
Other operating income	A22	223,698	636,418	223,698	636,418
Share in results of associates and joint ventures		252	1,029	252	1,029
Net income		963,818	1,466,001	963,818	1,466,001
Other operating expenses	A23	(484,213)	(554,230)	(484,213)	(554,230)
Acquisition and business efficiency expenses		(3,102)	(72,842)	(3,102)	(72,842)
Operating profit		476,503	838,929	476,503	838,929
(Allowances)/Writeback for impairment on loans, advances and financing	A24	(10,723)	(81,069)	(10,723)	(81,069)
Net impairment (loss)/writeback on:					
Financial investments		-	5,000	-	5,000
Doubtful sundry receivables		(18)	(32,478)	(18)	(32,478)
Foreclosed properties		(84)	(5,558)	(84)	(5,558)
Intangible assets		-	(125)	-	(125)
(Provision made)/Writeback of provision for commitments and contingencies		18,124	1,924	18,124	1,924
Transfer to profit equalisation reserve		(1,406)	(838)	(1,406)	(838)
Profit before taxation and zakat		482,396	725,785	482,396	725,785
Taxation and zakat	B5	(113,734)	(157,935)	(113,734)	(157,935)
Profit for the period		368,662	567,850	368,662	567,850
Attributable to:					
Equity holders of the Company		339,511	536,940	339,511	536,940
Non-controlling interests		29,151	30,910	29,151	30,910
Profit for the period		368,662	567,850	368,662	567,850
EARNINGS PER SHARE (SEN)	B11				
Basic		11.31	17.86	11.31	17.86
Fully diluted		11.30	17.85	11.30	17.85

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Profit for the period	368,662	567,850	368,662	567,850
Other comprehensive income/(loss):				
Items that may be reclassified to income statement				
Exchange differences on translation of				
- foreign operations	11,662	(6,815)	11,662	(6,815)
- net investment hedge	(3,747)	(1,908)	(3,747)	(1,908)
Net movement on cash flow hedge	6,749	5,303	6,749	5,303
Net movement on financial investments available-for-sale ("AFS")	28,084	(11,902)	28,084	(11,902)
	<u>42,748</u>	<u>(15,322)</u>	<u>42,748</u>	<u>(15,322)</u>
Income tax relating to the components of other comprehensive income/(loss)	(4,315)	1,560	(4,315)	1,560
Other comprehensive income/(loss) for the period, net of tax	38,433	(13,762)	38,433	(13,762)
Total comprehensive income for the period	<u>407,095</u>	<u>554,088</u>	<u>407,095</u>	<u>554,088</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company	378,678	532,904	378,678	532,904
Non-controlling interests	28,417	21,184	28,417	21,184
	<u>407,095</u>	<u>554,088</u>	<u>407,095</u>	<u>554,088</u>

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AMMB HOLDINGS BERHAD
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UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015

Company	Note	Individual Quarter		Cumulative Quarter	
		30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Operating revenue	A25	1,007	3,521	1,007	3,521
Interest income	A19	221	2,168	221	2,168
Interest expense	A20	(13,981)	(20,396)	(13,981)	(20,396)
Net interest income		(13,760)	(18,228)	(13,760)	(18,228)
Other operating income	A22	786	1,353	786	1,353
Net income		(12,974)	(16,875)	(12,974)	(16,875)
Other operating expenses	A23	(10,158)	(5,486)	(10,158)	(5,486)
Profit before taxation and zakat		(23,132)	(22,361)	(23,132)	(22,361)
Taxation and zakat		-	-	-	-
Profit for the period		(23,132)	(22,361)	(23,132)	(22,361)

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015

Group	Attributable to Equity Holders of the Company														Total equity
	Non-Distributable										Distributable				
	Ordinary share capital	Share premium	Statutory reserve	Regulatory reserve	Profit equalisation reserve	AFS reserve/ (deficit)	Cash flow hedging reserve	Foreign currency translation reserve/ (deficit)	Executives' share scheme reserve	Shares held in trust for ESS	Retained Earnings Non-participating funds	Total	Non-controlling interests		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 01.04.14	3,014,185	2,537,372	1,938,849	-	1,260	(41,687)	3,030	8,213	79,456	(58,434)	132,993	5,527,704	13,142,941	951,448	14,094,389
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	536,940	536,940	30,910	567,850
Other comprehensive income/(loss), net	-	-	-	-	-	593	4,071	(8,700)	-	-	-	-	(4,036)	(9,726)	(13,762)
Total comprehensive income for the period	-	-	-	-	-	593	4,071	(8,700)	-	-	-	536,940	532,904	21,184	554,088
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	-	-	-	-	-	-	(11,908)	-	-	(11,908)	-	(11,908)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	851	-	-	-	851	-	851
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(37,353)	36,211	-	-	(1,142)	-	(1,142)
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	3,368	3,368	(2)	3,366
Net utilisation of profit equalisation reserve	-	-	-	-	277	-	-	-	-	-	-	(277)	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	2,311	3,338	5,649	-	5,649
Redemption of shares in AmPrivate Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,543)	(2,543)
Arising from disposal of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(132,993)	318,412	185,419	-	185,419
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,000)	(1,000)
Transactions with owners and other equity movements	-	-	-	-	277	-	-	-	(36,502)	24,303	(130,682)	324,841	182,237	(3,545)	178,692
At 30.06.14	3,014,185	2,537,372	1,938,849	-	1,537	(41,094)	7,101	(487)	42,954	(34,131)	2,311	6,389,485	13,858,082	969,087	14,827,169

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

Group	Attributable to Equity Holders of the Company														
	Non-Distributable										Distributable				
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Profit equalisation reserve RM'000	AFS reserve/ (deficit) RM'000	Cash hedging reserve/ (deficit) RM'000	Foreign currency reserve RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained Earnings Non- participating funds RM'000	RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 01.04.15	3,014,185	2,537,372	1,938,849	2,800	3,904	21,822	(481)	68,456	69,993	(86,110)	54,175	6,830,180	14,455,145	1,052,279	15,507,424
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	339,511	339,511	29,151	368,662
Other comprehensive income/(loss), net	-	-	-	-	-	26,113	5,129	7,925	-	-	-	-	39,167	(734)	38,433
Total comprehensive income for the period	-	-	-	-	-	26,113	5,129	7,925	-	-	-	339,511	378,678	28,417	407,095
Purchase of shares pursuant to ESS [^]	-	-	-	-	-	-	-	-	-	(3,004)	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	4,119	-	-	-	4,119	-	4,119
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(15,320)	16,412	-	-	1,092	-	1,092
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	285	285	(18)	267
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net utilisation of profit equalisation reserve	-	-	-	-	(3,904)	-	-	-	-	-	-	3,904	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	(2,531)	2,531	-	-	-
Redemption of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,056)	(1,056)
Arising from disposal of subsidiary	-	-	-	-	-	(457)	-	21,328	-	-	-	(20,566)	305	(305)	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(122,500)	(122,500)
Transactions with owners and other equity movements	-	-	-	-	(3,904)	-	-	-	(11,201)	13,408	(2,531)	(13,846)	2,797	(123,879)	(121,082)
At 30.06.15	3,014,185	2,537,372	1,938,849	2,800	-	47,478	4,648	97,709	58,792	(72,702)	51,644	7,155,845	14,836,620	956,817	15,793,437

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AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

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

Company	Attributable to Equity Holders of the Company					
	Non-Distributable			Distributable		
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.14	3,014,185	2,536,065	79,456	(58,434)	2,454,052	8,025,324
Profit for the period	-	-	-	-	(22,361)	(22,361)
Other comprehensive income, net	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(22,361)	(22,361)
Purchase of shares pursuant to ESS [^]	-	-	-	(11,908)	-	(11,908)
Share-based payment under ESS, net	-	-	851	-	-	851
ESS shares vested to employees of subsidiaries	-	-	(37,353)	36,211	3,632	2,490
Transactions with owners and other equity movements	-	-	(36,502)	24,303	3,632	(8,567)
At 30.06.14	3,014,185	2,536,065	42,954	(34,131)	2,435,323	7,994,396

Company	Attributable to Equity Holders of the Company					
	Non-Distributable			Distributable		
	Ordinary share capital RM'000	Share premium RM'000	Executives' share scheme reserve RM'000	Shares held in trust for ESS RM'000	Retained earnings RM'000	Total equity RM'000
At 01.04.15	3,014,185	2,536,065	69,993	(86,110)	2,895,435	8,429,568
Profit for the period	-	-	-	-	(23,132)	(23,132)
Other comprehensive income, net	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(23,132)	(23,132)
Purchase of shares pursuant to ESS ^{^^}	-	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	4,119	-	-	4,119
ESS shares vested to employees of subsidiaries	-	-	(15,320)	16,412	817	1,909
Transactions with owners and other equity movements	-	-	(11,201)	13,408	817	3,024
At 30.06.15	3,014,185	2,536,065	58,792	(72,702)	2,873,120	8,409,460

[^] Represents the purchase of 1,655,100 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM7.19 per share.

^{^^} Represents the purchase of 472,400 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.36 per share.

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AMMB HOLDINGS BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015

	Group		Company	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Profit/(Loss) before taxation and zakat	482,396	725,785	(23,132)	(22,361)
Add/(Less) adjustments for:				
Accretion of discount less amortisation of premium	(27,638)	(40,416)	-	-
Allowance/(Writeback of allowance) for losses on loans, advances and financing	137,162	210,159	-	-
Dividend income from investments	(11,434)	(12,968)	(786)	(1,172)
Net gain on revaluation of derivatives	31,030	(3,899)	-	-
Net gain on revaluation of financial assets held-for-trading	(21,367)	(4,699)	-	-
Net gain on sale of financial investments available-for-sale	(20,031)	(31,050)	-	9
Net (gain)/loss on sale of financial assets held-for-trading	(1,197)	1,373	-	-
Other non-operating and non-cash items	19,749	(451,147)	38	42
Operating profit/(loss) before working capital changes	588,670	393,138	(23,880)	(23,482)
<i>Decrease/(Increase) in operating assets:</i>				
Securities purchased under resale agreements	(212,658)	-	-	-
Deposits and placements with banks and other financial institutions	971,113	160,275	(4,726)	(46,258)
Financial assets held-for-trading	(410,350)	(301,613)	-	-
Loans, advances and financing	1,970,143	1,337,722	-	-
Receivables: Investments not quoted in active markets	3,544	106,649	-	-
Statutory deposits with Bank Negara Malaysia	62,413	(36,992)	-	-
Other assets	826,825	1,016,988	7,808	(15,463)
Reinsurance, retakaful assets and other insurance receivables	(3,231)	61,589	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits and placements of banks and other financial institutions	766,428	(1,995,401)	-	-
Securities sold under repurchase agreements	6,552	-	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	(808,847)	(5,232)	-	-
Deposits from customers	(2,290,020)	(2,761,548)	-	-
Term funding	325,586	(509,441)	-	-
Other liabilities	(372,865)	(820,114)	(1,272)	(19,998)
Insurance, takaful contract liabilities and other insurance payables	25,986	(53,511)	-	-
Cash generated from/(used in) operations	1,449,289	(3,407,491)	(22,070)	(105,201)
Taxation and zakat paid	(626,573)	(139,070)	(215)	(380)
Net cash generated from/(used in) operating activities	822,716	(3,546,561)	(22,285)	(105,581)
<i>Cash flows from investing activities</i>				
Arising from purchase of shares for ESS by the appointed trustee	(3,004)	(11,908)	(3,004)	(11,908)
Dividends received from other investments	12,813	16,170	8	7
ESS shares vested to eligible employees	16,413	36,211	16,412	36,209
Net cash inflow from disposal of equity interests in subsidiaries	(53,538)	661,193	-	-
Proceeds from disposal of property and equipment and intangible assets	2,282	68	-	-
Disposal/(Purchase) of financial investments - net	(128,246)	(500,831)	-	27,180
Purchase of property and equipment and intangible assets	(65,975)	(37,757)	(5)	-
Transfer of ESS shares recharged difference on purchase price for shares vested	285	3,368	818	3,632
Net cash generated from/(used in) investing activities	(218,970)	166,514	14,229	55,120

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015 (CONT'D.)

	Group		Company	
	30.06.15	30.06.14	30.06.15	30.06.14
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
Dividends paid to non-controlling interests by subsidiaries	(122,500)	(1,000)	-	-
Redemption of shares in subsidiary by non-controlling interests	(1,056)	(2,543)	-	-
Net cash used in financing activities	<u>(123,556)</u>	<u>(3,543)</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	480,190	(3,383,590)	(8,056)	(50,461)
Cash and cash equivalents at beginning of financial year	10,781,256	10,407,955	12,464	53,189
Effect of exchange rate changes	(28)	1,491	-	-
Cash and cash equivalents at end of period	<u>11,261,418</u>	<u>7,025,856</u>	<u>4,408</u>	<u>2,728</u>

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia. These financial statements also comply with IAS 34, Interim Financial Reporting.

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Company for the financial year ended 31 March 2015 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

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

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

- 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 and interpretations did not have any material impact on the financial statements of the Group and the Company.

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

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.

Annual Improvements to MFRSs 2010-2012 Cycle

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

(i) MFRS 2: Share-based Payment

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

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

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

(ii) MFRS 3: Business Combinations

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

(iii) MFRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

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

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

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

(v) MFRS 124: Related Party Disclosures

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

Annual Improvements to MFRSs 2011-2013 Cycle

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

(i) MFRS 3: Business Combinations

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

(ii) MFRS 13: Fair Value Measurement

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

(iii) MFRS 140: Investment Property

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

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

Bank Negara Malaysia ("BNM") Policy Documents

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

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

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

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

A1. BASIS OF PREPARATION (CONT'D.)

Bank Negara Malaysia (“BNM”) Policy Documents (Cont'd.)

BNM Policy Document on Investment Account and the Transition Policy under the Islamic Financial Services Act 2013 (“IFSA”) (Cont'd.)

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

The accounting policy adopted for Investment Account is as follows:

Unrestricted Investment Account

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

Distribution of profit between the unrestricted IAH and the Group

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

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

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

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

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

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

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

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 Company's financial statements. The Group and the Company intend to adopt the relevant standards when they become effective.

Description	Effective from financial year ending
- Annual Improvements to MFRSs 2012-2014 Cycle	31 March 2017
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	31 March 2017
- Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	31 March 2017
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	31 March 2017
- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	31 March 2017
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	31 March 2017

A1. BASIS OF PREPARATION (CONT'D.)

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

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

Description	Effective from financial year ending
- 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 Company are assessing the financial effects of their adoption.

Standards effective from financial year ending 31 March 2017

Annual Improvements to MFRSs 2012-2014 Cycle

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

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

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

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

(ii) MFRS 7 Financial Instruments: Disclosures

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

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

(iii) MFRS 119 Employee Benefits

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

(iv) MFRS 134 Interim Financial Reporting

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

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

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

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 and are measured at fair value less costs to sell. The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted.

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.

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.

Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

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.

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

A1. BASIS OF PREPARATION (CONT'D.)

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

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group and the Company are existing MFRS preparers, this standard would not apply.

Standards effective from 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 MFR 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.

Standards effective from 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 Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

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

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 30 June 2015.

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

The Company has not issued any new shares and debentures during the financial quarter.

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

A7. DIVIDENDS PAID

No dividend has been paid during the current financial quarter.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	7,478	9,830
Malaysia Islamic Treasury Bills	41,830	-
Malaysian Government Securities	596,131	797,037
Government Investment Issues	287,345	491,950
Foreign government Investment Certificates	73,747	-
Cagamas bonds	95,753	109,111
Bank Negara Monetary Notes	290,683	14,767
	<u>1,392,967</u>	<u>1,422,695</u>
Quoted Securities:		
In Malaysia:		
Shares	63,338	71,323
Unit trusts	39,646	14,519
Private debt securities	38,754	39,394
Outside Malaysia:		
Shares	131,241	95,933
	<u>272,979</u>	<u>221,169</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,300,593	2,863,838
Outside Malaysia:		
Private debt securities	141,776	166,521
	<u>3,442,369</u>	<u>3,030,359</u>
Total	<u>5,108,315</u>	<u>4,674,223</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	30.06.15 RM'000	31.03.15 RM'000	30.06.15 RM'000	31.03.15 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	39,997	39,691	-	-
Malaysian Government Securities	399,787	350,238	-	-
Government Investment Issues	1,054,574	576,623	-	-
Bank Negara Monetary Notes	49,621	634,483	-	-
Negotiable instruments of deposits	1,200,272	600,078	-	-
Islamic negotiable instruments of deposit	2,391,059	3,045,886	-	-
Islamic Treasury Bills	28,055	-	-	-
	<u>5,163,365</u>	<u>5,246,999</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	49,312	51,271	-	-
Unit trusts	817,000	681,686	111,482	110,704
Outside Malaysia:				
Shares	59,454	41,636	-	-
	<u>925,766</u>	<u>774,593</u>	<u>111,482</u>	<u>110,704</u>
Unquoted Securities:				
In Malaysia:				
Unit trusts	33,894	33,343	-	-
Private debt securities	4,010,546	3,910,263	-	-
Outside Malaysia:				
Unit trusts	314	314	-	-
Private debt securities	313,667	301,957	-	-
	<u>4,358,421</u>	<u>4,245,877</u>	<u>-</u>	<u>-</u>
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	119,569	119,643	-	-
Outside Malaysia:				
Shares	173	163	-	-
	<u>119,742</u>	<u>119,806</u>	<u>-</u>	<u>-</u>
Total	<u>10,567,294</u>	<u>10,387,275</u>	<u>111,482</u>	<u>110,704</u>

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Foreign Treasury Bills	528,518	518,486
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,362,207	3,352,220
	3,890,725	3,870,706
Less: Accumulated impairment losses	(6,198)	(6,198)
Total	<u>3,884,527</u>	<u>3,864,508</u>

A11. LOANS, ADVANCES AND FINANCING

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans	25,870,142	26,101,737
Revolving credit	9,865,387	10,990,796
Housing loans/financing	15,855,712	15,529,057
Staff loans	123,047	126,200
Hire-purchase receivables	23,457,184	24,096,098
Credit card receivables	1,634,513	1,712,916
Overdraft	2,958,152	3,225,224
Claims on customers under acceptance credits	3,740,671	3,756,802
Trust receipts	1,208,118	1,330,515
Bills receivables	763,202	796,914
Others	180,672	156,783
Gross loans, advances and financing	<u>85,656,800</u>	<u>87,823,042</u>
Allowance for impairment on loans, advances and financing:		
Collective allowance	(1,376,499)	(1,413,424)
Individual allowance	(214,141)	(235,823)
	<u>(1,590,640)</u>	<u>(1,649,247)</u>
Net loans, advances and financing	<u>84,066,160</u>	<u>86,173,795</u>

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Domestic banking institutions	4,157	6,718
Domestic non-bank financial institutions	1,724,654	2,162,647
Domestic business enterprises:		
Small and medium enterprises	11,936,157	12,154,408
Others	25,427,297	26,389,665
Government and statutory bodies	463,660	458,194
Individuals	44,559,799	45,016,784
Other domestic entities	178,961	196,804
Foreign individuals and entities	1,362,115	1,437,822
	<u>85,656,800</u>	<u>87,823,042</u>

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

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
In Malaysia	85,239,984	86,959,227
Outside Malaysia	416,816	863,815
	<u>85,656,800</u>	<u>87,823,042</u>

(c) Gross loans, advances and financing analysed by interest rate/rate of return sensitivity are as follows:

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Fixed rate:		
Housing loans/financing	632,234	647,158
Hire purchase receivables	21,578,847	22,101,194
Other fixed rate loans/financing	8,490,387	9,370,037
	<u>30,701,468</u>	<u>32,118,389</u>
Variable rate:		
Base lending/financing rate plus	29,147,043	29,416,068
Cost plus	23,909,898	24,676,178
Other variable rates	1,898,391	1,612,407
	<u>54,955,332</u>	<u>55,704,653</u>
	<u>85,656,800</u>	<u>87,823,042</u>

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.06.15 RM'000	31.03.15 RM'000
Agriculture	4,237,888	4,285,412
Mining and quarrying	3,695,843	3,075,692
Manufacturing	8,326,450	8,553,568
Electricity, gas and water	609,355	1,237,957
Construction	3,299,661	3,979,622
Wholesale and retail trade and hotels and restaurants	4,366,526	4,611,285
Transport, storage and communication	2,546,342	2,334,695
Finance and insurance	1,803,032	2,169,365
Real estate	8,466,885	8,667,880
Business activities	1,118,194	1,215,866
Education and health	1,652,761	1,707,568
Household of which:	45,124,490	45,494,173
Purchase of residential properties	15,702,191	15,389,672
Purchase of transport vehicles	22,158,466	22,713,649
Others	7,263,833	7,390,852
Others	409,373	489,959
	<u>85,656,800</u>	<u>87,823,042</u>

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

	Group	
	30.06.15 RM'000	31.03.15 RM'000
Maturing within one year	22,210,320	20,990,183
Over one year to three years	10,445,672	10,034,651
Over three years to five years	11,702,156	12,803,857
Over five years	41,298,652	43,994,351
	<u>85,656,800</u>	<u>87,823,042</u>

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

	Group	
	30.06.15 RM'000	31.03.15 RM'000
Gross		
Balance at beginning of financial year	1,572,730	1,662,141
Impaired during the period/year	472,589	1,989,676
Reclassified as non-impaired	(147,131)	(337,426)
Disposal of subsidiary	-	(9,905)
Recoveries	(152,182)	(666,728)
Amount written off	(204,781)	(1,065,479)
Exchange differences	-	451
Balance at end of financial period/year	<u>1,541,225</u>	<u>1,572,730</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.8%</u>	<u>1.8%</u>
Loan loss coverage excluding collateral values	<u>103.2%</u>	<u>104.9%</u>

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

(g) Impaired loans, advances and financing analysed by geographical distribution are as follows:

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
In Malaysia	1,541,225	1,572,730
Outside Malaysia	-	-
	1,541,225	1,572,730

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

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Agriculture	7,505	9,142
Mining and quarrying	6,638	7,041
Manufacturing	193,318	206,878
Electricity, gas and water	18,034	21,361
Construction	16,863	21,685
Wholesale and retail trade and hotels and restaurants	54,739	43,289
Transport, storage and communication	22,598	24,277
Finance and insurance	784	451
Real estate	429,361	398,608
Business activities	15,115	15,921
Education and health	12,345	12,603
Household of which:	750,387	797,552
Purchase of residential properties	329,216	360,538
Purchase of transport vehicles	365,426	366,612
Others	55,745	70,402
Others	13,538	13,922
	1,541,225	1,572,730

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

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Collective allowance		
Balance at beginning of financial year	1,413,424	1,950,384
Allowance made during the financial period/year, net	143,059	504,597
Reclassified to held for sale	-	(25)
Amount written off and others	(180,356)	(1,043,531)
Exchange fluctuation adjustments	372	1,999
Balance at end of financial period/year	1,376,499	1,413,424
 Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	 1.6%	 1.6%
Individual allowance		
Balance at beginning of financial year	235,823	167,552
Allowance made during the financial period/year, net	(5,897)	91,026
Disposal of subsidiary	-	(9,905)
Amount written off	(15,785)	(12,850)
Balance at end of financial period/year	214,141	235,823

A12. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest/profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as set percentages of total eligible liabilities.

A13. OTHER ASSETS

	Group		Company	
	30.06.15 RM'000	31.03.15 RM'000	30.06.15 RM'000	31.03.15 RM'000
Trade receivables, net of allowance for impairment	633,641	495,569	-	-
Other receivables, deposits and prepayments, net of allowance for impairment	1,849,918	1,944,792	7,548	15,353
Interest receivable, net of allowance for impairment	235,126	255,473	45	49
Fee receivable, net of allowance for impairment	50,933	73,532	-	-
Amount due from originators	456,356	464,711	-	-
Amount due from agents, brokers and reinsurers	22,601	15,742	-	-
Foreclosed properties, net of allowance for impairment	65,560	61,822	-	-
Tax recoverable	376,425	355,404	5,195	4,979
	<u>3,690,560</u>	<u>3,667,045</u>	<u>12,788</u>	<u>20,381</u>

Amount due from originators represents housing loans and personal loans/financing acquired from originators for onward sale to Cagamas Berhad with recourse.

A14. REINSURANCE, RETAKAFUL ASSETS AND OTHER INSURANCE RECEIVABLES

	Note	Group	
		30.06.15 RM'000	31.03.15 RM'000
Reinsurance assets from general insurance business		371,376	364,753
Other insurance receivables	(i)	<u>65,784</u>	<u>69,176</u>
		<u>437,160</u>	<u>433,929</u>
(i) Other insurance receivables			
Due premiums including agents/brokers and co-insurers balances		77,442	80,889
Amount owing by reinsurance and cedants		15,242	21,835
Allowance for impairment		<u>(26,900)</u>	<u>(33,548)</u>
		<u>65,784</u>	<u>69,176</u>

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.06.15 RM'000	31.03.15 RM'000
Licensed banks	1,650,153	913,644
Licensed investment banks	30,906	-
Bank Negara Malaysia	54,739	59,548
Other financial institutions	<u>1,332,294</u>	<u>1,328,472</u>
	<u>3,068,092</u>	<u>2,301,664</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Demand deposits	13,422,770	13,463,013
Savings deposits	5,328,906	5,254,753
Term/Investment deposits	70,879,873	73,401,321
Negotiable instruments of deposits	208,480	10,962
	<u>89,840,029</u>	<u>92,130,049</u>

The deposits are sourced from the following types of customers:

Business enterprises	39,870,347	41,988,048
Individuals	35,599,545	35,775,692
Government and statutory bodies	11,102,059	10,745,204
Others	3,268,078	3,621,105
	<u>89,840,029</u>	<u>92,130,049</u>

A17. OTHER LIABILITIES

	Group		Company	
	30.06.15	31.03.15	30.06.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Trade payables	628,151	482,916	-	-
Other payables and accruals	2,065,963	2,342,662	33,064	34,061
Interest payable on deposits and borrowings	818,392	811,443	17,739	6,812
Lease deposits and advance rentals	10,673	11,874	-	-
Provision for commitments and contingencies	138,263	156,266	-	-
Profit equalisation reserve	-	1,680	-	-
Provision for taxation	75,233	110,834	-	-
	<u>3,736,675</u>	<u>3,917,675</u>	<u>50,803</u>	<u>40,873</u>

A18. INSURANCE, TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	30.06.15 RM'000	31.03.15 RM'000
Insurance contract liabilities	(i)	2,490,927	2,467,505
Other insurance payables	(ii)	79,708	77,144
		<u>2,570,635</u>	<u>2,544,649</u>
 (i) Insurance contract liabilities			
		30.06.15	
	Gross contract liabilities	Reinsurance assets	Net contract liabilities
	RM'000	RM'000	RM'000
General insurance business	2,490,927	(371,376)	2,119,551
		<u>2,490,927</u>	<u>(371,376)</u>
		31.03.15	
	Gross contract liabilities	Reinsurance assets	Net contract liabilities
	RM'000	RM'000	RM'000
General insurance business	2,467,505	(364,753)	2,102,752
		<u>2,467,505</u>	<u>(364,753)</u>
 (ii) Other insurance payables			
		30.06.15	31.03.15
		RM'000	RM'000
Amount due to agents and intermediaries		27,259	24,658
Amounts due to reinsurers and cedants		52,449	52,486
		<u>79,708</u>	<u>77,144</u>

A19. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Short-term funds and deposits with financial institutions	48,610	41,830	48,610	41,830
Financial assets held-for-trading	37,977	23,405	37,977	23,405
Financial investments available-for-sale	61,268	72,732	61,268	72,732
Financial investments held-to-maturity	24,438	27,153	24,438	27,153
Loans and advances	834,586	909,641	834,586	909,641
Impaired loans and advances	1,411	1,853	1,411	1,853
Others	7,915	5,070	7,915	5,070
	<u>1,016,205</u>	<u>1,081,684</u>	<u>1,016,205</u>	<u>1,081,684</u>
 Company				
Short-term funds and deposits with financial institutions	221	2,168	221	2,168
	<u>221</u>	<u>2,168</u>	<u>221</u>	<u>2,168</u>

A20. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.15	30.06.14	30.06.15	30.06.14
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	462,867	447,643	462,867	447,643
Deposit and placements of banks and other financial institutions	6,759	5,367	6,759	5,367
Senior notes	49,862	43,584	49,862	43,584
Credit-Linked Notes	3,969	4,155	3,969	4,155
Securities sold under repurchase agreements	30	-	30	-
Recourse obligation on loans sold to Cagamas Berhad	10,136	10,151	10,136	10,151
Term loans	7,266	7,574	7,266	7,574
Subordinated term loans and notes	3,798	5,278	3,798	5,278
Interest on bonds	5,222	5,220	5,222	5,220
Medium term notes	17,226	20,648	17,226	20,648
Hybrid and Innovative Tier 1 capital securities	21,864	20,501	21,864	20,501
Others	3,670	6,163	3,670	6,163
	592,669	576,284	592,669	576,284
Company				
Senior notes	10,969	17,602	10,969	17,602
Term loans	3,012	2,794	3,012	2,794
	13,981	20,396	13,981	20,396

A21. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		379,523	374,216	379,523	374,216
Premium income from life and family takaful insurance business		-	45,445	-	45,445
		<u>379,523</u>	<u>419,661</u>	<u>379,523</u>	<u>419,661</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		30,844	6,431	30,844	6,431
General insurance claims		239,268	241,939	239,268	241,939
Life and family takaful insurance claims		-	56,186	-	56,186
		<u>270,112</u>	<u>304,556</u>	<u>270,112</u>	<u>304,556</u>
Total income from insurance business, net		<u>109,411</u>	<u>115,105</u>	<u>109,411</u>	<u>115,105</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		385,673	437,421	385,673	437,421
- change in unearned premium provision		30,298	28,556	30,298	28,556
		<u>415,971</u>	<u>465,977</u>	<u>415,971</u>	<u>465,977</u>
Premium ceded					
- insurance contract		(34,018)	(40,651)	(34,018)	(40,651)
- change in unearned premium provision		(2,430)	(5,665)	(2,430)	(5,665)
		<u>(36,448)</u>	<u>(46,316)</u>	<u>(36,448)</u>	<u>(46,316)</u>
		<u>379,523</u>	<u>419,661</u>	<u>379,523</u>	<u>419,661</u>
(b) Insurance claims					
- gross benefits and claims paid		210,232	359,313	210,232	359,313
- claims ceded to reinsurers		(15,630)	(36,345)	(15,630)	(36,345)
- change in contract liabilities - insurance contract		53,717	(72,408)	53,717	(72,408)
- change in contract liabilities ceded to reinsurers					
- insurance contract		(9,051)	47,565	(9,051)	47,565
		<u>239,268</u>	<u>298,125</u>	<u>239,268</u>	<u>298,125</u>

¹ Net of bancassurance commission paid/payable to subsidiaries of the Group of RM3,772,000 (30 June 2014: RM8,114,000) eliminated upon consolidation.

A22. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Fee and commission income:				
Fees on loans and securities	39,062	52,150	39,062	52,150
Corporate advisory	3,082	6,955	3,082	6,955
Guarantee fees	13,677	14,145	13,677	14,145
Underwriting commission	1,802	8,236	1,802	8,236
Portfolio management fees	8,573	8,969	8,573	8,969
Unit trust management fees	25,497	26,279	25,497	26,279
Property trust management fees	1,497	1,568	1,497	1,568
Brokerage fees and commission	14,175	17,697	14,175	17,697
Wealth management fees	6,153	8,013	6,153	8,013
Other fee and commission income	25,047	21,179	25,047	21,179
	<u>138,565</u>	<u>165,191</u>	<u>138,565</u>	<u>165,191</u>
Investment and trading income:				
Net gain/(loss) from sale of financial assets held-for-trading	389	(1,884)	389	(1,884)
Net gain from sale of financial investments available-for-sale	20,884	31,050	20,884	31,050
Net gain on revaluation of financial assets held-for-trading	21,593	4,841	21,593	4,841
Net foreign exchange gain ²	45,732	20,399	45,732	20,399
Net gain/(loss) on derivatives	(31,233)	3,899	(31,233)	3,899
Gain/(loss) on disposal of equity interests in subsidiaries:	(1,658)	389,975	(1,658)	389,975
Gross dividend income from:				
Financial assets held-for-trading	939	575	939	575
Financial investments available-for-sale	10,495	12,393	10,495	12,393
Others	298	1,081	298	1,081
	<u>67,439</u>	<u>462,329</u>	<u>67,439</u>	<u>462,329</u>
Other income:				
Net non-trading foreign exchange loss	(473)	(2,524)	(473)	(2,524)
Net gain on disposal of property and equipment	5	24	5	24
Rental income	1,090	1,485	1,090	1,485
Profit from sale of goods and services	9,650	8,188	9,650	8,188
Others	7,422	1,725	7,422	1,725
	<u>17,694</u>	<u>8,898</u>	<u>17,694</u>	<u>8,898</u>
	<u>223,698</u>	<u>636,418</u>	<u>223,698</u>	<u>636,418</u>

² Foreign exchange gain includes gains and losses from spot and forward contracts and other currency derivatives.

A22. OTHER OPERATING INCOME (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Investment and trading income:				
Gross dividend income from:				
Financial investments available-for-sale	786	1,172	786	1,172
	<u>786</u>	<u>1,172</u>	<u>786</u>	<u>1,172</u>
Other income:				
Others	-	181	-	181
	<u>-</u>	<u>181</u>	<u>-</u>	<u>181</u>
	<u>786</u>	<u>1,353</u>	<u>786</u>	<u>1,353</u>

A23. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Personnel costs:				
Salaries, allowances and bonuses	194,302	262,337	194,302	262,337
Shares/options granted under ESS	4,037	775	4,037	775
Pension costs	31,757	40,828	31,757	40,828
Social security cost	1,630	1,683	1,630	1,683
Others	26,041	22,169	26,041	22,169
	<u>257,767</u>	<u>327,792</u>	<u>257,767</u>	<u>327,792</u>
Establishment costs:				
Depreciation of property and equipment	12,534	15,361	12,534	15,361
Amortisation of intangible assets	21,074	21,631	21,074	21,631
Computerisation costs	45,929	54,394	45,929	54,394
Rental of premises	26,436	25,075	26,436	25,075
Cleaning, maintenance and security	7,346	6,824	7,346	6,824
Others	10,563	10,862	10,563	10,862
	<u>123,882</u>	<u>134,147</u>	<u>123,882</u>	<u>134,147</u>
Marketing and communication expenses:				
Sales commission	1,954	2,275	1,954	2,275
Advertising, promotional and other marketing activities	12,231	11,121	12,231	11,121
Telephone charges	5,719	4,364	5,719	4,364
Postage	3,743	3,864	3,743	3,864
Travel and entertainment	3,633	5,016	3,633	5,016
Others	5,476	7,520	5,476	7,520
	<u>32,756</u>	<u>34,160</u>	<u>32,756</u>	<u>34,160</u>
Administration and general expenses:				
Professional services	36,127	36,210	36,127	36,210
Donations	282	96	282	96
Travelling	1,606	2,228	1,606	2,228
Others	31,793	19,597	31,793	19,597
	<u>69,808</u>	<u>58,131</u>	<u>69,808</u>	<u>58,131</u>
	<u>484,213</u>	<u>554,230</u>	<u>484,213</u>	<u>554,230</u>

A23. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Personnel costs ³ :				
Salaries, allowances and bonuses	3,284	-	3,284	-
Pension costs	365	-	365	-
Others	194	2	194	2
	<u>3,843</u>	<u>2</u>	<u>3,843</u>	<u>2</u>
Establishment costs:				
Depreciation of property and equipment	38	42	38	42
Cleaning, maintenance and security	-	1	-	1
Others	3	3	3	3
	<u>41</u>	<u>46</u>	<u>41</u>	<u>46</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	13	3	13	3
Telephone charges	3	3	3	3
Postage	1	-	1	-
Travel and entertainment	21	7	21	7
	<u>38</u>	<u>13</u>	<u>38</u>	<u>13</u>
Administration and general expenses:				
Professional services	1,396	464	1,396	464
Travelling	-	24	-	24
Others	4,840	4,937	4,840	4,937
	<u>6,236</u>	<u>5,425</u>	<u>6,236</u>	<u>5,425</u>
	<u>10,158</u>	<u>5,486</u>	<u>10,158</u>	<u>5,486</u>

³ Personnel costs include salaries, allowances, bonuses, contributions to defined contribution plan and all other staff related expenses for Senior Management of the Company, namely Group Managing Director, Deputy Group Managing Director, Chief Financial Officer and Chief Risk Officer. In the previous year, the costs are fully recovered from its subsidiaries. However, for the current period, the costs are retained at the Company, on the consideration that the services to the subsidiaries, constitute shareholder activities as guided by Inland Revenue Board's Income Tax (Transfer Pricing) Rules 2012 (TP Rules 2012).

A24. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Allowance for impaired loans, advances and financing:				
Individual allowance, net	(5,897)	50,133	(5,897)	50,133
Collective allowance, net	143,059	160,026	143,059	160,026
Impaired loans, advances and financing:				
Written off	(269)	-	(269)	-
Recovered, net	(126,170)	(129,090)	(126,170)	(129,090)
	<u>10,723</u>	<u>81,069</u>	<u>10,723</u>	<u>81,069</u>

A25. BUSINESS SEGMENT ANALYSIS

Group

For the financial quarter ended 30.06.15	Wholesale banking RM'000	Retail banking RM'000	Insurance RM'000	Operating segments RM'000	Total RM'000
External revenue	740,564	793,220	419,757	155,562	2,109,103
Revenue from other segments	9,446	(63,718)	1,154	53,118	-
Total operating revenue	<u>750,010</u>	<u>729,502</u>	<u>420,911</u>	<u>208,680</u>	<u>2,109,103</u>
Net interest income	212,523	333,471	33,344	37,026	616,364
Other income	130,191	83,026	111,978	22,007	347,202
Income	<u>342,714</u>	<u>416,497</u>	<u>145,322</u>	<u>59,033</u>	<u>963,566</u>
Share in results of associates and joint ventures	-	1,225	(2,825)	1,852	252
Other operating expenses	<u>(123,047)</u>	<u>(216,011)</u>	<u>(67,465)</u>	<u>(80,792)</u>	<u>(487,315)</u>
<i>of which:</i>					
<i>Depreciation of property and equipment</i>	(1,229)	(5,497)	(1,864)	(5,088)	(13,678)
<i>Amortisation of intangible assets</i>	<u>(2,682)</u>	<u>(4,364)</u>	<u>(1,469)</u>	<u>(12,970)</u>	<u>(21,485)</u>
Profit/(Loss) before provisions	219,667	201,711	75,032	(19,907)	476,503
Provisions - net	<u>32,710</u>	<u>(44,154)</u>	<u>(706)</u>	<u>18,043</u>	<u>5,893</u>
Profit before taxation and zakat	252,377	157,557	74,326	(1,864)	482,396
Taxation and zakat	<u>(63,183)</u>	<u>(39,045)</u>	<u>(18,298)</u>	<u>6,792</u>	<u>(113,734)</u>
Profit for the period	<u>189,194</u>	<u>118,512</u>	<u>56,028</u>	<u>4,928</u>	<u>368,662</u>
Other information					
Total segment assets	51,008,953	45,985,536	5,375,408	29,324,635	131,694,532
Total segment liabilities	55,708,132	42,867,421	3,440,753	13,884,789	115,901,095
Cost to income ratio	35.9%	51.9%	46.4%	136.9%	50.6%
Gross loans/financing	39,859,581	45,845,490	9,547	(57,818)	85,656,800
Net loans/financing	39,399,243	45,202,163	9,547	(544,793)	84,066,160
Impaired loans, advances and financing	649,172	892,053	-	-	1,541,225
Total deposits	49,968,320	42,169,084	-	770,717	92,908,121
Additions to:					
Property and equipment	2,894	3,492	4,868	21,434	32,688
Intangible assets	2,091	2,574	4,136	24,486	33,287

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial quarter ended 30.06.14	Wholesale banking RM'000	Retail banking RM'000	Insurance RM'000	Operating segments RM'000	Total RM'000
External revenue	712,656	826,242	492,588	551,420	2,582,906
Revenue from other segments	85,701	(108,413)	1,374	21,338	-
Total operating revenue	<u>798,357</u>	<u>717,829</u>	<u>493,962</u>	<u>572,758</u>	<u>2,582,906</u>
Net interest income	254,432	375,849	31,315	34,222	695,818
Other income	159,613	69,822	145,575	394,144	769,154
Income	<u>414,045</u>	<u>445,671</u>	<u>176,890</u>	<u>428,366</u>	<u>1,464,972</u>
Share in results of associates and joint ventures	-	1,565	(3,374)	2,838	1,029
Other operating expenses	(157,220)	(228,012)	(77,921)	(163,919)	(627,072)
<i>of which:</i>					
<i>Depreciation of property and equipment</i>	(1,975)	(6,151)	(2,986)	(5,161)	(16,273)
<i>Amortisation of intangible assets</i>	(2,943)	(4,143)	(1,887)	(12,745)	(21,718)
Profit/(Loss) before provisions	<u>256,825</u>	<u>219,224</u>	<u>95,595</u>	<u>267,285</u>	<u>838,929</u>
Provisions - net	<u>28,212</u>	<u>(55,607)</u>	<u>1,995</u>	<u>(87,744)</u>	<u>(113,144)</u>
Profit before taxation and zakat	<u>285,037</u>	<u>163,617</u>	<u>97,590</u>	<u>179,541</u>	<u>725,785</u>
Taxation and zakat	<u>(68,679)</u>	<u>(40,580)</u>	<u>(23,286)</u>	<u>(25,390)</u>	<u>(157,935)</u>
Profit for the period	<u>216,358</u>	<u>123,037</u>	<u>74,304</u>	<u>154,151</u>	<u>567,850</u>

Other information

Total segment assets	48,576,447	48,166,499	5,171,398	23,153,179	125,067,523
Total segment liabilities	58,329,006	40,822,290	3,217,546	7,871,512	110,240,354
Cost to income ratio	38.0%	51.2%	44.1%	38.3%	42.8%
Gross loans/financing	39,695,788	48,078,254	13,850	(186,289)	87,601,603
Net loans/financing	39,184,657	47,158,197	13,850	(734,008)	85,622,696
Impaired loans, advances and financing	430,126	1,212,046	-	-	1,642,172
Total deposits	49,543,824	40,040,120	-	(521,092)	89,062,852
Additions to:					
Property and equipment	293	7,783	8,375	3,822	20,273
Intangible assets	1,326	815	1,797	13,546	17,484

Certain comparative figures have been restated to conform with current period's presentation.

A26. VALUATION OF PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

A27. EVENTS SUBSEQUENT TO REPORTING DATE

There were no other significant events subsequent to reporting date.

A28. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

There were no material changes in the composition of the Group and the Company for the current financial quarter other than as disclosed in Note B6.

A29. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the banking subsidiaries of the Company 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 other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

As at the reporting date, the commitments and contingencies are as follows:

	Group	
	30.06.15	31.03.15
	Principal/ Notional Amount RM'000	Principal/ Notional Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	15,722,955	15,126,229
over one year	5,073,070	4,970,928
Unutilised credit card lines	2,806,152	3,955,894
Forward asset purchases	691,010	824,066
	<u>24,293,187</u>	<u>24,877,117</u>
Contingent Liabilities		
Direct credit substitutes	873,426	996,116
Transaction related contingent items	6,293,790	6,355,902
Obligations under underwriting agreements	-	250,000
Short term self liquidating trade related contingencies	703,983	715,135
	<u>7,871,199</u>	<u>8,317,153</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	44,729,480	43,862,385
One year or less	5,127,838	4,922,517
Over one year to five years	32,807,935	31,036,563
Over five years	6,793,707	7,903,305
Foreign exchange related contracts:	40,008,221	38,377,491
One year or less	35,464,498	33,926,800
Over one year to five years	2,561,860	2,500,277
Over five years	1,981,863	1,950,414
Credit related contracts:	661,288	654,404
One year or less	220,816	-
Over one year to five years	110,147	327,515
Over five years	330,325	326,889
Equity and commodity related contracts:	293,408	676,506
One year or less	222,221	606,676
Over one year to five years	71,187	69,830
Over five years	-	-
	<u>85,692,397</u>	<u>83,570,786</u>
	<u>117,856,783</u>	<u>116,765,056</u>

A29. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

- (a) The Company has given unsecured guarantees amounting to RM150,000,000 (31 March 2015: RM150,000,000) on behalf of AmFutures Sdn Bhd for the payment and discharge of all monies due on trading accounts maintained by customers.
- (b) 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 RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Zurich Insurance Malaysia Berhad ("Zurich") (formerly known as Malaysian Assurance Alliance Berhad) for alleged loss and damages amounting to RM19,602,119.23 together with interest and costs ["Zurich Suit"]. Zurich had appointed Meridian as an external fund manager for certain of its insurance funds, and part of the insurance funds were deposited by Meridian with AmTrustee. The claim by Zurich in the Zurich Suit is part of the portion of the claim as mentioned in the above Meridian Suit. Just before the trial proceeded, Zurich added Meridian as a Co-Defendant in the Zurich Suit.

Proceedings at High Court

AmTrustee was also served on 2 September 2009 with a copy of a Third Party Notice dated 12 August 2009 by solicitors acting for Meridian. The Third Party Notice was taken against AmTrustee by Meridian to indemnify Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007. AmTrustee filed an application to strike out the Third Party Notice. The court allowed AmTrustee's application. Meridian appealed against this decision to the Court of Appeal and the Court of Appeal dismissed the appeal on 1 November 2010 ("Order"). With this Order, AmTrustee is no longer involved in KWAP's claim against Meridian. Decision was handed down by the High Court against Meridian in KWAP's claim on 5 May 2012 for a sum of RM7,254,050.42 with interest on the said sum from the date of the misappropriation of the said sum to the date of judgment and a further interest of 8% on the said sum from the date of judgment to the date of settlement of the judgment sum.

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

Parties filed several interim applications in the Meridian Suit amongst which was an application by Meridian to:-
- add another subsidiary of the Banking Group, namely AmInvestment Bank Berhad as Co-Defendant; and
- to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84.

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 from RM27,606,169.65 to RM36,967,166.84. 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.

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

A29. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(b) High Court Decision

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

In the Zurich Suit:

- the court dismissed Zurich's claim against AmTrustee with costs of RM100,000.00 and interest at 5% on the cost from the date of the decision to the date of settlement. Meridian on the other hand was found to be fully liable to Zurich and was ordered to pay the sum of RM19,602,119.23 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.

This essentially means that Meridian has to pay Zurich and Kumpulan Wang Amanah Persaraan ('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.

Proceedings at Court of Appeal

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

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

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

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

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

- Zurich Suit:
- (i) Zurich's appeal against the Decision in the Zurich Suit;
 - (ii) Meridian's appeal against the Decision in the Zurich Suit;
 - (iii) AmTrustee's cross-appeal against ZURICH's appeal in the Zurich Suit;
 - (iv) AmTrustee's cross-appeal against Meridian's appeal in the Zurich Suit;
- Meridian's Suit:
- (v) Meridian's appeal against the Decision in the Meridian Suit;
 - (vi) AmTrustee's appeal against Meridian's appeal in the Meridian Suit.

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

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

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

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

A29. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(b) Court of Appeal Decision

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

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

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

Proceedings at Federal Court

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

- (c) AmFutures Sdn Bhd ("AmF") and AmInvestment Bank Berhad ("AMIB") were served with a total of 19 suits by 19 individuals ("Claimants") in relation to a purported investment scheme called Futures Crude Palm Oil ("Alleged Scheme") allegedly offered by person(s) unknown to AmF and AMIB to the Claimants. In the suits, the Claimants claim for the return of their alleged principal investment sum and the return of investment in the Alleged Scheme.

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

The decision of the test case was delivered on 22 June 2015 in which the Court dismissed the claim against AmF and AMIB with costs. The Court further ordered the Claimant in the test case to pay costs to AmF and AMIB in the sum of RM35,000 while each of the Claimants in the remaining 18 test cases have been ordered to pay costs of RM8,000 each to AmF and AMIB. These sums were awarded jointly, meaning AmF and AMIB were awarded a total of RM89,500 each as costs.

- (d) During the previous financial year, AmMetLife Insurance Berhad (formerly known as AmLife Insurance Berhad) ("AmMetLife") received complaints from 9 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. Further complaints from 6 policyholders were received during the financial quarter. The Company and MetLife are working jointly in the process of investigating these complaints and assessing any financial impact thereon.

Under the terms for the sale by the Company to MetLife of shares in AmMetLife, the Group would fully indemnify MetLife or AmMetLife from any losses arising from incidences of mis-selling of certain specified insurance products occurring prior to the share sale.

A30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	30.06.15			31.03.15		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Interest rate related contracts:	39,939,479	150,052	151,983	38,722,385	164,303	179,699
- One year or less	4,777,838	4,186	6,693	4,102,517	1,889	6,836
- Over one year to three years	16,842,894	51,421	43,748	16,054,025	45,803	37,764
- Over three years	18,318,747	94,445	101,542	18,565,843	116,611	135,099
Foreign exchange related contracts:	40,008,222	1,042,199	1,037,572	38,377,491	1,216,197	1,172,071
- One year or less	35,464,500	577,501	605,052	33,926,800	784,662	761,802
- Over one year to three years	2,347,455	215,284	210,396	2,356,883	202,122	217,705
- Over three years	2,196,267	249,414	222,124	2,093,808	229,413	192,564
Credit related derivative contracts:	661,289	42,170	8,067	654,404	40,705	8,931
- One year or less	220,817	7,589	-	-	-	-
- Over one year to three years	110,147	522	86	327,515	7,572	-
- Over three years	330,325	34,059	7,981	326,889	33,133	8,931
Equity and commodity related contracts:	293,407	3,132	5,306	676,506	3,262	3,835
- One year or less	222,218	203	2,377	606,676	1,506	2,079
- Over one year to three years	-	-	-	-	-	-
- Over three years	71,189	2,929	2,929	69,830	1,756	1,756
	80,902,397	1,237,553	1,202,928	78,430,786	1,424,467	1,364,536
Hedging derivatives						
Interest rate related contracts -						
Interest rate swaps:						
Cash flow hedge	4,440,000	6,571	456	4,790,000	13,070	13,842
- One year or less	350,000	-	-	820,000	100	39
- Over one year to three years	1,515,000	-	-	1,380,000	1,165	2,642
- Over three years	2,575,000	6,571	456	2,590,000	11,805	11,161
Fair value hedge	350,000	-	448	350,000	-	7,100
- One year or less	-	-	-	-	-	-
- Over one year to three years	-	-	-	-	-	-
- Over three years	350,000	-	448	350,000	-	7,100
Total	85,692,397	1,244,124	1,203,832	83,570,786	1,437,537	1,385,478

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivative is one of the financial instruments engaged by the Group both for client solutions generating revenue for future as well as to manage the Group's own market risk exposure.

The principal foreign exchange rate contracts used are forward foreign exchange contracts, cross currency swaps and foreign exchange options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. A foreign exchange option is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified amount of one currency for another currency at a nominated strike rate during a certain period of time or on a specific date.

A30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Purpose of engaging in financial derivatives (Cont'd.)

An Interest Rate Option ("IRO") is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified underlying interest rate related asset e.g. the KLIBOR index at a nominated strike rate during a certain period of time or on a specific date. Basic IRO includes interest rate cap and interest rate floor.

The principal interest rate contracts used are interest rate futures, interest rate swaps and forward rate agreements. Forward rate agreements are contracts for the payment of the difference between a specified interest rate and a reference rate on a notional deposit at a future settlement date. There is no exchange of principal. An interest rate futures contract is an exchange traded contract whose value is based on the difference between a specific interest rate and a reference rate on a notional deposit or fixed income security at a future settlement date. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

The principal equity contracts used are equity option, equity futures and equity swaps. An equity option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) an equity at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). An equity futures contract is an exchange traded contract to buy specific quantities of an equity at a specified price with delivery set at a specified time in the future. Equity Swaps are one of the most basic equity derivative products and are usually traded over-the-counter ("OTC") with financial institutions and corporates. It is a contractual agreement between parties to exchange two streams of payments, one based on a predetermined index or equity price, and the other based on a reference interest rate (ie KLIBOR or LIBOR). The underlying reference for Equity Swaps is usually to an index, a basket of stocks or a single underlying stock.

The Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest rate, equity and foreign exchange rate exposures. Derivative transactions generate income for the Group from the buy-sell spreads. The Group also takes conservative exposures, within acceptable limits, to carry an inventory of these instruments in order to provide market liquidity and to earn potential gains on fluctuations in the value of these instruments.

As part of the asset and liability exposure management, the Group uses derivatives to manage the Group's market risk exposure. As the value of these financial derivatives are principally driven by interest rate and foreign exchange rate factors, the Group uses them to reduce the overall interest rate and foreign exchange rate exposures of the Group. These are performed by entering into an exposure in derivatives that produces opposite value movements vis-à-vis exposures generated by other non-derivative activities of the Group. The Group manages these risks on a portfolio basis. Hence, exposures on derivatives are aggregated or netted against similar exposures arising from other financial instruments engaged by the Group.

Risk associated with financial derivatives

As derivatives are contracts that transfer risks, they expose the holder to the same type of market and credit risk as other financial instruments, and the Group manages these risks in a consistent manner under the overall risk management framework.

Market risk of derivatives used for trading purposes

Market risk arising from the above interest rate-related, foreign exchange-related and equity-related derivative contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

The contractual amounts of these contracts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk, Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical measure that estimates the potential changes in portfolio value that may occur, brought about by daily changes in market rates over a specified holding period at a specific confidence level under normal market condition.

A30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

General disclosure for derivatives and counterparty credit risk

Market related credit risk is present in market instruments (derivatives and forward contracts), and comprises counterparty risk (default at the end of contract) and pre-settlement risk (default at any time during the life of contract). Market related credit risk requires a different method in calculating the pre-settlement risk because actual and potential market movements impact the Group's exposure. The markets covered by this treatment for transactions entered by the Group include interest rates, foreign exchange, credit default swaps and equities.

Exposure to the counterparty risk is governed by setting a credit limit to manage such exposure. This limit is governed under the Group Risk Appetite Framework approved by the Board.

Other than credit limit setting, the Group's primary tool to mitigate counterparty credit risk by having collateral arrangement with the counterparty. Standard market documentation governs the amount of collateral required and the re-margining frequency between counterparties. Some of the standard market documentation has link between the amount of collateral required and external ratings, as well as minimum transfer amounts. This means that if the Group's or a counterparty's external rating were downgraded, the Group or the counterparty would likely to be required to place additional collateral. The amount required to be placed would depend upon the underlying instruments and the state of the markets, so would be different at each re-margining interval.

Liquidity risk of derivatives

Two types of liquidity risk are associated with derivatives: market liquidity risk and funding risk.

Market liquidity risk arises when a position cannot be sold or closed out quickly or risk be eliminated by entering into an offsetting position. In general, an over-the counter ("OTC") market tends to offer less liquidity than an exchange market due to the customized nature of some OTC contracts. OTC contracts include foreign exchange contracts, cross currency swaps, interest rate swaps and FX options while interest rate futures, equity futures and equity options are examples of exchange traded derivatives. The liquidity risk of a position can be estimated by the notional amount of contracts held and the market value of the contract position. Both the OTC and exchange markets have liquid and illiquid contracts.

Funding risk is the risk of derivative activities placing an adverse funding and cash flow pressure on the Group, arising from the need to post collateral (i.e. like a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (note: if collateral isn't posted, the counterparty can close out their position and claim such mark-to-market loss from the Group. This would also result in the Group no longer being hedged).

Generally, the Group measures and monitors funding risk through the cash flow gap analysis according to specified time interval. The Group's access to deposits and funding markets is dependent on its credit rating. A downgrading in the credit rating could adversely affect its access to liquidity, as well as the competitive position, and could increase the cost of funding.

The primary objective of funding risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due under normal market condition and on contingency basis.

A30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value upon inception in the statement of financial position, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Group enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading, fair value changes are recognised in the income statement. For derivative transactions that meet the specific criteria for hedge accounting, the Group applies either fair value, cash flow or net investment hedge accounting.

At the time a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period. For actual effectiveness to be achieved, the changes in fair value or cash flows of the hedging instrument and the hedged item must offset each other in the range of 80% to 125%.

The Group discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

(i) Fair value hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect income statement. For qualifying fair value hedges, the changes in fair value of the hedging instrument and the hedged item relating to the hedged risk are recognised in the income statement. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the income statement over the expected life of the hedged item.

(ii) Cash flow hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect income statement. For qualifying cash flow hedges, the effective portion of the change in fair value of the hedging instrument is taken to equity as a cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statements. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

A31. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

Group

30.06.15	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	1,640	1,242,484	-	1,244,124
Financial assets held-for-trading				
- Money market securities	-	1,392,967	-	1,392,967
- Equities	234,225	-	-	234,225
- Quoted private debt securities	38,754	-	-	38,754
- Unquoted private debt securities	-	3,442,369	-	3,442,369
Financial investments available-for-sale				
- Money market securities	-	5,163,365	-	5,163,365
- Equities	925,766	34,208	-	959,974
- Unquoted private debt securities	-	4,324,213	-	4,324,213
	<u>1,200,385</u>	<u>15,599,606</u>	<u>-</u>	<u>16,799,991</u>
Derivative financial liabilities	2,513	1,201,319	-	1,203,832

A31. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

30.06.15	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
Financial investments available-for-sale				
- Equities	111,482	-	-	111,482
	<u>111,482</u>	<u>-</u>	<u>-</u>	<u>111,482</u>
31.03.15				
Group				
Derivative financial assets	1	1,437,536	-	1,437,537
Financial assets held-for-trading				
- Money market securities	-	1,422,695	-	1,422,695
- Equities	181,775	-	-	181,775
- Quoted private debt securities	39,394	-	-	39,394
- Unquoted private debt securities	-	3,030,359	-	3,030,359
Financial investments available-for-sale				
- Money market securities	-	5,246,999	-	5,246,999
- Equities	774,593	33,657	-	808,250
- Unquoted private debt securities	-	4,212,220	-	4,212,220
	<u>995,763</u>	<u>15,383,466</u>	<u>-</u>	<u>16,379,229</u>
Derivative financial liabilities	<u>2,702</u>	<u>1,382,776</u>	<u>-</u>	<u>1,385,478</u>
Company				
Financial investments available-for-sale				
- Equities	110,704	-	-	110,704
	<u>110,704</u>	<u>-</u>	<u>-</u>	<u>110,704</u>

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

A31. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

Movements in Level 3 financial instruments measured at fair value

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

	Financial investments available -for-sale	Financial investments available -for-sale
	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Balance at beginning of financial year	-	417
Total gains/(losses) recognised in:		
- income statement:		
- other operating income	3	325
Settlements	(3)	(742)
Balance at end of financial period/year	<u>-</u>	<u>-</u>

Total gains or losses included in the income statement for financial instruments held at the end of the financial period/year:

	Financial investments available -for-sale	Financial investments available -for-sale
	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Total gains/(losses) included in:		
- impairment writeback/(loss) on financial investments	<u>-</u>	<u>-</u>

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

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.

A32. CAPITAL ADEQUACY

(a) The capital adequacy ratios of our regulated banking subsidiaries and a pro-forma Group view are as follows:

	30.06.15			Group *
	AmBank	AmBank Islamic	AmInvestment Bank	
Before deducting proposed dividends:				
CET1 Capital ratio	10.966%	9.306%	21.054%	11.202%
Tier 1 Capital ratio	12.799%	9.306%	21.054%	12.493%
Total Capital ratio	16.456%	14.522%	21.054%	16.525%
After deducting proposed dividends:				
CET1 Capital ratio	10.322%	9.306%	19.842%	10.727%
Tier 1 Capital ratio	12.155%	9.306%	19.842%	12.018%
Total Capital ratio	15.813%	14.522%	19.842%	16.050%
	31.03.15			Group *
	AmBank	AmBank Islamic	AmInvestment Bank	
Before deducting proposed dividends:				
CET1 Capital ratio	10.653%	9.200%	24.196%	10.975%
Tier 1 Capital ratio	12.446%	9.200%	24.196%	12.245%
Total Capital ratio	16.020%	14.371%	24.196%	16.233%
After deducting proposed dividends:				
CET1 Capital ratio	10.023%	9.200%	22.820%	10.508%
Tier 1 Capital ratio	11.816%	9.200%	22.820%	11.778%
Total Capital ratio	15.390%	14.371%	22.820%	15.766%

Notes:

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

	Transitional arrangements		
	Calendar Year		
	2013	2014	2015 onwards
CET1 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%

- (ii) Group* figures presented in this Report represent an **aggregation** of the consolidated capital positions and risk weighted assets ("RWA") of our regulated banking institutions. The consolidated positions of each entity are published at www.ambankgroup.com.

A32. CAPITAL ADEQUACY (CONT'D.)

- (b) The aggregated components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group are as follows:

	30.06.15			Group *
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<u>CET1 Capital</u>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	4,447,498	745,114	62,533	5,504,936
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	2,961	(4,457)	742	(948)
Foreign exchange translation reserve	51,770	-	-	94,118
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Profit equalisation reserve	-	-	-	-
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	111,805
Cash flow hedging reserve	4,648	-	-	4,648
Less: Regulatory adjustments applied on CET1 capital				
Intangible assets	(328,487)	(18)	(2,342)	(338,551)
Deferred tax assets	(62,293)	-	(5,995)	(69,509)
Profit equalisation reserve	-	-	-	-
Cash flow hedging reserve	(4,648)	-	-	(4,648)
55% of cumulative gains of AFS financial instruments	(1,629)	-	(408)	(1,929)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(15,444)	-	(52,553)	(13,218)
Deduction in excess of Tier 2 capital**	-	-	(74,595)	(14,166)
CET1 Capital	6,838,553	2,411,091	327,382	10,089,982
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,214,570	-	-	1,214,570
Tier 1 Capital	8,053,123	2,411,091	327,382	11,304,552
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	350,000	-	750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,310,000	700,000	-	2,010,000
Collective allowance and regulatory reserve	736,464	301,654	4,233	1,038,479
Less: Regulatory adjustments applied on Tier 2 Capital	(23,166)	-	(4,233)	(5,661)
Tier 2 Capital	2,423,298	1,351,654	-	3,792,818
Total Capital	10,476,421	3,762,745	327,382	15,097,370
Credit RWA	58,917,119	25,499,973	1,198,240	85,344,191
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(1,367,677)	-	(1,367,677)
Total Credit RWA	58,917,119	24,132,296	1,198,240	83,976,514
Market RWA	2,760,195	241,441	145,405	3,252,310
Operational RWA	4,576,278	1,536,323	305,936	6,832,807
Large exposure risk RWA for equity holdings	-	-	400	400
Total Risk Weighted Assets	66,253,592	25,910,060	1,649,981	94,062,031

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

A32. CAPITAL ADEQUACY (CONT'D.)

- (b) The aggregated components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group are as follows:

	31.03.15			Group *
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
CET1 Capital				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	4,874,087	747,523	82,533	5,953,934
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	1,323	(6,592)	1,024	(4,309)
Foreign exchange translation reserve	50,585	-	-	87,982
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Profit equalisation reserve	-	3,904	-	3,904
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	111,805
Cash flow hedging reserve	(481)	-	-	(481)
Less: Regulatory adjustments applied on CET1 capital				
Intangible assets	(327,689)	(20)	(1,710)	(337,689)
Deferred tax assets	(98,869)	-	(2,782)	(105,328)
Profit equalisation reserve	-	(3,904)	-	(3,904)
Cash flow hedging reserve	481	-	-	481
55% of cumulative gains of AFS financial instruments	(728)	-	(563)	(1,256)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(28,652)	-	(52,370)	(12,846)
Deduction in excess of Tier 2 Capital**	-	-	(74,446)	(13,922)
CET1 Capital	7,214,234	2,411,363	351,686	10,495,815
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,214,570	-	-	1,214,570
Tier 1 Capital	8,428,804	2,411,363	351,686	11,710,385
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	350,000	-	750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,310,000	700,000	-	2,010,000
Collective allowance and regulatory reserve	753,172	305,338	4,111	1,059,188
Less: Regulatory adjustments applied on Tier 2 capital	(42,978)	-	(4,111)	(5,348)
Tier 2 Capital	2,420,194	1,355,338	-	3,813,840
Total Capital	10,848,998	3,766,701	351,686	15,524,225
Credit RWA	60,253,770	25,790,830	1,122,413	86,924,956
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(1,363,811)	-	(1,363,811)
Total Credit RWA	60,253,770	24,427,019	1,122,413	85,561,145
Market RWA	2,774,466	230,629	16,101	3,122,643
Operational RWA	4,694,931	1,553,441	314,533	6,946,680
Large exposure risk RWA for equity holdings	-	-	438	1,474
Total Risk Weighted Assets	67,723,167	26,211,089	1,453,485	95,631,942

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

A33. UNAUDITED STATEMENTS OF FINANCIAL POSITION AND INCOME STATEMENTS OF INSURANCE AND TAKAFUL BUSINESS

	General		Shareholders' fund		Total	
	insurance fund		30.06.15	31.03.15	30.6.15	31.03.15
	30.06.15	31.03.15	30.06.15	31.03.15	30.6.15	31.03.15
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	88,602	124,305	817	802	89,419	125,107
Deposits and placements with banks and other financial institutions	22,035	61,789	4,053	4,021	26,088	65,810
Financial assets held-for-trading	2,931,887	3,046,435	-	-	2,931,887	3,046,435
Financial investments available-for-sale	37,561	37,019	568,951	563,981	606,512	601,000
Loans, advances and financing	9,547	10,917	-	-	9,547	10,917
Deferred tax assets	14,833	19,511	-	-	14,833	19,511
Investment in subsidiary	-	-	2,108,733	2,108,733	2,108,733	2,108,733
Other assets	198,403	143,203	555,865	805,859	204,750	149,915
Reinsurance, retakaful assets and other insurance receivables	437,160	433,929	-	-	437,160	433,929
Investment properties	7,713	7,713	-	-	7,713	7,713
Property and equipment	84,180	82,322	-	-	84,180	82,322
Intangible assets	11,487	8,036	-	-	11,487	8,036
Assets held for sale	83,775	83,775	-	-	83,775	83,775
TOTAL ASSETS	3,927,183	4,058,954	3,238,419	3,483,396	6,616,084	6,743,203
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	410,287	405,756	410,287	405,756
Deferred tax liabilities	-	-	48,100	48,938	48,100	48,938
Other liabilities	865,884	1,081,790	27,342	25,658	343,708	308,301
Insurance, takaful contract liabilities and other insurance payables	2,570,635	2,544,649	-	-	2,570,635	2,544,649
Total Liabilities	3,436,519	3,626,439	485,729	480,352	3,372,730	3,307,644
Share capital	-	-	1,145,248	1,145,248	1,145,248	1,145,248
Reserves	490,664	432,515	1,607,442	1,857,796	2,098,106	2,290,311
Total Equity	490,664	432,515	2,752,690	3,003,044	3,243,354	3,435,559
TOTAL LIABILITIES AND EQUITY	3,927,183	4,058,954	3,238,419	3,483,396	6,616,084	6,743,203

A33. UNAUDITED STATEMENTS OF FINANCIAL POSITION AND INCOME STATEMENTS OF INSURANCE AND TAKAFUL BUSINESS (CONT'D.)

Group	General insurance fund		Life insurance fund		Family takaful fund		Shareholders' fund		Total	
	30.06.15	30.06.14	30.06.15 #	30.06.14	30.06.15 ##	30.06.14	30.06.15	30.06.14	30.06.15	30.06.14
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	1,130	1,958	-	7,565	-	197	105	712	1,235	10,432
Interest expense	-	-	-	-	-	-	(4,530)	(4,400)	(4,530)	(4,400)
Net interest income	1,130	1,958	-	7,565	-	197	(4,425)	(3,688)	(3,295)	6,032
Income from insurance business	-	-	-	42,843	-	2,602	-	-	-	45,445
Insurance claims and commissions	105,639	30,423	-	(28,650)	-	(1,944)	-	(581)	105,639	(752)
Net income from insurance business	105,639	30,423	-	14,193	-	658	-	(581)	105,639	44,693
Other operating income	34,396	22,678	-	4,417	-	(832)	6,007	37,082	40,403	63,345
Net income	141,165	55,059	-	26,175	-	23	1,582	32,813	142,747	114,070
Other operating expenses	(62,678)	(63,825)	-	(7,776)	-	(5)	(418)	(1,412)	(63,096)	(73,018)
Acquisition and business efficiency expenses	(1,840)	(2,770)	-	-	-	-	-	-	(1,840)	(2,770)
Operating profit	76,647	(11,536)	-	18,399	-	18	1,164	31,401	77,811	38,282
Net impairment (loss)/writeback on:										
Financial investments	-	-	-	-	-	-	-	5,000	-	5,000
Doubtful sundry receivables	(706)	60,980	-	(1,617)	-	-	-	(72)	(706)	59,291
Profit before taxation and zakat	75,941	49,444	-	16,782	-	18	1,164	36,329	77,105	102,573
Taxation and zakat	(18,198)	(12,258)	-	(3,948)	-	(18)	(536)	(7,498)	(18,734)	(23,722)
Profit for the period	57,743	37,186	-	12,834	-	-	628	28,831	58,371	78,851

Previously indirect wholly-owned operation; partial disposal of equity interest during last financial year resulted in closing equity interest of 50% less one share.

Previously indirect wholly-owned operation; partial disposal of equity interest during last financial year resulted in closing equity interest of 50% plus one share.

A34. ISLAMIC BANKING BUSINESS

The state of affairs as at 30 June 2015 and the results for the period ended 30 June 2015 of the Islamic banking business of the Group and included in the consolidated financial statements after elimination of intercompany transactions and balances are summarised as follows:

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
ASSETS		
Cash and short-term funds	4,568,199	4,307,281
Deposits and placements with banks and other financial institutions	-	750,000
Derivative financial assets	30,209	27,469
Financial assets held-for-trading	178,981	151,783
Financial investments available-for-sale	3,405,156	4,109,611
Financial Investments held-to-maturity	1,253,045	1,249,567
Financing and advances	26,802,153	27,497,806
Receivables: Investments not quoted in active markets	457,210	463,982
Statutory deposit with Bank Negara Malaysia	1,003,000	1,045,000
Deferred tax assets	472	1
Other assets	358,110	378,727
Property and equipment	346	326
Intangible assets	19	20
TOTAL ASSETS	38,056,900	39,981,573
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	2,758,428	2,719,972
Recourse obligation on financing sold to Cagamas Berhad	634,617	1,436,775
Derivative financial liabilities	30,592	34,491
Deposits from customers	28,528,781	29,748,968
Term funding	1,850,000	1,850,000
Investment accounts	15,865	-
Subordinated Sukuk	1,149,419	1,149,384
Deferred tax liabilities	14,080	10,839
Other liabilities	436,497	446,758
TOTAL LIABILITIES	35,418,279	37,397,187
Share capital/Capital funds	492,922	492,922
Reserves	2,145,699	2,091,464
TOTAL ISLAMIC BANKING FUNDS	2,638,621	2,584,386
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	38,056,900	39,981,573
COMMITMENTS AND CONTINGENCIES	8,218,095	7,557,214

A34. ISLAMIC BANKING BUSINESS (CONT'D.)

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Income derived from investment of depositors' funds and others	464,293	419,245	464,293	419,245
Allowance for impairment on financing and advances	(35,968)	(56,499)	(35,968)	(56,499)
Writeback of provision for commitments and contingencies	2,589	7,720	2,589	7,720
Impairment writeback for sundry debtors	(10)	-	(10)	-
Transfer to profit equalisation reserve	(1,406)	(838)	(1,406)	(838)
Total distributable income	429,498	369,628	429,498	369,628
Income attributable to the depositors	(266,344)	(222,925)	(266,344)	(222,925)
Profit attributable to the Group	163,154	146,703	163,154	146,703
Income derived from Islamic Banking Funds	25,217	25,520	25,217	25,520
Total net income	188,371	172,223	188,371	172,223
Operating expenditure	(89,152)	(90,254)	(89,152)	(90,254)
Finance cost	(33,377)	(19,115)	(33,377)	(19,115)
Profit before taxation and zakat	65,842	62,854	65,842	62,854
Taxation and zakat	(13,741)	(14,316)	(13,741)	(14,316)
Profit for the period	52,101	48,538	52,101	48,538

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Profit for the period	52,101	48,538	52,101	48,538
Other comprehensive income/(loss):				
Items that may be reclassified to income statement				
Net change in revaluation of financial investments available-for-sale	2,809	2,096	2,809	2,096
Exchange differences on translation of foreign operations	(1)	609	(1)	609
Income tax relating to the components of other comprehensive income/(loss)	(674)	(749)	(674)	(749)
Other comprehensive income/(loss) for the period, net of tax	2,134	1,956	2,134	1,956
Total comprehensive income for the period	54,235	50,494	54,235	50,494

A34. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances

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

Group 30.06.15	Bai Bithaman	Murabahah RM'000	Musharakah Mutanaqisah RM'000	AI-Ijarah Thummah	Bai Al-Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000			AI-Bai (AITAB) RM'000			
Cash lines	-	-	-	-	770,877	-	770,877
Term financing	2,566,858	2,911,121	10,324	-	4,099,151	40,436	9,627,890
Revolving credit	225,761	469,033	-	-	2,409,669	-	3,104,463
Housing financing	1,476,524	-	34,112	-	-	-	1,510,636
Hire purchase receivables	4	-	-	10,736,512	-	-	10,736,516
Bills receivables	-	-	-	-	-	896	896
Credit card receivables	-	-	-	-	-	270,051	270,051
Trust receipts	-	120,381	-	-	-	-	120,381
Claims on customers under acceptance credits	-	1,055,175	-	-	-	130,752	1,185,927
Gross financing and advances	4,269,147	4,555,710	44,436	10,736,512	7,279,697	442,135	27,327,637
Allowance for impairment on financing and advances							
- Collective allowance							(462,988)
- Individual allowance							(62,496)
Net financing and advances							26,802,153

A34. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances (Cont'd.)

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

Group 31.03.15	Bai Bithaman		Musharakah	AI-Ijarah Thummah	Bai Al-Inah	Others	Total
	Ajil RM'000	Murabahah RM'000	Mutanaqisah RM'000	AI-Bai (AITAB) RM'000	RM'000	RM'000	RM'000
Cash lines	-	-	-	-	888,591	-	888,591
Term financing	2,561,064	2,530,032	9,325	-	4,122,052	40,429	9,262,902
Revolving credit	456,811	431,597	-	-	3,165,176	-	4,053,584
Housing financing	1,359,372	-	31,114	-	-	-	1,390,486
Hire purchase receivables	4	-	-	10,950,562	-	-	10,950,566
Bills receivables	-	-	-	-	-	735	735
Credit card receivables	-	-	-	-	-	278,597	278,597
Trust receipts	-	100,907	-	-	-	-	100,907
Claims on customers under acceptance credits	-	959,675	-	-	-	136,291	1,095,966
Gross financing and advances	4,377,251	4,022,211	40,439	10,950,562	8,175,819	456,052	28,022,334
Allowance for impairment on financing and advances							
- Collective allowance							(458,453)
- Individual allowance							(66,075)
Net financing and advances							27,497,806

A34. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances (Cont'd.)

(i) Movements in impaired financing and advances are as follows:

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Balance at beginning of financial year	606,455	348,515
Impaired during the period/year	173,762	776,843
Reclassification to non-impaired financing	(43,521)	(81,471)
Recoveries	(40,818)	(123,309)
Amount written off	(67,425)	(314,123)
Balance at end of financial period/year	<u>628,453</u>	<u>606,455</u>
Impaired financing and advances as % of total financing and advances	<u>2.3%</u>	<u>2.2%</u>

(ii) Movements in allowances for impaired financing and advances are as follows:

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Collective allowance		
Balance at beginning of financial year	458,453	534,465
Allowance made during the period/year	65,388	224,295
Transferred from conventional commercial banking	-	2,463
Amount written off and others	(60,853)	(302,770)
Balance at end of financial period/year	<u>462,988</u>	<u>458,453</u>
Collective allowance as % of gross financing and advances (excluding RPSIA financing) less individual allowance	<u>1.8%</u>	<u>1.7%</u>
Individual allowance		
Balance at beginning of financial year	66,075	19,470
Allowance made during the period/year	(1,064)	46,634
Amount written off	(2,515)	(29)
Balance at end of financial period/year	<u>62,496</u>	<u>66,075</u>

A34. ISLAMIC BANKING BUSINESS (CONT'D.)

(b) Deposit From Customers

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Savings deposits		
<i>Wadiah</i>	1,951,697	1,893,135
<i>Mudarabah</i>	-	5,215
Demand deposits		
<i>Wadiah</i>	3,902,565	3,875,971
<i>Mudarabah</i>	-	45,380
Term deposits		
General investment account		
<i>Wakalah</i>	15	314,750
<i>Mudarabah</i>	22	13,846,615
Commodity murabahah	22,468,443	9,761,507
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	206,039	6,395
	<u>28,528,781</u>	<u>29,748,968</u>

(c) Other Liabilities

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Other payables and accruals	323,700	333,081
Taxation and zakat payable	31,797	30,508
Provision for commitments and contingencies	12,826	15,415
Amount owing to head office	65,649	62,642
Advance rentals	2,525	3,432
Profit equalisation reserve	-	1,680
	<u>436,497</u>	<u>446,758</u>

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

The Group recorded a profit after tax ("PAT") of RM368.7 million for the period ended 30 June 2015, a reduction of RM199.2 million as compared to corresponding period ended 30 June 2014 of RM567.9 million. The Group's profit attributable to equity holders of the Company ("PATMI") reduced by 197.4 million.

Reduction in earnings for current period ended 30 June 2015 was mainly due to lower income reported from other operating income, net interest income and net income from insurance business by RM412.7 million, RM81.9 million and RM5.7 million respectively. Besides, impairment writeback on financial investments of RM5.0 million was reported for previous period ended 30 June 2014 as compared to nil for current reporting period ended 30 June 2015.

This was cushioned by lower provision reported from impairment on loans, advances and financing, doubtful sundry receivables and foreclosed properties by RM70.3 million, RM32.5 million and RM5.5 million respectively. Lower expenses were reported from other operating expenses and acquisition and business efficiency expenses by RM70.0 million and RM69.7 million. In addition, higher writeback of provision for commitments and contingencies by RM16.2 million was reported for current period ended 30 June 2015.

Gross loans, advances and financing reduced to RM85.7 billion as compared to RM87.8 billion reported for the last financial year ended 31 March 2015. This was mostly due to reduction reported from revolving credit, hire-purchase receivables, overdraft and term loans.

As at 30 June 2015, the Group's total assets stood at RM131.7 billion. Meanwhile, the Total Capital ratio from the aggregation of the consolidated capital positions and risk weighted assets of the regulated banking institutions stood at 16.1%.

Divisional performance for 30 June 2015 compared to 30 June 2014:

Retail Banking: Re-orient to preferred segments

Profit after tax (PAT) decreased by 3.7% year-on-year (yoy) to RM118.5 million due to:

- (i) Gross loans contracting by 4.6% yoy mainly from the de-risking of auto finance portfolio and reducing exposure to less preferred segments; and
- (ii) Margin compression.

This was partially mitigated by lower expenses through disciplined cost management driven by reduction of personnel costs, and lower loan loss allowances in line with improved asset quality.

Mortgage loans grew 6.7% yoy. Excluding the auto finance segment, gross loans growth would have been 1.3%. Customer deposits increased 5.4%, driven by strategic initiatives targeting small businesses and emerging affluent segments.

Wholesale Banking: Soft quarter amidst weak business sentiment

PAT declined by 12.6% to RM189.2 million due to:

- (i) Margin compression;
- (ii) Subdued capital market activities stemming from weak business sentiments; and
- (iii) Lower fixed trading income impacted by unfavourable yield curve movements.

This was partially offset by higher foreign exchange sales capitalizing on volatile USD/MYR exchange rate and personnel cost savings from right sizing programs.

Loans growth was flat yoy given weak loan appetite and slow business investment amid a softer economic outlook, while deposits were stable yoy.

Insurance: Premium sustained, decline in investment income partially offset by lower claims

General Insurance

Net premium maintained yoy despite implementation of Goods and Services Tax and de-risking of Retail Banking's auto finance loans. Claim expenses were lower and combined ratio improved to 89.2% (Q1FY2015: 93.3%). PAT declined 5.9% yoy as a result of lower investment income.

Life Assurance and Family Takaful

The Group's share in results of joint ventures, namely AmMetLife Insurance Berhad and AmMetLife Takaful Berhad, in the current quarter was a loss of RM2.8 million during the quarter caused by lower net premium earned and higher management expenses. Key initiatives to drive growth in these businesses are: (1) brand enhancement and wider distribution; (2) enhance product processes, and (3) drive sales through bancassurance collaboration such as introduction of insurance specialists at branches.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a lower pre-tax profit of RM482.4 million for the first quarter ended 30 June 2015 as compared to RM668.4 million for the previous quarter ended 31 March 2015. This was mainly due to lower income reported from other operating income, net interest income and net income from Islamic banking business by RM112.8 million, RM47.8 million and RM17.7 million respectively. Impairment on loans, advances and financing and doubtful sundry receivables of RM10.7 million and RM18,000 were reported for current reporting quarter as compared to writeback of RM59.4 million and RM34.6 million reported for previous quarter ended 31 March 2015. Besides, an expense of RM3.1 million as compared to writeback for expenses of RM11.8 million was reported for current reporting quarter as compared to previous quarter.

This was mitigated by lower other operating expenses by RM60.3 million and lower transfer to profit equalisation reserve by RM14.0 million and higher net income from insurance business by RM18.9 million for current reporting quarter as compared to previous quarter ended 31 March 2015. Besides, share in profit of associates and joint ventures of RM252,000 was reported for the current reporting quarter as compared to share in loss of RM10.7 million reported for previous quarter.

B3. 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%) driven mainly by private sector demand. The services sector recorded growth in most sub-sectors, particularly the consumption-related segment. The manufacturing sector experienced better performance in the export-oriented industries, supported by the electronics and electrical sector (Source: Bank Negara Malaysia Quarterly Bulletin, First Quarter 2015).

For calendar year 2015, the Group forecasts a modest annual Gross Domestic Product growth of 4.7% (FY14: 6.0%) due to softer demand and lower commodity prices, mitigated by a resilient export sector and an expected increase in public investment. Private consumption is expected to grow moderately this year as household spending is being affected by the implementation of the Goods and Services Act ("GST") on 1 April 2015.

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

Over the longer term, business and economic conditions are expected to remain challenging against the backdrop of increasingly stringent 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.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Estimated current tax payable	69,922	93,439	69,922	93,439
Deferred tax	43,350	63,566	43,350	63,566
	<u>113,272</u>	<u>157,005</u>	<u>113,272</u>	<u>157,005</u>
Under provision of current taxation in respect of prior years	44	449	44	449
Taxation	<u>113,316</u>	<u>157,454</u>	<u>113,316</u>	<u>157,454</u>
Zakat	418	481	418	481
Taxation and zakat	<u>113,734</u>	<u>157,935</u>	<u>113,734</u>	<u>157,935</u>

The total tax charge of the Group for the financial period ended 30 June 2015 and reflect an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

B6. CORPORATE PROPOSALS

- 1 As at 30 June 2015, the trustee of the ESS held 11,031,800 ordinary shares (net of ESS shares vested to employees) representing 0.36% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM72,702,091.
- 2 On 30 September 2014, a wholly-owned subsidiary, AmSecurities Holding Sdn Bhd ("AMSH"), has entered into a sale and purchase agreement with Yuanta Securities (Hong Kong) Company Limited ("Yuanta HK"), a 100%-owned, indirect subsidiary of Yuanta Securities Co., Limited, a Taiwan-based stockbroking company, for the proposed disposal of the Group's 99% shareholding in PT AmCapital Indonesia ("AMCI") (the "Proposed Disposal").

The Proposed Disposal involves the sale of 144,724 ordinary shares of Rp1,000,000 each in AMCI for an indicative cash consideration of about Rp.83.7 billion (the "Purchase Price") at a premium over the adjusted net assets of AMCI. The Purchase Price will be further adjusted on completion of the Proposed Disposal in accordance with the terms of the sale and purchase agreement.

The Proposed Disposal is conditional on the approval of relevant regulatory authorities in Indonesia and Taiwan. It is not expected to have any material impact on the Company's consolidated financial results, being a divestment of a non-core operation.

None of the directors or major shareholders of the Company, or persons connected with them, are interested in the Proposed Disposal.

On 22 April 2015, the Company announced that following the approval of the relevant Taiwanese and Indonesian regulatory authorities and fulfilment of other conditions, the Proposed Disposal was completed on 22 April 2015.

On 15 July 2015, the Company announced that, with the finalisation of the completion accounts of AMCI, the purchase price for the disposal is fixed at about Rp 89.8 billion, compared with the indicative price of Rp 83.7 billion announced earlier. The purchase price has been fully settled by Yuanta HK in US Dollar equivalent of about US\$6.99 million.

B7. BORROWINGS

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
(i) Deposits from customers		
Six months or less	73,809,178	75,448,971
Over six months to one year	11,981,551	12,548,912
Over one year to three years	2,972,074	3,068,885
Over three years to five years	1,077,226	1,063,281
	<u>89,840,029</u>	<u>92,130,049</u>
(ii) Deposits and placements of banks and other financial institutions		
Six months or less	1,244,346	559,178
Over six months to one year	1,398,097	1,464,353
Over one year to three years	172,878	174,881
Over three years to five years	252,771	103,252
	<u>3,068,092</u>	<u>2,301,664</u>
(iii) Term funding (unsecured)		
(a) Senior notes		
Due within one year	325,000	-
More than one year	6,377,247	6,673,039
(b) Credit-Linked Notes		
Due within one year	98,779	-
More than one year	183,797	281,823
(c) Term loans and revolving credits		
Due within one year	432,530	243,036
More than one year	1,126,653	1,104,356
(d) Trade refinancing		
Due within one year	47,646	-
(d) Structured deposit		
Due within one year	800	100
	<u>8,592,452</u>	<u>8,302,354</u>
(iv) Debt capital		
(a) Unsecured notes/sukuk		
More than one year	1,548,857	1,548,785
(b) Medium Term Notes		
More than one year	1,310,000	1,310,000
(c) Hybrid capital		
More than one year	743,177	736,788
The above hybrid capital includes amount denominated in USD of which Principal amount - USD200.0 million		
(d) Non-Innovative Tier 1 Capital Securities		
More than one year	500,000	500,000
(e) Innovative Tier 1 Capital Securities		
More than one year	485,000	485,000
	<u>4,587,034</u>	<u>4,580,573</u>

B8. REALISED AND UNREALISED PROFITS OR LOSSES

In accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad dated 25 March 2010, the breakdown of the retained earnings of the Group as at the end of the reporting period, into realised and unrealised profits is as follows:

	Group	
	30.06.15	31.03.15
	RM'000	RM'000
Total retained earnings		
- Realised	9,135,216	8,617,715
- Unrealised	1,274,542	1,553,202
Total share of retained earnings from associates and joint ventures:		
- Realised	139,748	86,775
- Unrealised	(18,010)	38,973
Less: Consolidation adjustments	(3,375,651)	(3,466,485)
Total retained earnings as per consolidated financial statements	7,155,845	6,830,180

Disclosure of the above is solely for purposes of complying with the disclosure requirements of Bursa Malaysia Securities Berhad Listing Requirements and should not be applied for any other purposes.

B9. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A29.

B10. DIVIDENDS

There has been no dividend proposed for the current financial quarter.

B11. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	30.06.15	30.06.14	30.06.15	30.06.14
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	339,511	536,940	339,511	536,940
Weighted average number of ordinary shares in issue	3,002,850	3,007,184	3,002,850	3,007,184
Basic earnings per share (Sen)	11.31	17.86	11.31	17.86

b. Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the net profit attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue and dilutive effect of Share Options vested and not exercised by eligible executives under ESS as at the reporting date.

The Share Options are dilutive when they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The amount of the dilution is the average market price of ordinary shares during the period minus the issue price.

	Individual Quarter		Cumulative Quarter	
	30.06.15	30.06.14	30.06.15	30.06.14
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	339,511	536,940	339,511	536,940
Weighted average number of ordinary shares in issue (as in (a) above)	3,002,850	3,007,184	3,002,850	3,007,184
Effect of executives' share scheme	432	1,478	432	1,478
Adjusted weighted average number of ordinary shares in issue/issuable	3,003,282	3,008,662	3,003,282	3,008,662
Fully diluted earnings per share (Sen)	11.30	17.85	11.30	17.85