

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Group		Company	
		31.12.15 RM'000	31.03.15 RM'000	31.12.15 RM'000	31.03.15 RM'000
ASSETS					
Cash and short-term funds		13,482,833	10,758,600	7,662	12,464
Deposits and placements with banks and other financial institutions		459,576	4,068,819	8,347	25,131
Derivative financial assets	A30	1,996,479	1,437,537	-	-
Financial assets held-for-trading	A8	5,527,670	4,674,223	-	-
Financial investments available-for-sale	A9	12,704,958	10,387,275	143,127	110,704
Financial investments held-to-maturity	A10	4,020,896	3,864,508	-	-
Loans, advances and financing	A11	85,392,638	86,173,795	-	-
Receivables: Investments not quoted in active markets		554,964	551,163	-	-
Statutory deposits with Bank Negara Malaysia	A12	3,064,266	3,214,591	-	-
Deferred tax assets		80,285	83,434	-	-
Investment in subsidiaries		-	-	9,507,225	9,507,225
Investment in associates and joint ventures		651,889	662,273	-	-
Other assets	A13	3,581,640	3,667,045	3,502	20,381
Reinsurance, retakaful assets and other insurance receivables	A14	440,874	433,929	-	-
Investment properties		7,713	7,713	-	-
Property and equipment		299,198	266,562	420	536
Intangible assets		3,369,447	3,348,121	-	-
Assets held for sale		-	204,236	-	-
TOTAL ASSETS		135,635,326	133,803,824	9,670,283	9,676,441
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	A15	2,684,814	2,301,664	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,943,880	2,769,585	-	-
Derivative financial liabilities	A30	1,999,758	1,385,478	-	-
Deposits from customers	A16	90,881,902	92,130,049	-	-
Investment accounts		18,808	-	-	-
Term funding		8,898,453	8,302,354	1,206,000	1,206,000
Debt capital		4,919,618	4,580,573	-	-
Redeemable cumulative convertible preference share		202,540	198,821	-	-
Deferred tax liabilities		88,681	116,557	-	-
Other liabilities	A17	3,594,849	3,917,675	49,124	40,873
Insurance, takaful contract liabilities and other insurance payables	A18	2,595,765	2,544,649	-	-
Liabilities directly associated with assets held for sale		-	48,995	-	-
Total Liabilities		119,829,068	118,296,400	1,255,124	1,246,873
Share capital		3,014,185	3,014,185	3,014,185	3,014,185
Reserves		11,873,164	11,440,960	5,400,974	5,415,383
Equity attributable to equity holders of the Company		14,887,349	14,455,145	8,415,159	8,429,568
Non-controlling interests		918,909	1,052,279	-	-
Total Equity		15,806,258	15,507,424	8,415,159	8,429,568
TOTAL LIABILITIES AND EQUITY		135,635,326	133,803,824	9,670,283	9,676,441
COMMITMENTS AND CONTINGENCIES	A29	121,108,044	116,765,056	-	-
NET ASSETS PER SHARE (RM)		4.94	4.80	2.79	2.80

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Operating revenue	A25	2,116,281	2,129,765	6,313,525	6,923,473
Interest income	A19	1,034,224	1,081,173	3,086,216	3,258,011
Interest expense	A20	(639,424)	(591,308)	(1,836,109)	(1,748,211)
Net interest income		394,800	489,865	1,250,107	1,509,800
Net income from Islamic banking business		208,399	207,977	615,478	640,071
Income from insurance business		354,126	363,401	1,093,417	1,159,200
Insurance claims and commissions		(273,133)	(267,518)	(802,205)	(831,619)
Net income from insurance business	A21	80,993	95,883	291,212	327,581
Other operating income	A22	213,777	215,837	635,794	1,121,124
Share in results of associates and joint ventures		(5,428)	5,479	(1,320)	13,847
Net income		892,541	1,015,041	2,791,271	3,612,423
Other operating expenses	A23	(573,396)	(495,904)	(1,557,883)	(1,544,955)
Acquisition and business efficiency expenses		6,539	(3,933)	4,194	(80,277)
Operating profit		325,684	515,204	1,237,582	1,987,191
(Allowances)/Writeback for impairment on loans, advances and financing	A24	71,662	56,911	124,534	(28,887)
Net impairment (loss)/writeback on:					
Financial investments		10,887	(4,933)	13,787	(2,341)
Doubtful sundry receivables		(1,386)	31,068	(1,695)	2,239
Foreclosed properties		(92)	(63)	(198)	(5,697)
Intangible assets		-	-	(659)	(125)
(Provision made)/Writeback of provision for commitments and contingencies		(985)	6,104	17,198	3,547
Transfer to profit equalisation reserve		-	(15,417)	(1,406)	(20,021)
Profit before taxation and zakat		405,770	588,874	1,389,143	1,935,906
Taxation and zakat	B5	(94,088)	(142,938)	(300,890)	(441,382)
Profit for the period		311,682	445,936	1,088,253	1,494,524
Attributable to:					
Equity holders of the Company		300,153	416,647	1,022,182	1,399,406
Non-controlling interests		11,529	29,289	66,071	95,118
Profit for the period		311,682	445,936	1,088,253	1,494,524
EARNINGS PER SHARE (SEN)	B11				
Basic		9.99	13.86	34.02	46.53
Fully diluted		9.99	13.86	34.01	46.51

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

UNAUDITED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

Group	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Profit for the period	311,682	445,936	1,088,253	1,494,524
Other comprehensive income/(loss):				
Items that may be reclassified to income statement				
Translation of foreign operations	(17,174)	28,561	79,152	27,889
Net movement on cash flow hedge	(6,911)	3,071	13,370	8,053
Net movement on financial investments available-for-sale ("AFS")	994	(22,472)	(90,534)	1,648
	<u>(23,091)</u>	<u>9,160</u>	<u>1,988</u>	<u>37,590</u>
Income tax relating to the components of other comprehensive income/(loss)	<u>(679)</u>	<u>4,357</u>	<u>15,170</u>	<u>(1,038)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>(23,770)</u>	<u>13,517</u>	<u>17,158</u>	<u>36,552</u>
Total comprehensive income for the period	<u>287,912</u>	<u>459,453</u>	<u>1,105,411</u>	<u>1,531,076</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company	274,598	430,418	1,038,846	1,447,900
Non-controlling interests	13,314	29,035	66,565	83,176
	<u>287,912</u>	<u>459,453</u>	<u>1,105,411</u>	<u>1,531,076</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

UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

Company	Note	Individual Quarter		Cumulative Quarter	
		31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Operating revenue	A25	215,880	420,722	663,259	1,342,274
Interest income	A19	144	436	1,120	4,353
Interest expense	A20	(14,160)	(14,135)	(42,251)	(53,244)
Net interest income		(14,016)	(13,699)	(41,131)	(48,891)
Other operating income	A22	215,736	420,286	662,139	1,337,921
Net income		201,720	406,587	621,008	1,289,030
Other operating expenses	A23	(7,690)	(2,061)	(29,444)	(9,904)
Profit before taxation and zakat		194,030	404,526	591,564	1,279,126
Taxation and zakat		(33)	(160)	(277)	(1,181)
Profit for the period		193,997	404,366	591,287	1,277,945

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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		
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	-	-	-	-	-	-	-	-	-	-	-	1,399,406	1,399,406	95,118	1,494,524
Other comprehensive income/(loss), net	-	-	-	-	-	14,437	6,159	27,898	-	-	-	-	48,494	(11,942)	36,552
Total comprehensive income for the period	-	-	-	-	-	14,437	6,159	27,898	-	-	-	1,399,406	1,447,900	83,176	1,531,076
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	-	-	-	-	-	-	(58,665)	-	-	(58,665)	-	(58,665)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	24,054	-	-	-	24,054	-	24,054
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(39,817)	46,749	-	-	6,932	-	6,932
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(2,341)	(2,341)	(76)	(2,417)
Net utilisation of profit equalisation reserve	-	-	-	-	7,400	-	-	-	-	-	-	(7,400)	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	13,584	(2,355)	11,229	-	11,229
Redemption of shares in AmPrivate Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,543)	(2,543)
Arising from disposal of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(142,618)	318,412	175,794	-	175,794
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(871,099)	(871,099)	(11,392)	(882,491)
Transactions with owners and other equity movements	-	-	-	2,800	7,400	-	-	-	(15,763)	(11,916)	(129,034)	(567,583)	(714,096)	(14,011)	(728,107)
At 31.12.14	3,014,185	2,537,372	1,938,849	2,800	8,660	(27,250)	9,189	36,111	63,693	(70,350)	3,959	6,359,527	13,876,745	1,020,613	14,897,358

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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/ (deficit)	Foreign currency translation reserve	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 01.04.15	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	-	-	-	-	-	-	-	-	-	-	-	1,022,182	1,022,182	66,071	1,088,253
Other comprehensive income/(loss), net	-	-	-	-	-	(72,659)	10,161	79,162	-	-	-	-	16,664	494	17,158
Total comprehensive income for the period	-	-	-	-	-	(72,659)	10,161	79,162	-	-	-	1,022,182	1,038,846	66,565	1,105,411
Purchase of shares pursuant to ESS [^]	-	-	-	-	-	-	-	-	-	(3,004)	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	5,614	-	-	-	5,614	-	5,614
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(30,623)	33,208	-	-	2,585	-	2,585
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(262)	(262)	(33)	(295)
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net utilisation of profit equalisation reserve	-	-	-	-	(3,904)	-	-	-	-	-	-	3,904	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	(2,788)	2,788	-	-	-
Redemption of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,372)	(3,372)
Arising from disposal of subsidiary	-	-	-	-	-	(457)	-	21,328	-	-	-	(20,566)	305	(305)	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(611,880)	(611,880)	(196,225)	(808,105)
Transactions with owners and other equity movements	-	-	-	-	(3,904)	(457)	-	21,328	(25,009)	30,204	(2,788)	(626,016)	(606,642)	(199,935)	(806,577)
At 31.12.15	3,014,185	2,537,372	1,938,849	2,800	-	(51,294)	9,680	168,946	44,984	(55,906)	51,387	7,226,346	14,887,349	918,909	15,806,258

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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	-	-	-	-	1,277,945	1,277,945
Other comprehensive income, net	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,277,945	1,277,945
Purchase of shares pursuant to ESS [^]	-	-	-	(58,665)	-	(58,665)
Share-based payment under ESS, net	-	-	24,054	-	-	24,054
ESS shares vested to employees of subsidiaries	-	-	(39,817)	46,749	1,987	8,919
Dividends paid	-	-	-	-	(871,099)	(871,099)
Transactions with owners and other equity movements	-	-	(15,763)	(11,916)	(869,112)	(896,791)
At 31.12.14	3,014,185	2,536,065	63,693	(70,350)	2,862,885	8,406,478

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	-	-	-	-	591,287	591,287
Other comprehensive income, net	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	591,287	591,287
Purchase of shares pursuant to ESS [^]	-	-	-	(3,004)	-	(3,004)
Share-based payment under ESS, net	-	-	5,614	-	-	5,614
ESS shares vested to employees of subsidiaries	-	-	(30,623)	33,208	989	3,574
Dividends paid	-	-	-	-	(611,880)	(611,880)
Transactions with owners and other equity movements	-	-	(25,009)	30,204	(610,891)	(605,696)
At 31.12.15	3,014,185	2,536,065	44,984	(55,906)	2,875,831	8,415,159

[^] Represents the purchase of 8,636,400 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.79 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.

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

	Group		Company	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Profit/(Loss) before taxation and zakat	1,389,143	1,935,906	591,564	1,279,126
Add/(Less) adjustments for:				
Accretion of discount less amortisation of premium	(105,472)	(113,514)	-	-
Allowance/(Writeback of allowance) for losses on loans, advances and financing	321,451	488,635	-	-
Dividend income from investments	(30,583)	(29,974)	(661,989)	(1,337,439)
Net gain on revaluation of derivatives	(39,495)	(66,914)	-	-
Net gain on revaluation of financial assets held-for-trading	20,289	(9,915)	-	-
Net gain on sale of financial investments available-for-sale	(51,573)	(38,777)	-	9
Net (gain)/loss on sale of financial assets held-for-trading	9,735	29,253	-	-
Other non-operating and non-cash items	328,717	(342,335)	123	127
Operating profit/(loss) before working capital changes	1,842,212	1,852,365	(70,302)	(58,177)
<i>Decrease/(Increase) in operating assets:</i>				
Securities purchased under resale agreements	-	(186,653)	-	-
Deposits and placements with banks and other financial institutions	3,610,013	(2,573,091)	16,784	161,984
Financial assets held-for-trading	(872,818)	(553,092)	-	-
Loans, advances and financing	459,376	941,650	-	-
Receivables: Investments not quoted in active markets	2,398	(350,000)	-	-
Statutory deposits with Bank Negara Malaysia	150,325	(46,850)	-	-
Other assets	26,275	(375,187)	13,083	(16,857)
Reinsurance, retakaful assets and other insurance receivables	(6,945)	73,150	-	-
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits and placements of banks and other financial institutions	383,150	(1,098,373)	-	-
Recourse obligation on loans and financing sold to Cagamas Berhad	1,174,295	58,556	-	-
Deposits from customers	(1,248,147)	294,403	-	-
Term funding	631,587	264,078	-	-
Other liabilities	216,916	63,494	(17,036)	(6,080)
Insurance, takaful contract liabilities and other insurance payables	51,116	(50,010)	-	-
Cash generated from/(used in) operations	6,419,753	(1,685,560)	(57,471)	80,870
Taxation and zakat paid	(442,700)	(386,083)	3,797	(1,519)
Net cash generated from/(used in) operating activities	5,977,053	(2,071,643)	(53,674)	79,351
<i>Cash flows from investing activities</i>				
Arising from purchase of shares for ESS by the appointed trustee	(3,004)	(58,665)	(3,004)	(58,665)
Dividends received from other investments	30,952	34,643	659,877	1,334,378
ESS shares vested to eligible employees	33,208	46,749	33,208	46,748
Net cash inflow from disposal of equity interests in subsidiaries	(40,221)	661,193	-	-
Proceeds from disposal of property and equipment and intangible assets	7,217	295	-	-
Disposal/(Purchase) of financial investments - net	(2,384,573)	1,470,345	(30,311)	122,276
Purchase of property and equipment and intangible assets	(190,867)	(106,540)	(8)	-
Proceeds from disposal of asset held for sale	83,775	-	-	-
Transfer of ESS shares recharged difference on purchase price for shares vested	(262)	(2,341)	990	1,988
Proceeds from senior notes			-	(700,000)
Net cash generated from/(used in) investing activities	(2,463,775)	2,045,679	660,752	746,725

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015 (CONT'D.)

	Group		Company	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
<i>Cash flows from financing activities</i>				
Dividends paid by Company to its shareholders	(611,880)	(871,099)	(611,880)	(871,099)
Dividends paid to non-controlling interests by subsidiaries	(196,225)	(11,392)	-	-
Redemption of shares in subsidiary by non-controlling interests	(3,372)	(2,543)	-	-
Proceeds from/(repayment of)debt capital	-	(97,800)	-	-
Net cash used in financing activities	<u>(811,477)</u>	<u>(982,834)</u>	<u>(611,880)</u>	<u>(871,099)</u>
Net increase/(decrease) in cash and cash equivalents	2,701,801	(1,008,798)	(4,802)	(45,023)
Cash and cash equivalents at beginning of financial year	10,781,256	10,286,587	12,464	53,189
Effect of exchange rate changes	(224)	156	-	-
Cash and cash equivalents at end of period	<u>13,482,833</u>	<u>9,277,945</u>	<u>7,662</u>	<u>8,166</u>

For the purpose of statements of cash flows, cash and cash equivalents consist of cash and short-term funds net of bank overdrafts. Cash and cash equivalents included in the statements of cash flows comprise the following financial position amounts:

	Group		Company	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	13,482,833	9,123,365	7,662	8,166
Bank overdrafts	-	-	-	-
Reclassified to assets held for sale	-	154,580	-	-
Cash and cash equivalents	<u>13,482,833</u>	<u>9,277,945</u>	<u>7,662</u>	<u>8,166</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

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 Investment Account Holder (“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.

Restricted Investment Account (“RIA”)

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

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

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 for financial year ending
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	31 March 2017
- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	31 March 2017
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	31 March 2017
- Amendments to MFRS 127 Equity Method in Separate Financial Statements	31 March 2017
- Amendments to MFRS 101 Disclosure Initiative	31 March 2017
- MFRS 14 Regulatory Deferral Accounts	31 March 2017
- MFRS 15 Revenue from Contracts with Customers	31 March 2019
- MFRS 9 Financial Instruments	31 March 2019

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

Standards effective for financial year ending 31 March 2017

Annual Improvements to MFRSs 2012-2014 Cycle

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

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

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

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

(ii) MFRS 7 Financial Instruments: Disclosures

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

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

(iii) MFRS 119 Employee Benefits

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

(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 for 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 for 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 for financial year ending 31 March 2019

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including 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 2018 with early adoption permitted.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the 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 31 December 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

During the financial period ended 30 September 2015, a final single tier dividend of 15.3% for the financial year ended 31 March 2015 amounting to RM461,170,284 was paid on 11 September 2015 to shareholders whose names appear in the record of Depositors on 28 August 2015.

An interim single tier dividend of 5.0% for the financial year ending 31 March 2016 amounting to RM150,709,242 was paid on 18 December 2015 to shareholders whose names appear in the record of Depositors on 4 December 2015.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	-	9,830
Malaysian Government Securities	321,954	797,037
Government Investment Issues	540,350	491,950
Cagamas bonds	63,260	109,111
Bank Negara Monetary Notes	-	14,767
	<u>925,564</u>	<u>1,422,695</u>
Quoted Securities:		
In Malaysia:		
Shares	71,637	71,323
Unit trusts	193,564	14,519
Private debt securities	38,484	39,394
Outside Malaysia:		
Shares	107,405	95,933
	<u>411,090</u>	<u>221,169</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	4,145,070	2,863,838
Outside Malaysia:		
Private debt securities	45,946	166,521
	<u>4,191,016</u>	<u>3,030,359</u>
Total	<u>5,527,670</u>	<u>4,674,223</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Company	
	31.12.15 RM'000	31.03.15 RM'000	31.12.15 RM'000	31.03.15 RM'000
At Fair Value				
Money Market Instruments:				
Malaysian Treasury Bills	-	39,691	-	-
Malaysian Government Securities	280,648	350,238	-	-
Government Investment Issues	1,183,861	576,623	-	-
Bank Negara Monetary Notes	-	634,483	-	-
Negotiable instruments of deposits	3,500,162	600,078	-	-
Islamic negotiable instruments of deposit	1,693,635	3,045,886	-	-
Islamic Treasury Bills	28,532	-	-	-
	<u>6,686,838</u>	<u>5,246,999</u>	<u>-</u>	<u>-</u>
Quoted Securities:				
In Malaysia:				
Shares	52,344	51,271	-	-
Unit trusts	1,061,390	681,686	143,127	110,704
Outside Malaysia:				
Shares	12,903	41,636	-	-
	<u>1,126,637</u>	<u>774,593</u>	<u>143,127</u>	<u>110,704</u>
Unquoted Securities:				
In Malaysia:				
Unit trusts	34,561	33,343	-	-
Private debt securities	4,421,064	3,910,263	-	-
Outside Malaysia:				
Unit trusts	314	314	-	-
Private debt securities	315,785	301,957	-	-
	<u>4,771,724</u>	<u>4,245,877</u>	<u>-</u>	<u>-</u>
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	119,568	119,643	-	-
Outside Malaysia:				
Shares	191	163	-	-
	<u>119,759</u>	<u>119,806</u>	<u>-</u>	<u>-</u>
Total	<u>12,704,958</u>	<u>10,387,275</u>	<u>143,127</u>	<u>110,704</u>

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Foreign Treasury Bills	643,959	518,486
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,379,945	3,352,220
	<u>4,023,904</u>	<u>3,870,706</u>
Less: Accumulated impairment losses	(3,008)	(6,198)
Total	<u>4,020,896</u>	<u>3,864,508</u>

A11. LOANS, ADVANCES AND FINANCING

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
At Amortised Cost:		
Loans, advances and financing:		
Term loans	23,918,182	26,101,737
Revolving credit	12,226,814	10,990,796
Housing loans/financing	17,087,599	15,529,057
Staff loans	119,341	126,200
Hire-purchase receivables	22,631,672	24,096,098
Credit card receivables	1,592,899	1,712,916
Overdraft	3,269,491	3,225,224
Claims on customers under acceptance credits	3,851,146	3,756,802
Trust receipts	1,249,047	1,330,515
Bills receivables	730,361	796,914
Others	198,142	156,783
Gross loans, advances and financing	<u>86,874,694</u>	<u>87,823,042</u>
Allowance for impairment on loans, advances and financing:		
Collective allowance	(1,222,350)	(1,413,424)
Individual allowance	(259,706)	(235,823)
	<u>(1,482,056)</u>	<u>(1,649,247)</u>
Net loans, advances and financing	<u>85,392,638</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	
	31.12.15	31.03.15
	RM'000	RM'000
Domestic banking institutions	160,704	6,718
Domestic non-bank financial institutions	1,964,449	2,162,647
Domestic business enterprises:		
Small and medium enterprises	12,417,492	12,154,408
Others	25,308,415	26,389,665
Government and statutory bodies	416,624	458,194
Individuals	45,043,760	45,016,784
Other domestic entities	157,782	196,804
Foreign individuals and entities	1,405,468	1,437,822
	<u>86,874,694</u>	<u>87,823,042</u>

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

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
In Malaysia	86,139,961	86,959,227
Outside Malaysia	734,733	863,815
	<u>86,874,694</u>	<u>87,823,042</u>

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

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
Fixed rate:		
Housing loans/financing	595,481	647,158
Hire purchase receivables	21,046,934	22,101,194
Other fixed rate loans/financing	8,559,194	9,370,037
	<u>30,201,609</u>	<u>32,118,389</u>
Variable rate:		
Base lending/financing rate plus	29,702,372	29,416,068
Cost plus	24,387,179	24,676,178
Other variable rates	2,583,534	1,612,407
	<u>56,673,085</u>	<u>55,704,653</u>
	<u>86,874,694</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	
	31.12.15 RM'000	31.03.15 RM'000
Agriculture	4,293,698	4,285,412
Mining and quarrying	3,030,841	3,075,692
Manufacturing	8,628,011	8,553,568
Electricity, gas and water	553,851	1,237,957
Construction	3,701,176	3,979,622
Wholesale and retail trade and hotels and restaurants	4,344,374	4,611,285
Transport, storage and communication	2,712,016	2,334,695
Finance and insurance	2,168,248	2,169,365
Real estate	8,470,238	8,667,880
Business activities	1,303,665	1,215,866
Education and health	1,539,973	1,707,568
Household of which:	45,681,893	45,494,173
Purchase of residential properties	16,921,625	15,389,672
Purchase of transport vehicles	21,499,694	22,713,649
Others	7,260,574	7,390,852
Others	446,710	489,959
	<u>86,874,694</u>	<u>87,823,042</u>

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

	Group	
	31.12.15 RM'000	31.03.15 RM'000
Maturing within one year	22,666,863	20,990,183
Over one year to three years	9,140,158	10,034,651
Over three years to five years	13,121,920	12,803,857
Over five years	41,945,753	43,994,351
	<u>86,874,694</u>	<u>87,823,042</u>

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

	Group	
	31.12.15 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	1,016,541	1,989,676
Reclassified as non-impaired	(35,598)	(337,426)
Disposal of subsidiary	-	(9,905)
Recoveries	(470,976)	(666,728)
Amount written off	(519,391)	(1,065,479)
Exchange differences	-	451
Balance at end of financial period/year	<u>1,563,306</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	<u>94.8%</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	
	31.12.15	31.03.15
	RM'000	RM'000
In Malaysia	1,563,306	1,572,730
Outside Malaysia	-	-
	1,563,306	1,572,730

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

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
Agriculture	5,120	9,142
Mining and quarrying	3,845	7,041
Manufacturing	185,842	206,878
Electricity, gas and water	17,386	21,361
Construction	21,268	21,685
Wholesale and retail trade and hotels and restaurants	50,301	43,289
Transport, storage and communication	39,082	24,277
Finance and insurance	379	451
Real estate	514,246	398,608
Business activities	12,891	15,921
Education and health	9,834	12,603
Household of which:	691,915	797,552
Purchase of residential properties	319,410	360,538
Purchase of transport vehicles	298,302	366,612
Others	74,203	70,402
Others	11,197	13,922
	1,563,306	1,572,730

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

	Group	
	31.12.15	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	277,539	504,597
Reclassified to held for sale	-	(25)
Amount written off and others	(471,751)	(1,043,531)
Exchange fluctuation adjustments	2,877	1,999
Balance at end of financial period/year	1,222,350	1,413,424
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	1.4%	1.6%
Individual allowance		
Balance at beginning of financial year	235,823	167,552
Allowance made during the financial period/year, net	43,912	91,026
Disposal of subsidiary	-	(9,905)
Amount written off	(20,029)	(12,850)
Balance at end of financial period/year	259,706	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	
	31.12.15 RM'000	31.03.15 RM'000	31.12.15 RM'000	31.03.15 RM'000
Trade receivables, net of allowance for impairment	327,477	495,569	-	-
Other receivables, deposits and prepayments, net of allowance for impairment	1,979,786	1,944,792	2,302	15,353
Interest receivable, net of allowance for impairment	248,780	255,473	18	49
Fee receivable, net of allowance for impairment	49,874	73,532	-	-
Amount due from originators	440,396	464,711	-	-
Amount due from agents, brokers and reinsurers	41,700	15,742	-	-
Foreclosed properties, net of allowance for impairment	65,594	61,822	-	-
Tax recoverable	428,033	355,404	1,182	4,979
	<u>3,581,640</u>	<u>3,667,045</u>	<u>3,502</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	
		31.12.15 RM'000	31.03.15 RM'000
Reinsurance assets from general insurance business		359,073	364,753
Other insurance receivables	(i)	<u>81,801</u>	<u>69,176</u>
		<u>440,874</u>	<u>433,929</u>
(i) Other insurance receivables			
Due premiums including agents/brokers and co-insurers balances		78,464	80,889
Amount owing by reinsurance and cedants		36,766	21,835
Allowance for impairment		<u>(33,429)</u>	<u>(33,548)</u>
		<u>81,801</u>	<u>69,176</u>

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.12.15 RM'000	31.03.15 RM'000
Licensed banks	1,359,387	913,644
Bank Negara Malaysia	66,471	59,548
Other financial institutions	1,258,956	1,328,472
	<u>2,684,814</u>	<u>2,301,664</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
Demand deposits	13,350,881	13,463,013
Savings deposits	5,195,958	5,254,753
Term/Investment deposits	72,328,273	73,401,321
Negotiable instruments of deposits	6,790	10,962
	<u>90,881,902</u>	<u>92,130,049</u>

The deposits are sourced from the following types of customers:

Business enterprises	41,609,901	41,988,048
Individuals	35,185,400	35,775,692
Government and statutory bodies	11,183,696	10,745,204
Others	2,902,905	3,621,105
	<u>90,881,902</u>	<u>92,130,049</u>

A17. OTHER LIABILITIES

	Group		Company	
	31.12.15	31.03.15	31.12.15	31.03.15
	RM'000	RM'000	RM'000	RM'000
Trade payables	341,325	482,916	-	-
Other payables and accruals	2,103,240	2,342,662	30,746	34,061
Interest payable on deposits and borrowings	938,513	811,443	18,101	6,812
Lease deposits and advance rentals	9,981	11,874	-	-
Provision for commitments and contingencies	143,017	156,266	-	-
Profit equalisation reserve	-	1,680	-	-
Provision for taxation	58,773	110,834	277	-
	<u>3,594,849</u>	<u>3,917,675</u>	<u>49,124</u>	<u>40,873</u>

A18. INSURANCE, TAKAFUL CONTRACT LIABILITIES AND OTHER INSURANCE PAYABLES

Group	Note	31.12.15 RM'000	31.03.15 RM'000
Insurance contract liabilities	(i)	2,515,402	2,467,505
Other insurance payables	(ii)	80,363	77,144
		<u>2,595,765</u>	<u>2,544,649</u>
 (i) Insurance contract liabilities			
		31.12.15	31.03.15
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		RM'000	Net contract liabilities RM'000
General insurance business		<u>2,515,402</u>	<u>(359,073)</u>
		31.03.15	31.12.15
		Gross contract liabilities RM'000	Reinsurance assets RM'000
		RM'000	Net contract liabilities RM'000
General insurance business		<u>2,467,505</u>	<u>(364,753)</u>
 (ii) Other insurance payables			
		31.12.15	31.03.15
		RM'000	RM'000
Amount due to agents and intermediaries		25,768	24,658
Amounts due to reinsurers and cedants		54,595	52,486
		<u>80,363</u>	<u>77,144</u>

A19. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Short-term funds and deposits with financial institutions	58,898	51,749	151,169	135,480
Financial assets held-for-trading	39,256	27,291	109,697	81,387
Financial investments available-for-sale	69,172	73,941	218,348	214,371
Financial investments held-to-maturity	27,228	24,430	76,448	75,667
Loans and advances	820,379	892,999	2,480,169	2,727,052
Impaired loans and advances	2,016	1,664	6,640	5,553
Others	17,275	9,099	43,745	18,501
	<u>1,034,224</u>	<u>1,081,173</u>	<u>3,086,216</u>	<u>3,258,011</u>
 Company				
Short-term funds and deposits with financial institutions	144	436	1,120	4,353
	<u>144</u>	<u>436</u>	<u>1,120</u>	<u>4,353</u>

A20. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	483,035	462,464	1,414,946	1,353,049
Deposit and placements of banks and other financial institutions	14,859	7,128	28,220	19,663
Senior notes	51,576	48,052	153,657	143,526
Credit-Linked Notes	4,002	4,204	11,990	12,559
Securities sold under repurchase agreements	-	-	57	-
Recourse obligation on loans sold to Cagamas Berhad	23,574	10,293	43,945	30,695
Term loans	8,750	7,386	24,238	22,178
Subordinated term loans and notes	3,121	5,066	11,034	15,775
Interest on bonds	5,280	5,279	15,782	15,777
Medium term notes	17,416	20,536	52,058	62,059
Hybrid and Innovative Tier 1 capital securities	24,032	21,038	69,155	62,018
Others	3,779	(138)	11,027	10,912
	639,424	591,308	1,836,109	1,748,211
Company				
Senior notes	11,091	11,090	33,151	44,467
Term loans	3,069	3,045	9,100	8,777
	14,160	14,135	42,251	53,244

A21. NET INCOME FROM INSURANCE BUSINESS

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Income from insurance business:	(a)				
Premium income from general insurance business		354,126	363,401	1,093,417	1,113,754
Premium income from life and family takaful insurance business		-	-	-	45,446
		<u>354,126</u>	<u>363,401</u>	<u>1,093,417</u>	<u>1,159,200</u>
Insurance claims and commissions:	(b)				
Insurance commission ¹		37,301	36,981	102,657	79,863
General insurance claims		235,832	230,537	699,548	695,570
Life and family takaful insurance claims		-	-	-	56,186
		<u>273,133</u>	<u>267,518</u>	<u>802,205</u>	<u>831,619</u>
Total income from insurance business, net		<u>80,993</u>	<u>95,883</u>	<u>291,212</u>	<u>327,581</u>
(a) Income from insurance business					
Gross Premium					
- insurance contract		378,348	388,227	1,142,235	1,229,507
- change in unearned premium provision		8,797	19,362	52,402	59,563
		<u>387,145</u>	<u>407,589</u>	<u>1,194,637</u>	<u>1,289,070</u>
Premium ceded					
- insurance contract		(29,340)	(37,495)	(91,480)	(112,998)
- change in unearned premium provision		(3,679)	(6,693)	(9,740)	(16,872)
		<u>(33,019)</u>	<u>(44,188)</u>	<u>(101,220)</u>	<u>(129,870)</u>
		<u>354,126</u>	<u>363,401</u>	<u>1,093,417</u>	<u>1,159,200</u>
(b) Insurance claims					
- gross benefits and claims paid		222,490	229,146	653,005	814,704
- claims ceded to reinsurers		(11,876)	(24,072)	(57,701)	(81,613)
- change in contract liabilities - insurance contract		10,104	20,071	100,298	(36,924)
- change in contract liabilities ceded to reinsurers					
- insurance contract		15,114	5,392	3,946	55,589
		<u>235,832</u>	<u>230,537</u>	<u>699,548</u>	<u>751,756</u>

¹ Net of bancassurance commission paid/payable to subsidiaries of the Group of RM11,792,000 (31 December 2014: RM17,546,000) eliminated upon consolidation.

A22. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Fee and commission income:				
Fees on loans and securities	33,646	52,322	106,555	160,366
Corporate advisory	4,570	4,495	13,360	18,174
Guarantee fees	13,970	15,969	41,055	43,959
Underwriting commission	863	582	3,137	8,350
Portfolio management fees	8,956	7,203	26,868	25,414
Unit trust management fees	26,388	29,381	76,666	82,365
Property trust management fees	1,524	1,533	4,542	4,664
Brokerage fees and commission	13,331	18,569	40,177	56,362
Wealth management fees	7,758	6,046	20,449	19,550
Other fee and commission income	21,815	21,631	71,197	70,073
	<u>132,821</u>	<u>157,731</u>	<u>404,006</u>	<u>489,277</u>
Investment and trading income:				
Net gain/(loss) from sale of financial assets held-for-trading	2,409	(19,276)	(7,619)	(28,848)
Net gain/(loss) from sale of financial investments available-for-sale	34,381	(69)	52,426	38,777
Net gain/(loss) on revaluation of financial assets held-for-trading	15,891	(16,528)	(19,530)	9,847
Net foreign exchange gain ²	25,983	21,672	80,952	54,038
Net gain/(loss) on derivatives	(25,193)	44,146	39,054	66,904
Gain/(loss) on disposal of equity interests in subsidiaries:	-	9,186	8,754	399,161
Gross dividend income from:				
Financial assets held-for-trading	3,463	3,749	4,876	7,054
Financial investments available-for-sale	8,348	122	25,707	22,920
Others	2,088	(28)	202	1,136
	<u>67,370</u>	<u>42,974</u>	<u>184,822</u>	<u>570,989</u>
Other income:				
Net non-trading foreign exchange loss	(2,921)	7,316	(2,325)	10,940
Net loss on disposal of property and equipment	85	(49)	(906)	(50)
Rental income	914	1,056	3,001	3,745
Profit from sale of goods and services	10,425	4,034	29,009	21,016
Others	5,083	2,775	18,187	25,207
	<u>13,586</u>	<u>15,132</u>	<u>46,966</u>	<u>60,858</u>
	<u>213,777</u>	<u>215,837</u>	<u>635,794</u>	<u>1,121,124</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	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Fee and commission income:				
Other fee and commission income	-	-	150	300
	<u>-</u>	<u>-</u>	<u>150</u>	<u>300</u>
Investment and trading income:				
Gross dividend income from:				
Subsidiaries	215,091	419,698	659,877	1,334,378
Financial investments available-for-sale	645	588	2,112	3,062
	<u>215,736</u>	<u>420,286</u>	<u>661,989</u>	<u>1,337,440</u>
Other income:				
Others	-	-	-	181
	<u>-</u>	<u>-</u>	<u>-</u>	<u>181</u>
	<u>215,736</u>	<u>420,286</u>	<u>662,139</u>	<u>1,337,921</u>

A23. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Personnel costs:				
Salaries, allowances and bonuses	208,066	201,764	612,813	677,509
Shares/options granted under ESS	4,148	8,695	6,157	23,119
Pension costs	32,631	32,460	97,524	109,863
Social security cost	1,626	1,653	4,888	5,017
Others	32,378	31,333	85,692	70,811
	<u>278,849</u>	<u>275,905</u>	<u>807,074</u>	<u>886,319</u>
Establishment costs:				
Depreciation of property and equipment	13,639	14,518	38,625	44,740
Amortisation of intangible assets	22,738	21,045	66,356	63,982
Computerisation costs	48,118	50,613	142,746	151,470
Rental of premises	27,380	25,283	79,633	75,856
Cleaning, maintenance and security	7,130	10,322	24,130	23,909
Others	10,106	12,036	30,705	33,710
	<u>129,111</u>	<u>133,817</u>	<u>382,195</u>	<u>393,667</u>
Marketing and communication expenses:				
Sales commission	5,083	2,710	10,258	7,697
Advertising, promotional and other marketing activities	18,643	11,199	44,882	32,211
Telephone charges	5,865	5,274	18,045	16,760
Postage	104	2,761	8,492	10,867
Travel and entertainment	4,497	4,586	11,999	14,460
Others	5,326	7,148	17,810	20,661
	<u>39,518</u>	<u>33,678</u>	<u>111,486</u>	<u>102,656</u>
Administration and general expenses:				
Professional services	34,983	29,918	92,613	91,787
Donations	144	241	717	507
Travelling	2,250	3,124	5,726	7,253
Others	88,541	19,221	158,072	62,766
	<u>125,918</u>	<u>52,504</u>	<u>257,128</u>	<u>162,313</u>
	<u>573,396</u>	<u>495,904</u>	<u>1,557,883</u>	<u>1,544,955</u>

A23. OTHER OPERATING EXPENSES (CONT'D.)

Company	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Personnel costs ³ :				
Salaries, allowances and bonuses	3,331	-	11,422	-
Pension costs	469	-	1,535	-
Others	63	26	351	35
	<u>3,863</u>	<u>26</u>	<u>13,308</u>	<u>35</u>
Establishment costs:				
Depreciation of property and equipment	43	42	123	127
Cleaning, maintenance and security	1	-	1	1
Others	3	6	11	12
	<u>47</u>	<u>48</u>	<u>135</u>	<u>140</u>
Marketing and communication expenses:				
Advertising, promotional and other marketing activities	261	205	315	241
Telephone charges	5	4	11	10
Postage	2	1	22	26
Travel and entertainment	8	6	40	17
Others	19	-	160	151
	<u>295</u>	<u>216</u>	<u>548</u>	<u>445</u>
Administration and general expenses:				
Professional services	1,172	261	2,587	868
Travelling	2	-	17	24
Others	2,311	1,510	12,849	8,392
	<u>3,485</u>	<u>1,771</u>	<u>15,453</u>	<u>9,284</u>
	<u>7,690</u>	<u>2,061</u>	<u>29,444</u>	<u>9,904</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. In the previous year, the costs are fully recovered from its subsidiaries.

A24. ALLOWANCE/(WRITEBACK) FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Allowance/(writeback) for impaired loans, advances and financing:				
Individual allowance, net	30,363	17,940	43,912	52,705
Collective allowance, net	21,574	142,137	277,539	435,930
Impaired loans, advances and financing:				
Written off	(70)	-	(361)	-
Recovered, net	(121,940)	(215,256)	(444,035)	(458,016)
Recovery from loans sold to Danaharta	(1,589)	(1,732)	(1,589)	(1,732)
	<u>(71,662)</u>	<u>(56,911)</u>	<u>(124,534)</u>	<u>28,887</u>

A25. BUSINESS SEGMENT ANALYSIS

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

(a) Retail Banking

Retail banking will focus on building emerging affluent and small business customers and the mass market. Retail banking offers products and financial solutions which includes auto financing, mortgage and personal loans, credit cards, small business loans, priority banking services, wealth management, remittance services and deposits.

(b) Wholesale Banking

Wholesale banking comprises Corporate and Commercial Banking, Markets, Investment Banking and Fund Management.

(i) Corporate and Commercial Banking offers a full range of products and services of corporate lending, trade finance, offshore banking, and cash management solutions to wholesale banking clients;

(ii) Markets includes proprietary trading as well as providing full range of products and services relating to treasury activities, including foreign exchange, derivatives, and fixed income;

(iii) Investment Banking offers investment banking solutions and services, encompassing capital markets activities, equity derivatives, broking, private banking services, corporate advisory and fund raising services (equity and debt capital); and

(iv) Fund Management comprises the asset and fund management services, offering a variety of investment solutions for various asset classes to retail, corporate and institutional clients.

(c) Insurance

Insurance segment offers a broad range of general insurance products, namely motor, personal accident, property and household. It also offers life insurance and takaful products namely wealth protection/ savings, health and medical protection and family takaful solutions provided through our joint venture operations.

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

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

During the current financial period, the Group:

(i) has presented allowances for impairment on financing and advances separately from other assets to better align with internal information used to manage the business;

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

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

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate & Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
For the financial period ended 31.12.15								
External revenue	2,448,117	1,429,873	550,245	187,752	103,999	1,193,961	399,578	6,313,525
Revenue from other segments	(179,766)	274,581	(208,512)	(16,457)	-	-	130,154	-
Total operating revenue	<u>2,268,351</u>	<u>1,704,454</u>	<u>341,733</u>	<u>171,295</u>	<u>103,999</u>	<u>1,193,961</u>	<u>529,732</u>	<u>6,313,525</u>
Net interest income	937,086	590,464	31,795	29,835	1,830	99,251	123,297	1,813,558
Other income	198,637	133,239	73,064	124,654	102,169	277,218	70,052	979,033
Income	1,135,723	723,703	104,859	154,489	103,999	376,469	193,349	2,792,591
Share in results of associates and joint ventures	3,180	-	-	-	-	(10,096)	5,596	(1,320)
Other operating expenses	(691,607)	(167,209)	(53,901)	(102,138)	(53,006)	(216,167)	(269,661)	(1,553,689)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(16,945)	(1,329)	(686)	(1,255)	(288)	(9,175)	(12,338)	(42,016)
<i>Amortisation of intangible assets</i>	(13,321)	(2,236)	(5,079)	(609)	(1,062)	(5,886)	(39,482)	(67,675)
Profit/(Loss) before provisions (Allowance)/Writeback for impairment losses on loan, advances and financing	447,296	556,494	50,958	52,351	50,993	150,206	(70,716)	1,237,582
(Allowance)/Writeback for impairment losses on other assets	9,313	50,299	-	1,242	-	-	63,680	124,534
	(3,087)	19,324	(209)	(890)	-	(4,608)	16,497	27,027
Profit before taxation and zakat	453,522	626,117	50,749	52,703	50,993	145,598	9,461	1,389,143
Taxation and zakat	(107,954)	(140,942)	(12,180)	(8,734)	(13,226)	(22,585)	4,731	(300,890)
Profit for the period	<u>345,568</u>	<u>485,175</u>	<u>38,569</u>	<u>43,969</u>	<u>37,767</u>	<u>123,013</u>	<u>14,192</u>	<u>1,088,253</u>
Other information								
Total segment assets	46,355,115	39,407,836	11,581,533	2,430,437	141,208	5,205,360	30,513,837	135,635,326
Total segment liabilities	42,248,953	52,131,252	5,278,969	314,934	29,726	3,355,171	16,470,063	119,829,068
Cost to income ratio	60.7%	23.1%	51.4%	66.1%	51.0%	59.0%	135.5%	55.7%
Gross loans/financing	46,005,033	39,430,229	-	1,484,664	-	6,617	(51,849.00)	86,874,694
Net loans/financing	45,479,475	38,880,667	-	1,477,938	-	6,357	(451,799.00)	85,392,638
Impaired loans, advances and financing	799,955	761,084	-	1,798	-	-	469	1,563,306
Total deposits	41,777,524	50,954,456	601,566	-	-	-	233,170	93,566,716
Additions to:								
Property and equipment	15,888	618	96	1,165	2,299	40,242	31,270	91,578
Intangible assets	8,777	1,657	95	1,134	266	13,749	73,611	99,289

A25. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group

For the financial period ended 31.12.14	Wholesale Banking						Group Funding and Others RM'000	Total RM'000
	Retail Banking RM'000	Corporate & Commercial Banking RM'000	Markets RM'000	Investment Banking RM'000	Fund Management RM'000	Insurance RM'000		
External revenue	2,737,940	1,256,504	481,147	226,916	106,558	1,318,117	796,291	6,923,473
Revenue from other segments	(295,163)	346,844	(161,022)	(13,287)	-	-	122,628	-
Total operating revenue	<u>2,442,777</u>	<u>1,603,348</u>	<u>320,125</u>	<u>213,629</u>	<u>106,558</u>	<u>1,318,117</u>	<u>918,919</u>	<u>6,923,473</u>
Net interest income	1,100,584	666,834	32,576	39,217	2,286	93,815	166,051	2,101,363
Other income	197,632	148,889	102,972	159,239	104,272	359,212	424,997	1,497,213
Income	1,298,216	815,723	135,548	198,456	106,558	453,027	591,048	3,598,576
Share in results of associates and joint ventures	3,011	-	-	-	-	2,726	8,110	13,847
Other operating expenses	(686,359)	(196,594)	(56,872)	(144,164)	(56,706)	(208,968)	(275,569)	(1,625,232)
<i>of which:</i>								
<i>Depreciation of property and equipment</i>	(18,668)	(2,122)	(1,083)	(2,331)	(300)	(9,904)	(12,770)	(47,178)
<i>Amortisation of intangible assets</i>	(12,571)	(2,812)	(3,375)	(619)	(1,084)	(4,916)	(38,920)	(64,297)
Profit/(Loss) before provisions	614,868	619,129	78,676	54,292	49,852	246,785	323,589	1,987,191
(Allowance)/Writeback for impairment losses on loan, advances and financing	(220,142)	151,619	-	5,653	-	-	33,983	(28,887)
(Allowance)/Writeback for impairment losses on other assets	9,284	15,543	(362)	(23,798)	-	30,729	(53,794)	(22,398)
Profit before taxation and zakat	404,010	786,291	78,314	36,147	49,852	277,514	303,778	1,935,906
Taxation and zakat	(100,230)	(185,128)	(19,578)	(16,069)	(11,229)	(65,758)	(43,389)	(441,382)
Profit for the period	<u>303,780</u>	<u>601,163</u>	<u>58,736</u>	<u>20,078</u>	<u>38,623</u>	<u>211,756</u>	<u>260,389</u>	<u>1,494,524</u>
Other information								
Total segment assets	47,123,439	39,411,292	8,784,257	2,920,452	156,434	5,454,939	26,533,406	130,384,219
Total segment liabilities	42,917,318	50,842,461	4,090,217	565,397	35,804	3,383,528	13,652,136	115,486,861
Cost to income ratio	52.7%	24.1%	42.0%	72.6%	53.2%	45.9%	46.0%	45.0%
Gross loans/financing	46,797,802	39,364,724	-	1,446,222	-	12,173	(141,423)	87,479,498
Net loans/financing	46,026,659	38,902,704	-	1,439,891	-	12,173	(649,857)	85,731,570
Impaired loans, advances and financing	1,026,792	617,390	-	4,539	-	-	259	1,648,980
Total deposits	42,151,745	49,608,759	461,093	-	-	-	794,234	93,015,831
Additions to:								
Property and equipment	17,682	270	191	1,832	264	11,289	15,014	46,542
Intangible assets	7,959	851	5,209	821	245	5,260	39,653	59,998

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

On 27 January 2016, the first call date, AmBank early repaid its subordinated term loan of USD200 million, together with the accrued but unpaid interest to its subsidiary, AMBB Capital (L) Ltd. The proceeds of the repayment is used by AMBB Capital (L) Ltd to redeem its Non-Cumulative Non-Voting Guaranteed Preference Shares ("Hybrid Securities") in whole on the same day. Approval from BNM for the redemption of the Hybrid Securities was obtained on 3 November 2015.

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

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	
	31.12.15	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	14,805,032	15,126,229
over one year	4,735,144	4,970,928
Unutilised credit card lines	2,739,161	3,955,894
Forward asset purchases	99,502	824,066
	<u>22,378,839</u>	<u>24,877,117</u>
Contingent Liabilities		
Direct credit substitutes	2,382,395	996,116
Transaction related contingent items	5,120,799	6,355,902
Obligations under underwriting agreements	20,000	250,000
Short term self liquidating trade related contingencies	746,947	715,135
	<u>8,270,141</u>	<u>8,317,153</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	48,359,066	43,862,385
One year or less	8,281,560	4,922,517
Over one year to five years	30,589,837	31,036,563
Over five years	9,487,669	7,903,305
Foreign exchange related contracts:	41,105,831	38,377,491
One year or less	38,224,489	33,926,800
Over one year to five years	702,286	2,500,277
Over five years	2,179,056	1,950,414
Credit related contracts:	710,858	654,404
One year or less	355,792	-
Over one year to five years	-	327,515
Over five years	355,066	326,889
Equity and commodity related contracts:	283,309	676,506
One year or less	202,355	606,676
Over one year to five years	80,954	69,830
Over five years	-	-
	<u>90,459,064</u>	<u>83,570,786</u>
	<u>121,108,044</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) Legal suits:
 - Zurich insurance Malaysia Bhd -V- AmTrustee Bhd & Meridian Asset Management S/B ("Zurich Suit")
 - Meridian Asset Management S/b -V- AmTrustee Bhd ("Meridian Suit")(Currently pending before the Federal Court)

Nature of Claim

Zurich Suit: Zurich claims for breach of trust for losses suffered by it when Zurich appointed Meridian as an external fund manager for certain of its insurance funds. Meridian appointed AmTrustee as custodian for the said insurance funds.

Meridian Suit: Meridian claims for losses suffered by it arising from the custodian services provided by AmTrustee to Meridian. The losses are funds invested by Zurich and Kumpulan Wang Persaraan (KWAP), with Meridian.

Status

High Court

Zurich Suit: High Court dismissed Zurich's claim against AmTrustee. Meridian was found to be fully liable to Zurich.

Meridian Suit: High Court held AmTrustee liable to contribute to Meridian for 40% of the sum amount that Meridian pays Zurich and KWAP. Until Meridian pays Zurich and KWAP, there is no liability on AmTrustee to contribute (reimburse).

Parties then appealed to the Court of Appeal

Court of Appeal

Zurich Suit: High Court decision varied. AmTrustee and Meridian were now held to be severally liable to Zurich. This means that both AmTrustee and Meridian are fully liable for the amount and Zurich may elect whom to pursue.

Meridian Suit: the High Court decision was maintained.

Parties applied for leave (i.e. permission) to appeal to the Federal Court.

Federal Court

Prior to hearing the application for leave to appeal, on 22 September 2015, AmTrustee was informed that Meridian had been wound up on 7 August 2015. Accordingly, AmTrustee has instructed its solicitors to file for leave to proceed against Meridian. Leave was granted by the Winding Up Court on 20 January 2016. The application for permission to appeal to the Federal Court is now fixed for hearing on 17 February 2016. Should permission be granted on 17 February 2016, the matter will then proceed to a full appeal hearing on a date to be fixed by the Federal Court.

Solicitors' Opinion

Solicitors are of the view that AmTrustee would be able to satisfy the threshold set out under section 96 of the Court of Judicature Act (CJA) and be granted permission to appeal: The threshold requires permission to be granted when there is public importance or the issue in the appeal has not been previously decided by the Federal Court. AmTrustee's solicitors take the view that as the questions of law posed to the Federal Court in the Leave Application have never before been decided by the Federal Court, AmTrustee has good prospects of obtaining permission to appeal.

In the event that permission to appeal is granted on 17 February 2016 and the matter proceeds to a full appeal hearing, AmTrustee's solicitors opine that AmTrustee has a reasonably good chance to overturn the Court of Appeal's decision at the full appeal hearing.

A29. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (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. One of the Claimants managed to file an appeal. All other 18 Claimants did not appeal against the dismissal of their suits. The Solicitors for AmF and AMIB is of the view that AmF and AMIB have a good chance of successfully challenging the appeal. The appeal has been fixed for hearing on 22 January 2016 and therefore, is the only subsisting suit against AmF and AMIB as at 31 December 2015.

- (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. Since last financial year until the financial quarter, AmMetLife received complaints from 32 policyholders. 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	31.12.15			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:	41,954,066	160,075	173,044	38,722,385	164,303	179,699
- One year or less	8,181,560	4,164	4,720	4,102,517	1,889	6,836
- Over one year to three years	15,313,670	63,211	52,359	16,054,025	45,803	37,764
- Over three years	18,458,836	92,700	115,965	18,565,843	116,611	135,099
Foreign exchange related contracts:	41,105,831	1,776,337	1,796,403	38,377,491	1,216,197	1,172,071
- One year or less	38,224,489	1,336,469	1,394,425	33,926,800	784,662	761,802
- Over one year to three years	374,096	23,269	12,635	2,356,883	202,122	217,705
- Over three years	2,507,246	416,599	389,343	2,093,808	229,413	192,564
Credit related derivative contracts:	710,858	37,852	15,058	654,404	40,705	8,931
- One year or less	355,792	658	-	-	-	-
- Over one year to three years	-	-	-	327,515	7,572	-
- Over three years	355,066	37,194	15,058	326,889	33,133	8,931
Equity and commodity related contracts:	283,309	3,029	7,528	676,506	3,262	3,835
- One year or less	202,355	560	5,059	606,676	1,506	2,079
- Over one year to three years	-	-	-	-	-	-
- Over three years	80,954	2,469	2,469	69,830	1,756	1,756
	84,054,064	1,977,293	1,992,033	78,430,786	1,424,467	1,364,536
Hedging derivatives						
Interest rate related contracts -						
Interest rate swaps:						
Cash flow hedge	6,055,000	19,186	6,617	4,790,000	13,070	13,842
- One year or less	100,000	456	-	820,000	100	39
- Over one year to three years	2,735,000	3,738	228	1,380,000	1,165	2,642
- Over three years	3,220,000	14,992	6,389	2,590,000	11,805	11,161
Fair value hedge	350,000	-	1,108	350,000	-	7,100
- One year or less	-	-	-	-	-	-
- Over one year to three years	-	-	-	-	-	-
- Over three years	350,000	-	1,108	350,000	-	7,100
Total	90,459,064	1,996,479	1,999,758	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 measured at fair value 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

31.12.15	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	-	1,996,479	-	1,996,479
Financial assets held-for-trading				
- Money market securities	-	925,564	-	925,564
- Equities	372,606	-	-	372,606
- Quoted private debt securities	38,484	-	-	38,484
- Unquoted private debt securities	-	4,191,016	-	4,191,016
Financial investments available-for-sale				
- Money market securities	-	6,686,838	-	6,686,838
- Equities	1,126,637	34,875	-	1,161,512
- Unquoted private debt securities	-	4,736,849	-	4,736,849
	<u>1,537,727</u>	<u>18,571,621</u>	<u>-</u>	<u>20,109,348</u>
Derivative financial liabilities	-	1,999,758	-	1,999,758

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

31.12.15	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
Financial investments available-for-sale				
- Equities	143,127	-	-	143,127
	<u>143,127</u>	<u>-</u>	<u>-</u>	<u>143,127</u>

31.03.15

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
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	
	31.12.15	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
- impairment loss	10,956	-
Settlements	(10,959)	(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	
	31.12.15	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:

	31.12.15			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
Before deducting proposed dividends:				
CET1 Capital ratio	10.307%	9.315%	29.790%	10.809%
Tier 1 Capital ratio	12.082%	9.315%	29.790%	12.067%
Total Capital ratio	15.487%	15.248%	29.790%	16.167%
After deducting proposed dividends:				
CET1 Capital ratio	10.307%	9.315%	29.790%	10.809%
Tier 1 Capital ratio	12.082%	9.315%	29.790%	12.067%
Total Capital ratio	15.487%	15.248%	29.790%	16.167%
	31.03.15			
	AmBank	AmBank Islamic	AmInvestment Bank	Group *
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:

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.

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%

Excluding capital conservation buffer of 2.5% of total risk weighted assets ("RWA") and countercyclical capital buffer ranging between 0% and 2.5% of total RWA and additional buffer requirements that may be specified by BNM.

With effect from 1 January 2016, pursuant to BNM's guidelines on Capital Adequacy Framework for Banks (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guidelines remained at 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

- a Capital Conservation Buffer ("CCB") of 2.5%; and
- a Countercyclical Capital Buffer (CCyB) determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the Bank has credit exposures.

The CCB requirements under transitional arrangements shall be phased-in starting from 1 January 2016 as follows:

	CCB
Calendar year 2016	0.625%
Calendar year 2017	1.25%
Calendar year 2018	1.875%
Calendar year 2019 onwards	2.5%

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:

	31.12.15			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	4,739,353	868,762	68,202	5,926,108
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	(47,734)	(14,477)	(2,194)	(64,288)
Foreign exchange translation reserve	104,958	-	-	161,922
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	9,681	-	-	9,681
Less: Regulatory adjustments applied on CET1 capital				
Intangible assets	(350,149)	(16)	(2,228)	(358,599)
Deferred tax assets	(120,502)	-	(4,316)	(125,939)
Profit equalisation reserve	-	-	-	-
Cash flow hedging reserve	(9,681)	-	-	(9,681)
55% of cumulative gains of AFS financial instruments	-	-	-	-
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(15,444)	-	(52,774)	(13,747)
Deduction in excess of Tier 2 capital**	-	-	(74,960)	(14,685)
CET1 Capital	7,054,659	2,524,721	331,730	10,440,021
<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	8,269,229	2,524,721	331,730	11,654,591
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	600,000	-	1,000,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,310,000	700,000	-	2,010,000
Collective allowance and regulatory reserve	643,533	308,044	4,201	955,738
Less: Regulatory adjustments applied on Tier 2 Capital	(23,166)	-	(4,201)	(5,936)
Tier 2 Capital	2,330,367	1,608,044	-	3,959,802
Total Capital	10,599,596	4,132,765	331,730	15,614,393
Credit RWA	60,735,244	26,644,227	786,707	87,499,479
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(1,303,109)	-	(1,303,109)
Total Credit RWA	60,735,244	25,341,118	786,707	86,196,370
Market RWA	3,335,300	257,514	18,662	3,737,069
Operational RWA	4,372,836	1,505,537	307,531	6,650,116
Large exposure risk RWA for equity holdings	-	-	680	680
Total Risk Weighted Assets	68,443,380	27,104,169	1,113,580	96,584,235

** 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	
<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	4,874,087	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
<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	8,428,804	2,411,363	351,686	11,710,385
<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	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					
	31.12.15	31.03.15	31.12.15	31.03.15	31.12.15	31.03.15
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	67,308	124,305	1,762	802	69,070	125,107
Deposits and placements with banks and other financial institutions	9,363	61,789	1,078	4,021	10,441	65,810
Financial assets held-for-trading	2,926,117	3,046,435	-	-	2,926,117	3,046,435
Financial investments available-for-sale	38,199	37,019	551,663	563,981	589,862	601,000
Loans, advances and financing	6,357	10,917	-	-	6,357	10,917
Deferred tax assets	14,672	19,511	-	-	14,672	19,511
Investment in subsidiary	-	-	2,108,733	2,108,733	2,108,733	2,108,733
Other assets	155,617	143,203	428,287	805,859	160,862	149,915
Reinsurance, retakaful assets and other insurance receivables	440,874	433,929	-	-	440,874	433,929
Investment properties	7,713	7,713	-	-	7,713	7,713
Property and equipment	105,798	82,322	-	-	105,798	82,322
Intangible assets	18,929	8,036	-	-	18,929	8,036
Assets held for sale	-	83,775	-	-	-	83,775
TOTAL ASSETS	3,790,947	4,058,954	3,091,523	3,483,396	6,459,428	6,743,203
LIABILITIES AND EQUITY						
Redeemable cumulative convertible preference share	-	-	413,348	405,756	413,348	405,756
Deferred tax liabilities	-	-	46,567	48,938	46,567	48,938
Other liabilities	640,587	1,081,790	35,271	25,658	252,816	308,301
Insurance, takaful contract liabilities and other insurance payables	2,595,765	2,544,649	-	-	2,595,765	2,544,649
Total Liabilities	3,236,352	3,626,439	495,186	480,352	3,308,496	3,307,644
Share capital	-	-	1,145,248	1,145,248	1,145,248	1,145,248
Reserves	554,595	432,515	1,451,089	1,857,796	2,005,684	2,290,311
Total Equity	554,595	432,515	2,596,337	3,003,044	3,150,932	3,435,559
TOTAL LIABILITIES AND EQUITY	3,790,947	4,058,954	3,091,523	3,483,396	6,459,428	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	
	31.12.15	31.12.14	31.12.15 #	31.12.14	31.12.15 ##	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	2,796	4,559	-	7,565	-	197	358	1,565	3,154	13,886
Interest expense	-	-	-	-	-	-	(13,591)	(13,200)	(13,591)	(13,200)
Net interest income	2,796	4,559	-	7,565	-	197	(13,233)	(11,635)	(10,437)	686
Income from insurance business	1,093,417	1,113,754	-	42,844	-	2,602	-	-	1,093,417	1,159,200
Insurance claims and commissions	(813,997)	(817,989)	-	(28,651)	-	(1,944)	-	(581)	(813,997)	(849,165)
Net income from insurance business	279,420	295,765	-	14,193	-	658	-	(581)	279,420	310,035
Other operating income	88,388	79,333	-	4,416	-	(832)	16,291	51,413	104,679	134,330
Net income	370,604	379,657	-	26,174	-	23	3,058	39,197	373,662	445,051
Other operating expenses	(200,750)	(184,209)	-	(7,776)	-	(5)	(1,248)	(2,545)	(201,998)	(194,535)
Acquisition and business efficiency expenses	(6,527)	(7,596)	-	-	-	-	-	-	(6,527)	(7,596)
Operating profit	163,327	187,852	-	18,398	-	18	1,810	36,652	165,137	242,920
Net impairment (loss)/writeback on:										
Financial investments	-	-	-	-	-	-	(359)	4,945	(359)	4,945
Doubtful sundry receivables	(4,249)	(2,527)	-	(1,617)	-	-	-	(72)	(4,249)	(4,216)
Profit before taxation and zakat	159,078	185,325	-	16,781	-	18	1,451	41,525	160,529	243,649
Taxation and zakat	(37,890)	(46,237)	-	(3,948)	-	(18)	(7,122)	(9,370)	(45,012)	(59,573)
Profit for the period	121,188	139,088	-	12,833	-	-	(5,671)	32,155	115,517	184,076

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 31 December 2015 and the results for the period ended 31 December 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 31 DECEMBER 2015

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
ASSETS		
Cash and short-term funds	5,779,196	4,307,281
Deposits and placements with banks and other financial institutions	350,000	750,000
Derivative financial assets	82,149	27,469
Financial assets held-for-trading	386,178	151,783
Financial investments available-for-sale	2,868,799	4,109,611
Financial Investments held-to-maturity	1,260,130	1,249,567
Financing and advances	27,444,626	27,497,806
Receivables: Investments not quoted in active markets	457,783	463,982
Statutory deposit with Bank Negara Malaysia	1,005,000	1,045,000
Deferred tax assets	293	1
Other assets	330,750	378,727
Property and equipment	362	326
Intangible assets	16	20
TOTAL ASSETS	39,965,282	39,981,573
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	1,450,565	2,719,972
Recourse obligation on financing sold to Cagamas Berhad	1,130,172	1,436,775
Derivative financial liabilities	83,010	34,491
Deposits from customers	29,513,705	29,748,968
Investment accounts	1,318,808	-
Term funding	1,850,000	1,850,000
Subordinated Sukuk	1,399,491	1,149,384
Deferred tax liabilities	7,801	10,839
Other liabilities	463,794	446,758
TOTAL LIABILITIES	37,217,346	37,397,187
Share capital/Capital funds	492,922	492,922
Reserves	2,255,014	2,091,464
TOTAL ISLAMIC BANKING FUNDS	2,747,936	2,584,386
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	39,965,282	39,981,573
COMMITMENTS AND CONTINGENCIES	8,233,478	7,557,214

A34. ISLAMIC BANKING BUSINESS (CONT'D.)

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

Group	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Income derived from investment of depositors' funds and others	485,865	439,273	1,413,637	1,296,734
Allowance for impairment on financing and advances	24,771	(19,020)	(20,248)	(111,564)
Writeback of provision for commitments and contingencies	(308)	4,197	2,140	9,967
Impairment writeback for sundry debtors	-	-	(10)	-
Transfer to profit equalisation reserve	-	(15,417)	(1,406)	(20,021)
Total distributable income	510,328	409,033	1,394,113	1,175,116
Income attributable to the depositors	(295,098)	(237,045)	(835,921)	(682,483)
Profit attributable to the Group	215,230	171,988	558,192	492,633
Income derived from Islamic Banking Funds	40,945	25,130	93,346	76,365
Total net income	256,175	197,118	651,538	568,998
Operating expenditure	(148,906)	(95,176)	(319,604)	(272,851)
Finance cost	(34,147)	(20,013)	(101,269)	(58,453)
Profit before taxation and zakat	73,122	81,929	230,665	237,694
Taxation and zakat	(25,557)	(18,172)	(59,219)	(53,378)
Profit for the period	47,565	63,757	171,446	184,316

**UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

Group	Individual Quarter		Cumulative Quarter	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Profit for the period	47,565	63,757	171,446	184,316
Other comprehensive income/(loss):				
Items that may be reclassified to income statement				
Net change in revaluation of financial investments available-for-sale	5,063	(2,069)	(10,375)	6,711
Exchange differences on translation of foreign operations	-	1	-	610
Income tax relating to the components of other comprehensive income/(loss)	(1,215)	496	2,490	(1,857)
Other comprehensive income/(loss) for the period, net of tax	3,848	(1,572)	(7,885)	5,464
Total comprehensive income for the period	51,413	62,185	163,561	189,780

A34. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances

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

Group 31.12.15	Bai Bithaman	Murabahah RM'000	Musharakah	Al-Ijarah Thummah	Bai Al-Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000		Mutanaqisah RM'000	Al-Bai (AITAB) RM'000			
Cash lines	-	-	-	-	997,735	-	997,735
Term financing	2,568,509	2,248,007	10,098	-	4,003,418	80,279	8,910,311
Revolving credit	160,692	1,849,515	-	-	2,505,102	-	4,515,309
Housing financing	1,841,606	-	42,913	-	-	-	1,884,519
Hire purchase receivables	4	-	-	10,015,185	-	-	10,015,189
Bills receivables	-	-	-	-	-	4,291	4,291
Credit card receivables	-	-	-	-	-	263,814	263,814
Trust receipts	-	150,955	-	-	-	-	150,955
Claims on customers under acceptance credits	-	1,041,985	-	-	-	121,043	1,163,028
Gross financing and advances	4,570,811	5,290,462	53,011	10,015,185	7,506,255	469,427	27,905,151
Allowance for impairment on financing and advances							
- Collective allowance							(391,284)
- Individual allowance							(69,241)
Net financing and advances							27,444,626

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	Murabahah RM'000	Musharakah Mutanaqisah RM'000	AI-Ijarah Thummah	Bai AI-Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000			AI-Bai (AITAB) 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	
	31.12.15	31.03.15
	RM'000	RM'000
Balance at beginning of financial year	606,455	348,515
Impaired during the period/year	343,228	776,843
Reclassification to non-impaired financing	(16,425)	(81,471)
Recoveries	(129,987)	(123,309)
Amount written off	(179,445)	(314,123)
Balance at end of financial period/year	<u>623,826</u>	<u>606,455</u>
Impaired financing and advances as % of total financing and advances	<u>2.2%</u>	<u>2.2%</u>

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

	Group	
	31.12.15	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	93,689	224,295
Transferred (to)/from conventional commercial banking	(2,461)	2,463
Amount written off and others	(158,397)	(302,770)
Balance at end of financial period/year	<u>391,284</u>	<u>458,453</u>
Collective allowance as % of gross financing and advances (excluding RIA financing) less individual allowance	<u>1.5%</u>	<u>1.7%</u>
Individual allowance		
Balance at beginning of financial year	66,075	19,470
Allowance made during the period/year	6,749	46,634
Amount written off	(3,583)	(29)
Balance at end of financial period/year	<u>69,241</u>	<u>66,075</u>

A34. ISLAMIC BANKING BUSINESS (CONT'D.)

(b) Deposit From Customers

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
Savings deposits		
<i>Wadiah</i>	1,926,475	1,893,135
<i>Mudarabah</i>	-	5,215
Demand deposits		
<i>Wadiah</i>	3,701,563	3,875,971
<i>Mudarabah</i>	-	45,380
Term deposits		
General investment account		
<i>Wakalah</i>	-	314,750
<i>Mudarabah</i>	-	13,846,615
Commodity murabahah	23,879,123	9,761,507
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	6,544	6,395
	<u>29,513,705</u>	<u>29,748,968</u>

(c) Other Liabilities

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
Other payables and accruals	345,702	333,081
Taxation and zakat payable	34,621	30,508
Provision for commitments and contingencies	13,284	15,415
Amount owing to head office	68,187	62,642
Advance rentals	2,000	3,432
Profit equalisation reserve	-	1,680
	<u>463,794</u>	<u>446,758</u>

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

The Group recorded a profit after tax ("PAT") of RM1,088.3 million for the period ended 31 December 2015, a reduction of RM406.3 million as compared to corresponding period ended 31 December 2014 of RM1,494.5 million. The Group's profit attributable to equity holders of the Company ("PATMI") reduced by 377.2 million.

Reduction in earnings for current period ended 31 December 2015 was mainly due to lower income reported from other operating income, net interest income, net income from insurance business and net income from Islamic banking business by RM485.3 million, RM259.7 million, RM36.4 million and RM24.6 million respectively. Besides, share in results of associates and joint ventures was reported loss of RM1.3 million for current quarter as compared to profit of RM13.8 million in the previous corresponding period.

This was cushioned by writeback on impairment on loans, advances and financing, writeback on acquisition and business efficiency expenses, writeback on impairment on financial investments and higher writeback on provision for commitments and contingencies by RM153.4 million, RM84.5 million, RM16.1 million and RM13.7 million respectively. In addition, lower transfer to profit equalisation reserve by RM18.6 million was reported during current period ended 31 December 2015.

Gross loans, advances and financing reduced to RM86.9 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 term loans, hire-purchase receivable, credit card receivables, trust receipts and bills receivables.

As at 31 December 2015, the Group's total assets stood at RM135.6 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 16.2%.

Divisional performance for 31 December 2015 compared to 31 December 2014:

Retail Banking

Profit after tax (PAT) for the third quarter ended 31 December 2015 grew 13.8% year-on-year (YoY) to RM345.6 million.

Income was down 12.5% YoY as a result of margin compressions from loan replacement cycle and ongoing portfolio rebalancing initiative. Through disciplined cost management expenses rose by a marginal 0.8% YoY. The third quarter profit was led by cards spending and merchant volumes especially for the month of December. Loan loss allowances continued to trend down as the Group continues with its intensified collection efforts. Gross impaired loan ratio improved by 0.45% to 1.74% YoY.

The Group continues to focus on underwriting quality assets. Excluding the auto finance segment, the division recorded a gross loan growth of 4.9%, largely supported by mortgage loans which expanded 10.7% YoY. Deposit balances were stable amidst intense competition in the Fixed Deposits segment. Retail Banking remains focused in driving deposits growth mainly through payroll solutions and Small Business Banking.

Wholesale Banking

Wholesale Banking consists of Corporate and Commercial Banking, Markets, Investment Banking and Fund Management segments.

The aggregated PAT for Wholesale Banking stood at RM605.5 million, 15.7% weaker YoY.

Cautious business outlook and weaken market sentiment led to a decline in most business segments. As we continue to operate in a challenging environment, net interest margin (NIM) remained suppressed and recoveries were lower. Operating expenses was lower by 17.2% YoY as the Group remains disciplined in managing costs.

Gross lending saw an increase of 0.3% YoY from higher disbursements driven by strategic tie-ups and new financing solutions. Deposits grew 3.0% YoY to RM51.6 billion.

Insurance

General Insurance

The General Insurance business recorded a gross written premium of RM1,142.2 million, a marginal reduction of 3.1% YoY.

The third quarter gross written premium saw growth in the fire and personal businesses but offset by lower motor business growth. The lower yields for the Malaysian Government Securities (MGS) led to a stronger fixed income performance. Claims increased quarter-on-quarter (QoQ) from the lower release of reserves.

The combined ratio stood at 93.8% (9MFY2015: 90.8%).

Life Assurance and Family Takaful

The joint ventures recorded increases in annual premium earned QoQ, driven by Ordinary Life and Banca. As with the General Insurance business, the joint ventures also saw stronger income performance from the mark to market of MGS holdings. Higher expenses were due to higher rental costs of new premises, investments in marketing and higher professional fees for services.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a lower pre-tax profit of RM405.8 million for the third quarter ended 31 December 2015 as compared to RM501.0 million for the previous quarter ended 30 September 2015. This was mainly due to higher other operating expenses and higher impairment loss on sundry receivables by RM73.1 million and RM1.1 million. Lower income were reported for the current quarter from net interest income and net income from insurance business by RM37.0 million and RM19.8 million. Besides, share in results of associates and joint ventures was reported loss of RM5.4 million for current quarter ended 31 December 2015 as compared to profit of RM3.9 million reported for previous quarter ended 30 September 2015.

This was mitigated by higher other operating income and net income from Islamic banking business by RM15.5 million and RM8.2 million. Besides, higher writeback were reported from impairment on loans, advances and financing, impairment on financial investments and acquisition and business efficiency expenses by RM8.1 million, RM8.0 million and RM5.8 million respectively.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2016

In the fourth quarter of 2015, the Malaysian economy recorded a growth of 4.5% (3Q2015: 4.7%) driven mainly by private sector demand. Both private consumption and private investment grew moderately at 4.9% and 5.0% respectively (3Q2015: 4.1% and 5.5%).

For calendar year 2016, the Group forecasts a modest annual Gross Domestic Product growth of circa 4.5% (2016: 5.0%) led by softer demand and lower commodity prices but will be supported by domestic demand, mainly from private expenditure and complemented by exports.

Inflation is projected at 2.8% in 2016. Apart from persistently weak ringgit that will result to pass-through, various price adjustments (hikes in toll rates, train fares and cigarette excise duties) together with the abolishment of the cooking oil price stabilisation scheme, rice and flour price subsidy as well as electricity bill subsidy will cause inflation to rise.

Recent 50bps cut by BNM on SRR raised our probability to 40% - 60% for further reduction on SRR. At the same time, our probability for OPR cut by 25bps is between 60% - 80%. Inflation is expected to be muted to some extent in 2H2016 due to base effect. Besides, Household debt/GDP rose by a mere 0.2ppt to 88.1% end-August 2015, easing pressure on potential household debt crisis. However, limiting BNM from cutting OPR will depend on the behavior of the ringgit.

In the near to medium term, business and economic conditions are expected to remain challenging against the backdrop of increasingly stringent compliance requirements. The banking sector is expected to experience slower demand and narrowing net interest margins while asset quality may come under pressure.

At AmBank Group, we remain focused to deliver risk-adjusted returns with measures in place to drive growth, supported by investments to improve our capabilities and enhance customer experience. We remain focused on our FY2016-2017 strategic agenda to (1) Deliver on focused organic growth; (2) Leverage strategic partnerships and deliver on acquisitions; (3) Continue to optimise efficiency; and (4) Build sustainability.

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	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Estimated current tax payable	152,002	121,940	293,683	374,973
Deferred tax	(70,679)	22,479	(6,403)	73,458
	81,323	144,419	287,280	448,431
Under/(Over) provision of current taxation in respect of prior years	12,582	(1,934)	12,649	(8,213)
Taxation	93,905	142,485	299,929	440,218
Zakat	183	453	961	1,164
Taxation and zakat	94,088	142,938	300,890	441,382

The total tax charge of the Group for the financial period ended 31 December 2015 and 31 December 2014 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 31 December 2015, the trustee of the ESS held 8,567,200 ordinary shares (net of ESS shares vested to employees) representing 0.28% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM55,905,741.
- 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.

- 3 With reference to the Company announcement on 25 August 2014 in respect of the disposal of the Group's 100% shareholding in AmFraser Securities Pte Ltd ("AmFraser") to KGI Asia (Holdings) Pte Ltd ("KGI") at an indicative purchase price of S\$38,000,000 (the "Disposal") and the subsequent announcement on 30 January 2015 of the completion of the Disposal.

The Company announced on 1 September 2015 that, based on the finalised audited completion accounts of AmFraser (name changed to KGI Fraser Securities Pte Ltd subsequent to the Disposal), the final purchase price for the Disposal is S\$42,406,507, which has been fully settled in cash by KGI.

B7. BORROWINGS

	Group	
	31.12.15	31.03.15
	RM'000	RM'000
(i) Deposits from customers		
Six months or less	73,348,254	75,448,971
Over six months to one year	12,445,558	12,548,912
Over one year to three years	4,279,577	3,068,885
Over three years to five years	808,513	1,063,281
	<u>90,881,902</u>	<u>92,130,049</u>
(ii) Deposits and placements of banks and other financial institutions		
Six months or less	2,052,893	559,178
Over six months to one year	70,372	1,464,353
Over one year to three years	202,626	174,881
Over three years to five years	358,923	103,252
	<u>2,684,814</u>	<u>2,301,664</u>
(iii) Term funding (unsecured)		
(a) Senior notes		
Due within one year	324,866	-
More than one year	6,585,542	6,673,039
(b) Credit-Linked Notes		
Due within one year	149,127	-
More than one year	134,967	281,823
(c) Term loans and revolving credits		
Due within one year	420,675	243,036
More than one year	1,283,176	1,104,356
(d) Structured deposit		
Due within one year	100	100
	<u>8,898,453</u>	<u>8,302,354</u>
(iv) Debt capital		
(a) Unsecured notes/sukuk		
More than one year	1,799,003	1,548,785
(b) Medium Term Notes		
More than one year	1,310,000	1,310,000
(c) Hybrid capital		
More than one year	825,615	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>4,919,618</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	
	31.12.15	31.03.15
	RM'000	RM'000
Total retained earnings		
- Realised	6,698,960	8,617,715
- Unrealised	3,620,675	1,553,202
Total share of retained earnings from associates and joint ventures:		
- Realised	143,872	86,775
- Unrealised	(27,500)	38,973
Less: Consolidation adjustments	(3,209,661)	(3,466,485)
Total retained earnings as per consolidated financial statements	7,226,346	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	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	300,153	416,647	1,022,182	1,399,406
Weighted average number of ordinary shares in issue	3,005,583	3,006,030	3,004,820	3,007,541
Basic earnings per share (Sen)	9.99	13.86	34.02	46.53

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	
	31.12.15	31.12.14	31.12.15	31.12.14
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	300,153	416,647	1,022,182	1,399,406
Weighted average number of ordinary shares in issue (as in (a) above)	3,005,583	3,006,030	3,004,820	3,007,541
Effect of executives' share scheme	-	-	364	1,168
Adjusted weighted average number of ordinary shares in issue/issuable	3,005,583	3,006,030	3,005,184	3,008,709
Fully diluted earnings per share (Sen)	9.99	13.86	34.01	46.51