

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

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	31.03.15 RM'000	Group 31.03.14 (Restated) RM'000	01.04.13 (Restated) RM'000
ASSETS				
Cash and short-term funds		10,758,600	10,287,346	11,780,148
Securities purchased under resale agreements		-	-	200,605
Deposits and placements with banks and other financial institutions		4,068,819	1,063,122	2,322,657
Derivative financial assets	A28	1,437,537	528,810	383,257
Financial assets held-for-trading	A8	4,674,223	3,836,161	7,330,719
Financial investments available-for-sale	A9	10,387,275	11,640,846	6,139,616
Financial investments held-to-maturity	A10	3,864,508	3,798,565	6,219,804
Loans, advances and financing	A11	86,173,795	87,170,577	82,586,332
Receivables: investments not quoted in active markets		551,163	168,830	-
Statutory deposits with Bank Negara Malaysia	A12	3,214,591	3,122,961	2,907,435
Deferred tax assets		83,434	127,121	151,721
Investment in associates and joint ventures		662,273	252,475	244,656
Other assets	A13	3,667,045	3,400,779	3,067,971
Reinsurance, retakaful assets and other insurance receivables		433,929	473,012	601,279
Investment properties		7,713	7,713	87,878
Property and equipment		266,562	351,468	393,905
Intangible assets		3,348,121	3,383,662	3,351,507
Assets held for sale		204,236	3,126,042	-
TOTAL ASSETS		133,803,824	132,739,490	127,769,490
LIABILITIES AND EQUITY				
Deposits and placements of banks and other financial institutions	A14	2,301,664	4,120,923	3,152,946
Recourse obligation on loans and financing sold to Cagamas Berhad		2,769,585	3,318,263	3,337,941
Derivative financial liabilities	A28	1,385,478	541,224	422,655
Deposits from customers	A15	92,130,049	89,698,878	84,829,987
Term funding		8,302,354	6,644,641	6,255,969
Bills and acceptances payable		-	-	1,964,800
Debt capital		4,580,573	4,766,198	4,205,232
Redeemable cumulative convertible preference share		198,821	193,137	183,490
Deferred tax liabilities		116,557	116,870	124,521
Other liabilities	A16	3,917,675	3,841,569	5,243,919
Insurance, takaful contract liabilities and other insurance payables		2,544,649	2,568,031	5,106,700
Liabilities directly associated with assets held for sale		48,995	2,835,367	-
Total Liabilities		118,296,400	118,645,101	114,828,160
Share capital		3,014,185	3,014,185	3,014,185
Reserves		11,440,960	10,128,756	9,053,551
Equity attributable to equity holders of the Company		14,455,145	13,142,941	12,067,736
Non-controlling interests		1,052,279	951,448	873,594
Total Equity		15,507,424	14,094,389	12,941,330
TOTAL LIABILITIES AND EQUITY		133,803,824	132,739,490	127,769,490
COMMITMENTS AND CONTINGENCIES	A27	116,765,056	103,478,931	102,467,484

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015 (CONT'D.)

	Note	31.03.15 RM'000	Group 31.03.14 (Restated) RM'000	01.04.13 (Restated) RM'000
CAPITAL ADEQUACY RATIOS	A30			
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital ratio		10.975%	10.075%	9.774%
Tier 1 Capital ratio		12.245%	11.510%	11.454%
Total Capital ratio		16.233%	15.818%	15.183%
After deducting proposed dividends:				
CET1 Capital ratio		10.508%	9.696%	9.343%
Tier 1 Capital ratio		11.778%	11.131%	11.023%
Total Capital ratio		15.766%	15.439%	14.752%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		4.80	4.36	4.00

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

AMMB HOLDINGS BERHAD
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AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.15	31.03.14	31.03.15	31.03.14
		RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Operating revenue	A23	2,215,176	2,435,349	9,142,521	9,606,005
Interest income	A17	1,069,223	1,175,355	4,327,234	4,677,033
Interest expense	A18	(597,887)	(597,024)	(2,346,099)	(2,397,659)
Net interest income		471,336	578,331	1,981,135	2,279,374
Net income from Islamic banking business		224,616	251,753	864,687	943,947
Income from insurance business		336,415	505,355	1,495,615	2,057,100
Insurance claims and commissions		(245,947)	(434,272)	(1,077,566)	(1,585,184)
Net income from insurance business	A19	90,468	71,083	418,049	471,916
Other operating income	A20	336,461	236,224	1,457,585	1,026,273
Share in results of associates and joint ventures		(10,659)	7,228	3,188	21,274
Net income		1,112,222	1,144,619	4,724,644	4,742,784
Other operating expenses	A21	(544,488)	(468,029)	(2,089,442)	(2,133,058)
Acquisition and business efficiency expenses		11,841	(16,915)	(68,436)	(29,279)
Operating profit		579,575	659,675	2,566,766	2,580,447
(Allowances)/Writeback for impairment on loans and financing	A22	59,421	(63,916)	30,534	(67,760)
Net impairment (loss)/writeback on:					
Financial investments		(200)	2,289	(2,541)	(6,560)
Doubtful sundry receivables		34,628	(27,214)	36,867	(69,096)
Foreclosed properties		(73)	(119)	(5,770)	(6,704)
Property and equipment		(4,116)	-	(4,116)	-
Intangible assets		(1,211)	-	(1,336)	(1,865)
Writeback of provision for commitments and contingencies		15,708	26,437	19,255	30,519
Transfer to profit equalisation reserve		(15,358)	(1,732)	(35,379)	(10,743)
Profit before taxation and zakat		668,374	595,420	2,604,280	2,448,238
Taxation and zakat	B5	(118,345)	(109,085)	(559,727)	(577,183)
Profit for the period		550,029	486,335	2,044,553	1,871,055
Attributable to:					
Equity holders of the Company		519,224	463,707	1,918,630	1,782,380
Non-controlling interests		30,805	22,628	125,923	88,675
Profit for the period		550,029	486,335	2,044,553	1,871,055
EARNINGS PER SHARE (SEN)	B11				
Basic		17.30	15.43	63.83	59.29
Fully diluted		17.30	15.43	63.82	59.26

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

AMMB HOLDINGS BERHAD
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AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.15 RM'000	31.03.14 RM'000	31.03.15 RM'000	31.03.14 RM'000
Profit for the period		550,029	486,335	2,044,553	1,871,055
Other comprehensive income/(loss):					
Items that will not be reclassified to income statement					
Remeasurement of defined benefit liability		1,016	1,942	1,016	1,942
Income tax effect		(224)	(486)	(224)	(486)
		<u>792</u>	<u>1,456</u>	<u>792</u>	<u>1,456</u>
Items that may be reclassified to income statement					
Translation of foreign operations		32,348	1,430	60,237	14,290
Net movement on cash flow hedge		(12,725)	3,759	(4,672)	20,898
Net movement on financial investments available-for-sale ("AFS")		64,721	(15,405)	66,369	(107,304)
Income tax effect		(12,100)	1,430	(13,138)	20,510
		<u>72,244</u>	<u>(8,786)</u>	<u>108,796</u>	<u>(51,606)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>73,036</u>	<u>(7,330)</u>	<u>109,588</u>	<u>(50,150)</u>
Total comprehensive income for the period		<u>623,065</u>	<u>479,005</u>	<u>2,154,141</u>	<u>1,820,905</u>
Total comprehensive income for the period attributable to:					
Equity holders of the Company		591,375	453,843	2,039,275	1,742,383
Non-controlling interests		31,690	25,162	114,866	78,522
		<u>623,065</u>	<u>479,005</u>	<u>2,154,141</u>	<u>1,820,905</u>

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

AMMB HOLDINGS BERHAD
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AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015

Group	Attributable to Equity Holders of the Company													Non-controlling interests	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-par. funds	Total			
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 1 April 2013	3,014,185	2,537,372	1,879,770	-	1,313	29,061	(12,644)	(6,122)	83,196	(74,938)	110,364	4,506,179	12,067,736	873,594	12,941,330
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,782,380	1,782,380	88,675	1,871,055
Other comprehensive income/(loss), net	-	-	-	-	-	(70,748)	15,674	14,335	-	-	-	742	(39,997)	(10,153)	(50,150)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(70,748)	15,674	14,335	-	-	-	1,783,122	1,742,383	78,522	1,820,905
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	-	-	-	-	-	-	(45,278)	-	-	(45,278)	-	(45,278)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	35,945	-	-	-	35,945	-	35,945
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(39,685)	61,782	-	-	22,097	-	22,097
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(3,250)	(3,250)	(68)	(3,318)
Transfer to statutory reserve	-	-	59,079	-	-	-	-	-	-	-	-	(59,079)	-	-	-
Net utilisation of profit equalisation reserve	-	-	-	-	(53)	-	-	-	-	-	-	53	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	22,629	(30,172)	(7,543)	-	(7,543)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(669,149)	(669,149)	(600)	(669,749)
Transactions with owners and other equity movements	-	-	59,079	-	(53)	-	-	-	(3,740)	16,504	22,629	(761,597)	(667,178)	(668)	(667,846)
At 31 March 2014	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

AMMB HOLDINGS BERHAD
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AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015

Group	Attributable to Equity Holders of the Company												Non-controlling interests	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-par. funds	Retained Earnings			Total
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 1 April 2014	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	-	-	-	-	-	-	-	-	-	-	-	1,918,630	1,918,630	125,923	2,044,553
Other comprehensive income/(loss), net	-	-	-	-	-	63,509	(3,511)	60,243	-	-	-	404	120,645	(11,057)	109,588
Total comprehensive income/(loss) for the period	-	-	-	-	-	63,509	(3,511)	60,243	-	-	-	1,919,034	2,039,275	114,866	2,154,141
Purchase of shares pursuant to Executives' Share Scheme ("ESS") [^]	-	-	-	-	-	-	-	-	-	(81,655)	-	-	(81,655)	-	(81,655)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	32,455	-	-	-	32,455	-	32,455
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(41,918)	53,979	-	-	12,061	-	12,061
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(4,252)	(4,252)	(100)	(4,352)
Transfer to regulatory reserve	-	-	-	2,800	-	-	-	-	-	-	-	(2,800)	-	-	-
Net utilisation of profit equalisation reserve	-	-	-	-	2,644	-	-	-	-	-	-	(2,644)	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	63,800	(54,175)	9,625	-	9,625
Redemption of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,543)	(2,543)
Arising from disposal of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(142,618)	318,412	175,794	-	175,794
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(871,099)	(871,099)	(11,392)	(882,491)
Transactions with owners and other equity movements	-	-	-	2,800	2,644	-	-	-	(9,463)	(27,676)	(78,818)	(616,558)	(727,071)	(14,035)	(741,106)
At 31 March 2015	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

[^] Represents the purchase of 6,172,200 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM7.34 per share.

^{^^} Represents the purchase of 12,221,600 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.68 per share.

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AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015

Group	31.03.15 RM'000	31.03.14 RM'000
Profit before taxation and zakat	2,604,280	2,448,238
Add/(Less) adjustments for:		
Accretion of discount less amortisation of premium	(150,243)	(203,958)
Allowance/(Writeback of allowance) for losses on loans, advances and financing	595,623	819,208
Dividend income from investments	(40,753)	(67,666)
Net gain on redemption of financial investments held-to-maturity	-	(8,319)
Net gain on revaluation of derivatives	(103,915)	(59,696)
Net (gain)/loss on revaluation of financial assets held-for-trading	(27,349)	71,040
Net gain on sale of financial investments available-for-sale	(56,850)	(95,367)
Net loss on sale of financial assets held-for-trading	24,903	42,157
Other non-operating and non-cash items	(306,475)	(513,943)
Operating profit before working capital changes	<u>2,539,221</u>	<u>2,431,694</u>
<i>Decrease/(Increase) in operating assets:</i>		
Securities purchased under resale agreements	(50,336)	(34,735)
Deposits and placements with banks and other financial institutions	(3,209,177)	1,111,054
Financial assets held-for-trading	(732,730)	2,048,810
Loans, advances and financing	474,078	(4,861,292)
Statutory deposits with Bank Negara Malaysia	(91,630)	(215,526)
Other assets	(648,561)	(160,661)
Reinsurance, retakaful assets and other insurance receivables	35,604	96,336
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits and placements of banks and other financial institutions	(1,819,259)	967,977
Recourse obligation on loans and financing sold to Cagamas Berhad	(548,678)	(19,678)
Deposits from customers	2,431,171	4,868,891
Term funding	1,657,714	388,672
Bills and acceptances payable	-	(1,964,800)
Other liabilities	490,617	(1,393,553)
Insurance, takaful contract liabilities and other insurance payables	<u>23,977</u>	<u>48,307</u>
Cash generated from/(used in) operations	<u>552,011</u>	<u>3,311,496</u>
Taxation and zakat paid	(549,615)	(588,262)
Net cash generated from/(used in) operating activities	<u>2,396</u>	<u>2,723,234</u>
<i>Cash flows from investing activities</i>		
Arising from purchase of shares for ESS by the appointed trustee	(81,655)	(45,278)
Dividends received from investments	43,024	64,145
ESS shares vested to eligible employees	53,979	61,782
Net cash inflow from disposal of equity interests in subsidiaries	653,038	-
Proceeds from disposal of property and equipment	429	1,136
Disposal/(Purchase) of financial investments - net	1,379,430	(3,657,813)
Purchase of property and equipment and intangible assets	(161,896)	(231,014)
Return of surplus funds from associate	-	60
Receivables: investments not quoted in active markets	(378,193)	(168,830)
Transfer of ESS shares recharged difference on purchase price for shares vested	(4,252)	(3,250)
Net cash generated from/(used in) investing activities	<u>1,503,904</u>	<u>(3,979,062)</u>
Dividends paid by Company to its shareholders	(871,099)	(669,149)
Dividends paid to non-controlling interests by subsidiaries	(11,392)	(600)
Proceeds from issuance of shares by subsidiaries to non-controlling interests	(2,543)	-
Proceeds from/(repayment of) debt capital	<u>(247,800)</u>	<u>548,562</u>
Net cash used in financing activities	<u>(1,132,834)</u>	<u>(121,187)</u>
Net increase/(decrease) in cash and cash equivalents	373,466	(1,377,015)
Cash and cash equivalents at beginning of financial year	10,407,955	11,780,148
Effect of exchange rate changes	(165)	4,822
Cash and cash equivalents at end of period	<u>10,781,256</u>	<u>10,407,955</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	31.03.15 RM'000	31.03.14 RM'000
Cash and short-term funds	10,758,600	10,287,346
Bank overdrafts	-	(759)
Reclassified to assets held for sale	22,656	121,368
Cash and cash equivalents	<u>10,781,256</u>	<u>10,407,955</u>

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

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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 previous audited annual financial statements for the financial year ended 31 March 2014 except for the adoption of the following new and amended standards and interpretations which became effective for the Group and the Company on 1 April 2014. The adoption of these new and amended standards and interpretations did not have any material impact on the financial statements of the Group and the Company.

- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21: Levies

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

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively.

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively subject to transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

These amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (“CGU”) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation technique used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

IC Interpretation 21: Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required.

A1. BASIS OF PREPARATION (CONT'D.)

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
- Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions	31 March 2016
- Annual Improvements to MFRSs 2010-2012 Cycle	31 March 2016
- Annual Improvements to MFRSs 2011-2013 Cycle	31 March 2016
- Annual Improvements to MFRSs 2012-2014 Cycle	31 March 2017
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	31 March 2017
- Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	31 March 2017
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	31 March 2017
- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	31 March 2017
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	31 March 2017
- Amendments to MFRS 127 Equity Method in Separate Financial Statements	31 March 2017
- Amendments to MFRS 101 Disclosure Initiatives	31 March 2017
- MFRS 14 Regulatory Deferral Accounts	31 March 2017
- MFRS 15 Revenue from Contracts with Customers	31 March 2018
- MFRS 9 Financial Instruments	31 March 2019

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

Standards effective for financial year ending 31 March 2016

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.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

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.)

Standards effective for financial year ending 31 March 2016 (Cont'd.)

Annual Improvements to MFRSs 2010-2012 Cycle (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 is to be applied 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.

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.

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.)

(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.

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.

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.)

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 Initiatives

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

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

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 2018

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

Standards effective for financial year ending 31 March 2019

MFRS 9 Financial Instruments

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

A1. BASIS OF PREPARATION (CONT'D.)

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 are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter and year.

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

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

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 quarter and year ended 31 March 2015.

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

The following are changes in debt and equity securities in the Group during the financial year:

In the previous quarter, the Company repaid Senior Notes totalling RM700.0 million upon maturity.

During the financial year, AmBank (M) Berhad ("AmBank") repaid Senior Notes totalling RM775.0 million upon maturity. On 21 May 2014, AmBank (M) Berhad had issued Tranche 5 of the Senior Notes amounting to RM400.0 million under the Senior Notes Programme of up to RM7.0 billion in nominal value. The notes bear a coupon of 4.40% per annum, payable semi annually and is for a tenor of 4 years.

On 3 July 2014, AmBank issued USD400 million Senior Notes under its USD2 billion Euro Medium Term Note Programme in nominal value (or its equivalent in other currencies) ("the Programme"). The Programme was approved by the Securities Commission under its deemed approval process.

The net proceeds from the Programme will be utilised by AmBank for its working capital, general funding requirements and other corporate purposes. The notes with a tenor of 5 years, will mature on 3 July 2019 are rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's Ratings Services. The notes bear a coupon of 3.125% per annum and is payable semi annually.

In the previous quarter, AmBank had redeemed and cancelled RM97.8 million nominal value of its MTN under Tranche 7 on its first call date of 10 December 2014. This tranche was issued on 10 December 2009 for a tenor of 10 years Non-Callable 5 years. During the financial quarter, AmBank early redeemed Tranche 3 and Tranche 5 of its MTN amounting to a total of RM150.0 million on their first call date of 16 March 2015 and 28 March 2015 respectively.

In the previous quarter, AmBank Islamic Berhad ("AmBank Islamic") issued Tranche 2 of the Senior Sukuk amounting to RM100 million under its programme of up to RM3 billion in nominal value. The Senior Sukuk bears profit rate at 4.40% per annum and has a tenor of 5 years.

On 6 March 2015, AmBank Islamic issued the third and fourth tranches of the Senior Sukuk which amounted to RM300.0 million and RM900.0 million respectively under its programme of up to RM3.0 billion in nominal value. The Senior Sukuk bears a profit rate of 4.25% and 4.45% per annum and have a tenure of 2.5 years and 5 years respectively.

Save as disclosed above, there were no share buy-backs, share cancellations, shares held as treasury shares, resale of treasury shares and repayment of debt and equity securities by the Group during the financial quarter and year.

A7. DIVIDENDS PAID

During the financial year ended 31 March 2015, a final single tier dividend of 16.9% for the financial year ended 31 March 2014 amounting to RM509,397,243 was paid on 12 September 2014 to shareholders whose names appear in the record of Depositors on 29 August 2014.

An interim single tier dividend of 12.0% for the financial year ended 31 March 2015 amounting to RM361,702,181 was paid on 16 December 2014 to shareholders whose names appear in the record of Depositors on 4 December 2014.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	9,830	9,980
Malaysian Government Securities	797,037	532,163
Government Investment Issues	491,950	132,086
Cagamas bonds	109,111	-
Bank Negara Monetary Notes	14,767	-
	<u>1,422,695</u>	<u>674,229</u>
Quoted Securities:		
In Malaysia:		
Shares	71,323	172,165
Unit trusts	14,519	35,874
Warrants	-	6,067
Private debt securities	39,394	23,799
Outside Malaysia:		
Shares	95,933	-
	<u>221,169</u>	<u>237,905</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	2,863,838	2,805,150
Outside Malaysia:		
Private debt securities	166,521	118,877
	<u>3,030,359</u>	<u>2,924,027</u>
Total	<u>4,674,223</u>	<u>3,836,161</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	39,691	6,575
Malaysian Government Securities	350,238	390,806
Government Investment Issues	576,623	806,663
Bank Negara Monetary Notes	634,483	4,140,975
Negotiable instruments of deposits	600,078	519,881
Islamic negotiable instruments of deposit	3,045,886	996,914
	<u>5,246,999</u>	<u>6,861,814</u>
Quoted Securities:		
In Malaysia:		
Shares	51,271	40,893
Unit trusts	681,686	581,707
Outside Malaysia:		
Shares	41,636	29,149
	<u>774,593</u>	<u>651,749</u>
Unquoted Securities:		
In Malaysia:		
Unit trusts	33,343	454,498
Private debt securities	3,910,263	3,252,612
Outside Malaysia:		
Unit trusts	314	2,953
Private debt securities	301,957	286,946
	<u>4,245,877</u>	<u>3,997,009</u>
At Cost		
Unquoted Securities:		
In Malaysia:		
Shares	119,643	121,852
Outside Malaysia:		
Shares	163	8,422
	<u>119,806</u>	<u>130,274</u>
Total	<u>10,387,275</u>	<u>11,640,846</u>

In the previous financial year, the Group reclassified securities out of the available-for-sale category to the loans and receivables category as the Group has the intention to hold the securities until maturity.

As at 31 March 2015, the fair value gain that would have been recognised in other comprehensive income for the current period if the securities had not been reclassified amounted to RM4,334,000 (31 March 2014: RM2,395,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	31.03.15	31.03.14
	RM'000	(Restated) RM'000
At Amortised Cost		
Money Market Instruments:		
Foreign Treasury Bills	518,486	522,405
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,352,220	3,279,804
	3,870,706	3,802,209
Accumulated impairment losses	(6,198)	(3,644)
Total	3,864,508	3,798,565

A11. LOANS, ADVANCES AND FINANCING

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
At Amortised Cost:		
Loans and financing:		
Term loans	26,101,737	26,925,029
Revolving credit	10,990,796	9,491,102
Housing loans/financing	15,529,057	14,433,902
Staff loans	126,200	134,678
Hire-purchase receivables	24,096,098	27,160,304
Credit card receivables	1,712,916	2,027,373
Overdraft	3,225,224	3,207,162
Claims on customers under acceptance credits	3,756,802	3,783,885
Trust receipts	1,330,515	1,139,161
Bills receivables	796,914	752,279
Others	156,783	233,638
Gross loans, advances and financing	87,823,042	89,288,513
Allowance for impairment on loans, advances and financing:		
Collective allowance	(1,413,424)	(1,950,384)
Individual allowance	(235,823)	(167,552)
	(1,649,247)	(2,117,936)
Net loans, advances and financing	86,173,795	87,170,577

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

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

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
Domestic banking institutions	6,718	19,029
Domestic non-bank financial institutions	2,162,647	1,883,490
Domestic business enterprises:		
Small and medium enterprises	12,154,408	11,920,015
Others	26,389,665	26,296,055
Government and statutory bodies	458,194	472,297
Individuals	45,016,784	46,836,327
Other domestic entities	196,804	234,365
Foreign individuals and entities	1,437,822	1,626,935
	<u>87,823,042</u>	<u>89,288,513</u>

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

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
In Malaysia	86,959,227	88,131,863
Outside Malaysia	863,815	1,156,650
	<u>87,823,042</u>	<u>89,288,513</u>

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

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
Fixed rate:		
Housing loans/financing	647,158	473,673
Hire purchase receivables	22,101,194	24,550,015
Other fixed rate loans/financing	9,370,037	9,953,522
	<u>32,118,389</u>	<u>34,977,210</u>
Variable rate:		
Base rate and lending/financing rate plus	29,416,068	30,007,125
Cost plus	24,676,178	22,466,084
Other variable rates	1,612,407	1,838,094
	<u>55,704,653</u>	<u>54,311,303</u>
	<u>87,823,042</u>	<u>89,288,513</u>

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

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

	Group	
	31.03.15 RM'000	31.03.14 RM'000
Agriculture	4,285,412	3,812,786
Mining and quarrying	3,075,692	3,459,803
Manufacturing	8,553,568	8,699,226
Electricity, gas and water	1,237,957	1,272,444
Construction	3,979,622	4,677,990
Wholesale and retail trade and hotels and restaurants	4,611,285	4,606,499
Transport, storage and communication	2,334,695	2,436,280
Finance and insurance	2,169,365	1,902,519
Real estate	8,667,880	7,388,126
Business activities	1,215,866	1,391,619
Education and health	1,707,568	1,445,747
Household of which:	45,494,173	47,315,636
Purchase of residential properties	15,389,672	14,346,180
Purchase of transport vehicles	22,713,649	25,336,610
Others	7,390,852	7,632,846
Others	489,959	879,838
	<u>87,823,042</u>	<u>89,288,513</u>

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

	Group	
	31.03.15 RM'000	31.03.14 RM'000
Maturing within one year	20,990,183	18,920,352
Over one year to three years	10,034,651	11,150,878
Over three years to five years	12,803,857	13,953,074
Over five years	43,994,351	45,264,209
	<u>87,823,042</u>	<u>89,288,513</u>

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

	Group	
	31.03.15 RM'000	31.03.14 RM'000
Gross		
Balance at beginning of the financial year	1,662,141	1,680,471
Impaired during the year	1,989,676	1,722,721
Reclassified as non-impaired	(337,426)	(308,206)
Disposal of subsidiary	(9,905)	-
Recoveries	(666,728)	(602,212)
Amount written off	(1,065,479)	(830,633)
Exchange differences	451	-
Balance at end of the financial year	<u>1,572,730</u>	<u>1,662,141</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.8%</u>	<u>1.9%</u>
Loan loss coverage excluding collateral values	<u>104.9%</u>	<u>127.4%</u>

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

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

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
In Malaysia	1,572,730	1,650,221
Outside Malaysia	-	11,920
	1,572,730	1,662,141

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

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
Agriculture	9,142	17,877
Mining and quarrying	7,041	4,127
Manufacturing	206,878	232,786
Electricity, gas and water	21,361	24,376
Construction	21,685	35,335
Wholesale and retail trade and hotels and restaurants	43,289	33,568
Transport, storage and communication	24,277	61,298
Finance and insurance	451	1,887
Real estate	398,608	4,103
Business activities	15,921	23,858
Education and health	12,603	16,197
Household of which:	797,552	1,186,592
Purchase of residential properties	360,538	491,070
Purchase of transport vehicles	366,612	579,124
Others	70,402	116,398
Others	13,922	20,137
	1,572,730	1,662,141

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

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
Collective allowance		
Balance at beginning of financial year	1,950,384	1,986,361
Allowance made during the financial year, net	504,597	602,488
Reclassified as assets held for sale	(25)	-
Amount written off and others	(1,043,531)	(639,880)
Exchange fluctuation adjustments	1,999	1,415
Balance at end of financial year	1,413,424	1,950,384
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	1.6%	2.2%
Individual allowance		
Balance at beginning of financial year	167,552	186,556
Allowance made during the financial year, net	91,026	216,720
Disposal of subsidiary	(9,905)	-
Amount written off and others	(12,850)	(235,724)
Balance at end of financial year	235,823	167,552

A12. STATUTORY DEPOSIT 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	
	31.03.15	31.03.14
	RM'000	(Restated) RM'000
Trade receivables, net of allowance for impairment	495,569	1,138,686
Other receivables, deposits and prepayments, net of allowance for impairment	2,300,196	1,553,510
Interest receivable, net of allowance for impairment	255,473	227,268
Fee receivable, net of allowance for impairment	73,532	44,444
Amount due from Originators	464,711	361,635
Amount due from agents, brokers and reinsurers	15,742	8,431
Foreclosed properties, net of allowance for impairment	61,822	66,805
	<u>3,667,045</u>	<u>3,400,779</u>

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

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
Deposits from:		
Licensed banks	913,644	2,228,756
Licensed investment banks	-	5,281
Bank Negara Malaysia	59,548	98,293
Other financial institutions	1,328,472	1,788,593
	<u>2,301,664</u>	<u>4,120,923</u>

A15. DEPOSITS FROM CUSTOMERS

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
Demand deposits	13,463,013	13,450,532
Savings deposits	5,254,753	5,290,440
Term/Investment deposits	73,401,321	70,903,023
Negotiable instruments of deposits	10,962	54,883
	<u>92,130,049</u>	<u>89,698,878</u>

The deposits are sourced from the following types of customers:

Business enterprises	41,988,048	42,554,162
Individuals	35,775,692	34,508,342
Government and statutory bodies	10,745,204	10,116,686
Others	3,621,105	2,519,688
	<u>92,130,049</u>	<u>89,698,878</u>

A16. OTHER LIABILITIES

	Group	
	31.03.15 RM'000	31.03.14 RM'000
Trade payables	482,916	1,046,177
Other payables and accruals	2,342,662	1,838,615
Interest payable	811,443	736,777
Lease deposits and advance rentals	11,874	19,526
Provision for commitments and contingencies	156,266	174,965
Bank overdraft	-	759
Profit equalisation reserve	1,680	1,571
Provision for taxation	110,834	23,179
	<u>3,917,675</u>	<u>3,841,569</u>

A17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.03.15 RM'000	31.03.14 RM'000	31.03.15 RM'000	31.03.14 RM'000
Short-term funds and deposits with financial institutions	63,289	62,557	198,769	249,933
Financial assets held-for-trading	30,536	34,618	111,923	144,041
Financial investments available-for-sale	70,596	62,777	284,967	206,803
Financial investments held-to-maturity	23,934	36,277	99,601	189,788
Loans and advances	871,917	972,863	3,598,969	3,863,959
Impaired loans and advances	1,502	1,121	7,055	4,891
Others	7,449	5,142	25,950	17,618
	<u>1,069,223</u>	<u>1,175,355</u>	<u>4,327,234</u>	<u>4,677,033</u>

A18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.03.15 RM'000	31.03.14 (Restated) RM'000	31.03.15 RM'000	31.03.14 (Restated) RM'000
Deposits from customers	470,077	454,866	1,823,126	1,846,924
Deposit and placements of banks and other financial institutions	4,870	12,475	24,533	38,643
Senior notes	47,947	48,391	191,473	193,978
Credit-Linked Notes	3,982	4,157	16,541	18,960
Recourse obligation on loans sold to Cagamas Berhad	10,069	10,083	40,764	40,825
Term loans	7,090	6,376	29,268	26,407
Subordinated term loans and notes	4,319	5,196	20,094	21,754
Interest on bonds	5,164	5,143	20,941	5,237
Medium term notes	18,768	20,421	80,827	82,819
Hybrid and Innovative Tier 1 capital securities	21,640	20,600	83,658	81,735
Others	3,961	9,316	14,874	40,377
	<u>597,887</u>	<u>597,024</u>	<u>2,346,099</u>	<u>2,397,659</u>

A19. NET INCOME FROM INSURANCE BUSINESS

Group	Individual Quarter		Cumulative Quarter	
	31.03.15 RM'000	31.03.14 RM'000	31.03.15 RM'000	31.03.14 RM'000
Income from Insurance Business:				
Premium income from general insurance business	336,415	379,444	1,450,169	1,544,065
Premium income from life and family takaful insurance business	-	125,911	45,446	513,035
	<u>336,415</u>	<u>505,355</u>	<u>1,495,615</u>	<u>2,057,100</u>
Insurance Claims and Commissions:				
Insurance commission ¹	31,329	78,264	111,192	223,035
General insurance claims	214,618	239,152	910,188	973,084
Life and family takaful insurance claims	-	116,856	56,186	389,065
	<u>245,947</u>	<u>434,272</u>	<u>1,077,566</u>	<u>1,585,184</u>
Total income from insurance business, net	<u>90,468</u>	<u>71,083</u>	<u>418,049</u>	<u>471,916</u>

¹ Net of bancassurance commission paid/payable to subsidiaries of the Group of RM24,902,000 (31 March 2014: RM33,291,000) eliminated upon consolidation.

A20. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.03.15 RM'000	31.03.14 RM'000	31.03.15 RM'000	31.03.14 RM'000
Fee and commission income:				
Fees on loans and securities	64,720	92,283	225,086	286,645
Corporate advisory	3,100	3,793	21,274	35,893
Guarantee fees	13,510	12,998	57,469	50,368
Underwriting commission	4,010	531	12,360	3,969
Portfolio management fees	11,366	8,960	36,780	34,752
Unit trust management fees	24,733	25,387	107,098	101,397
Property trust management fees	1,498	1,578	6,162	6,305
Brokerage fees and commission	13,056	15,654	69,418	79,347
Wealth management fees	7,056	6,576	26,606	24,157
Other fee and commission income	24,970	25,462	95,043	90,739
	<u>168,019</u>	<u>193,222</u>	<u>657,296</u>	<u>713,572</u>
Investment and trading income:				
Net gain/(loss) from sale of financial assets held-for-trading	3,828	(16,664)	(25,020)	(43,571)
Net gain from sale of financial investments available-for-sale	18,203	6,785	56,980	96,254
Net gain on redemption of financial investments held-to-maturity	-	444	-	8,319
Net gain/(loss) on revaluation of financial assets held-for-trading	16,629	(9,104)	26,476	(72,216)
Net foreign exchange gain/(loss) ²	(16,669)	31,693	37,369	122,046
Net gain/(loss) on derivatives	36,779	(3,580)	103,683	59,696
Gain on disposal of equity interests in subsidiaries	76,712	-	475,873	-
Gross dividend income from:				
Financial assets held-for-trading	193	1,511	7,247	9,096
Financial investments available-for-sale	10,586	11,835	33,506	58,570
Others	(246)	(128)	890	(85)
	<u>146,015</u>	<u>22,792</u>	<u>717,004</u>	<u>238,109</u>

A20. OTHER OPERATING INCOME (CONT'D.)

Group	Individual Quarter		Cumulative Quarter	
	31.03.15 RM'000	31.03.14 RM'000	31.03.15 RM'000	31.03.14 RM'000
Other income:				
Net non-trading foreign exchange gain/(loss)	6,163	(1,763)	17,103	(1,963)
Net gain on disposal of property and equipment	80	61	30	461
Rental income	1,177	6,211	4,922	11,525
Profit from sale of goods and services	9,792	9,150	30,808	31,654
Others	5,215	6,551	30,422	32,915
	<u>22,427</u>	<u>20,210</u>	<u>83,285</u>	<u>74,592</u>
	<u>336,461</u>	<u>236,224</u>	<u>1,457,585</u>	<u>1,026,273</u>

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

A21. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.03.15 RM'000	31.03.14 (Restated) RM'000	31.03.15 RM'000	31.03.14 (Restated) RM'000
Personnel costs:				
Salaries, allowances and bonuses	228,731	198,835	906,240	957,869
Shares/options granted under ESS	8,267	3,858	31,386	35,945
Pension costs	35,852	30,801	145,715	141,228
Social security cost	1,641	1,716	6,658	6,979
Others	37,388	16,119	116,822	113,486
	<u>311,879</u>	<u>251,329</u>	<u>1,206,821</u>	<u>1,255,507</u>
Establishment costs:				
Depreciation of property and equipment	14,036	16,650	58,776	67,123
Amortisation of intangible assets	20,692	22,158	84,674	94,272
Computerisation costs	32,332	41,748	183,802	175,429
Rental of premises	24,271	25,593	100,127	101,647
Cleaning, maintenance and security	9,603	10,767	33,512	30,391
Others	12,065	11,341	47,518	44,342
	<u>112,999</u>	<u>128,257</u>	<u>508,409</u>	<u>513,204</u>
Marketing and communication expenses:				
Sales commission	2,141	4,362	9,838	12,920
Advertising, promotional and other marketing activities	26,899	20,216	59,110	70,592
Telephone charges	3,230	5,852	19,990	17,904
Postage	2,993	4,139	13,860	16,837
Travel and entertainment	4,376	6,694	18,836	25,634
Others	9,566	9,849	30,227	35,688
	<u>49,205</u>	<u>51,112</u>	<u>151,861</u>	<u>179,575</u>
Administration and general expenses:				
Professional services	38,541	15,543	130,328	108,734
Donations	306	272	813	5,848
Travelling	1,265	1,859	8,518	12,598
Others	32,079	25,328	94,843	99,627
	<u>72,191</u>	<u>43,002</u>	<u>234,502</u>	<u>226,807</u>
Expenses capitalised	(1,786)	(5,671)	(12,151)	(42,035)
	<u>544,488</u>	<u>468,029</u>	<u>2,089,442</u>	<u>2,133,058</u>

A22. ALLOWANCE/(WRITEBACK) FOR IMPAIRMENT ON LOANS AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	31.03.15 RM'000	31.03.14 RM'000	31.03.15 RM'000	31.03.14 RM'000
Allowance for impaired loans, advances and financing:				
Individual allowance, net	38,321	22,363	91,026	216,720
Collective allowance, net	68,667	227,089	504,597	602,488
Impaired loans, advances and financing:				
Recovered, net	(166,409)	(185,536)	(624,425)	(748,498)
Recovery from loans sold to Danaharta	-	-	(1,732)	(2,950)
	<u>(59,421)</u>	<u>63,916</u>	<u>(30,534)</u>	<u>67,760</u>

A23. BUSINESS SEGMENT ANALYSIS

Group	Wholesale banking RM'000	Retail banking RM'000	Insurance RM'000	Operating Segments RM'000	Total RM'000
For the financial year ended 31 March 2015					
External revenue	3,039,797	3,237,137	1,681,727	1,183,860	9,142,521
Revenue from other segments	210,080	(353,823)	2,795	140,948	-
Total operating revenue	<u>3,249,877</u>	<u>2,883,314</u>	<u>1,684,522</u>	<u>1,324,808</u>	<u>9,142,521</u>
Net interest/profit income	958,505	1,446,849	127,137	237,800	2,770,291
Other income	714,145	279,870	447,839	509,311	1,951,165
Income	<u>1,672,650</u>	<u>1,726,719</u>	<u>574,976</u>	<u>747,111</u>	<u>4,721,456</u>
Share in results of associates and joint ventures	-	3,460	(10,521)	10,249	3,188
Other operating expenses	<u>(593,942)</u>	<u>(937,345)</u>	<u>(303,280)</u>	<u>(323,311)</u>	<u>(2,157,878)</u>
<i>of which:</i>					
<i>Depreciation of Property and Equipment</i>	(8,157)	(24,723)	(12,799)	(16,779)	(62,458)
<i>Amortisation of Intangible Assets</i>	(10,298)	(16,851)	(6,379)	(51,645)	(85,173)
Profit before provisions	<u>1,078,708</u>	<u>792,834</u>	<u>261,175</u>	<u>434,049</u>	<u>2,566,766</u>
(Provisions)/Writeback of provisions	199,356	(221,014)	60,057	(885)	37,514
Profit before taxation and zakat	<u>1,278,064</u>	<u>571,820</u>	<u>321,232</u>	<u>433,164</u>	<u>2,604,280</u>
Taxation and zakat	<u>(303,897)</u>	<u>(142,607)</u>	<u>(60,225)</u>	<u>(52,998)</u>	<u>(559,727)</u>
Profit for the period	<u>974,167</u>	<u>429,213</u>	<u>261,007</u>	<u>380,166</u>	<u>2,044,553</u>
Other information					
Total segment assets	52,068,115	46,568,570	5,503,267	29,663,872	133,803,824
Total segment liabilities	57,406,304	43,498,394	3,376,268	14,015,434	118,296,400
Cost to income ratio	35.5%	54.3%	52.7%	43.3%	45.7%
Gross loans/financing	41,435,593	46,429,406	10,917	(52,874)	87,823,042
Net loans/financing	40,975,272	45,730,106	10,917	(542,500)	86,173,795
Impaired loans, advances and financing	643,117	929,613	-	-	1,572,730
Total deposits	51,550,209	42,763,166	-	118,338	94,431,713
Additions to:					
Property and equipment	4,475	23,736	26,001	21,664	75,876
Intangible assets	8,427	9,086	8,931	59,576	86,020

A23. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Wholesale banking RM'000	Retail banking RM'000	Insurance RM'000	Operating Segments RM'000	Total RM'000
For the financial year ended 31 March 2014					
External revenue	2,963,177	3,512,165	2,275,567	855,096	9,606,005
Revenue from other segments	432,544	(481,640)	39,516	9,580	-
Total operating revenue	<u>3,395,721</u>	<u>3,030,525</u>	<u>2,315,083</u>	<u>864,676</u>	<u>9,606,005</u>
Net interest/profit income	1,074,696	1,673,124	127,137	263,171	3,138,128
Other income	791,616	294,645	543,784	(46,663)	1,583,382
Income	1,866,312	1,967,769	670,921	216,508	4,721,510
Share in results of associates and joint ventures	-	4,415	-	16,859	21,274
Other operating expenses	(617,165)	(929,055)	(412,266)	(203,851)	(2,162,337)
<i>of which:</i>					
<i>Depreciation of Property and Equipment</i>	(8,419)	(26,397)	(17,445)	(17,077)	(69,338)
<i>Amortisation of Intangible Assets</i>	(12,427)	(16,820)	(26,904)	(38,327)	(94,478)
Profit before provisions	1,249,147	1,043,129	258,655	29,516	2,580,447
(Provisions)/Writeback of provisions	65,915	(226,842)	(8,428)	37,146	(132,209)
Profit before taxation and zakat	1,315,062	816,287	250,227	66,662	2,448,238
Taxation and zakat	(330,420)	(202,179)	(62,292)	17,708	(577,183)
Profit for the period	<u>984,642</u>	<u>614,108</u>	<u>187,935</u>	<u>84,370</u>	<u>1,871,055</u>
Other information					
Total segment assets	49,866,013	48,823,173	8,518,401	25,531,903	132,739,490
Total segment liabilities	61,458,128	41,233,179	6,135,804	9,817,990	118,645,101
Cost to income ratio	33.1%	47.2%	61.4%	94.2%	45.8%
Gross loans/financing	40,543,246	48,918,326	223,764	(396,823)	89,288,513
Net loans/financing	40,048,797	47,868,397	223,331	(969,948)	87,170,577
Impaired loans, advances and financing	304,386	1,357,755	-	-	1,662,141
Total deposits	52,220,389	40,420,798	-	1,200,766	93,819,801
Additions to:					
Property and equipment	8,392	29,187	17,096	19,444	74,119
Intangible assets	15,239	5,355	1,946	134,355	156,895

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for AmFraser International Pte. Ltd. and its subsidiaries, PT. AmCapital Indonesia, AmCapital (B) Sdn Bhd, AmSecurities (H.K.) Limited and AmTrade Services Limited, activities of which are principally conducted in Singapore, Indonesia, Brunei and Hong Kong respectively. These activities are not significant in relation to the Group's activities in Malaysia.

A24. VALUATION OF PROPERTY AND EQUIPMENT

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

A25. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the current financial year end, the Company announced that following the approval of the relevant Taiwanese and Indonesian regulatory authorities and fulfilment of other conditions, the Proposed Disposal as stated in Note B6(4) was completed on 22 April 2015.

A26. 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 year other than as disclosed in Note B6.

A27. 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 principal/notional amounts of commitments and contingencies are as follows:

Group	31.03.15	31.03.14
	RM'000	RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	15,126,229	17,895,665
over one year	4,970,928	6,169,893
Unutilised credit card lines	3,955,894	4,235,678
Forward asset purchases	824,066	275,872
	<u>24,877,117</u>	<u>28,577,108</u>
Contingent Liabilities		
Direct credit substitutes	996,116	1,336,108
Transaction related contingent items	6,355,902	5,370,402
Obligations under underwriting agreements	250,000	296,375
Short term self liquidating trade related contingencies	715,135	677,065
	<u>8,317,153</u>	<u>7,679,950</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	43,862,385	39,142,179
One year or less	4,922,517	4,332,039
Over one year to five years	31,036,563	28,559,303
Over five years	7,903,305	6,250,837
Foreign exchange related contracts:	38,377,491	26,715,670
One year or less	33,926,800	22,768,828
Over one year to five years	2,500,277	3,051,273
Over five years	1,950,414	895,569
Credit related contracts:	654,404	612,486
One year or less	-	-
Over one year to five years	327,515	306,519
Over five years	326,889	305,967
Equity and commodity related contracts:	676,506	751,538
One year or less	606,676	420,433
Over one year to five years	69,830	331,105
Over five years	-	-
	<u>83,570,786</u>	<u>67,221,873</u>
	<u>116,765,056</u>	<u>103,478,931</u>

A27. 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 2014: RM150,000,000) on behalf of a subsidiary for the payment and discharge of all monies due on trading accounts maintained by customers with the said subsidiary.
- (b) AmBank (M) Berhad has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") on behalf of AmLabuan Holdings (L) Ltd (formerly known as AmInternational (L) Ltd) ("AMIL"), a wholly owned offshore banking subsidiary to meet all its liabilities and financial obligations and requirements. AMIL had surrendered its Labuan banking license with effect from 31 December 2014.
- (c) AmTrustee Berhad ("AmTrustee") was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") for alleged loss and damage amounting to RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

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

Proceedings at High Court

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

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

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

The High Court dismissed Meridian's application to add AmInvestment Bank Berhad as a party to the Meridian's Suit "Order" but allowed Meridian's application to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84. No appeal was filed by Meridian against this "Order", hence no litigation is pending today against AmInvestment Bank Berhad by Meridian.

As facts of both the Meridian and MAA suit are similar in nature with the same parties involved, the court has ordered that these two suits are to be heard together.

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

A27. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(c) High Court Decision

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

In the MAA Suit:

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

In the Meridian Suit:

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

This essentially means that Meridian has to pay MAA and KWAP for all the damages claimed by MAA and KWAP and AmTrustee has to pay 40% of that amount that Meridian has paid to MAA and KWAP. Court further awarded Meridian to pay AmTrustee cost of RM20,000.00.

Proceedings at Court of Appeal

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

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

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

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

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

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

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

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

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

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

Court of Appeal Decision

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

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

A27. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(c) **Court of Appeal Decision (Cont'd.)**

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

Proceedings at Federal Court

On 17 June 2014, AmTrustee filed its notice of motion for the Leave Application at Federal Court. AmTrustee's Leave Application is now fixed for case management on 9 February 2015. On 9 February 2015, the Court fixed the Leave Application for case management on 11 May 2015, pending the availability of grounds of judgment.

- (d) As at 31 March 2015, 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 27 April 2015 to 29 April 2015. Decision for the test case trials has been fixed on 9 June 2015. Solicitors for AmF and AMIB is of the view that AmF and AMIB have a good chance of successfully defending the suits.

- (e) During the 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. The Company was notified of these complaints by way of letter dated 10 April 2015 from MetLife International Holdings, Inc. ("MetLife"), the Company's co-shareholder in AmMetLife. 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 (see Note B6(2) for further details).

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	31.03.15			31.03.14		
	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:	38,722,385	164,303	179,699	35,842,179	195,580	199,530
- One year or less	4,102,517	1,889	6,836	3,472,039	3,947	3,863
- Over one year to three years	16,054,025	45,803	37,764	10,306,519	25,961	32,412
- Over three years	18,565,843	116,611	135,099	22,063,621	165,672	163,255
Foreign exchange related contracts:	38,377,491	1,216,197	1,172,071	26,715,670	295,496	287,103
- One year or less	33,926,800	784,662	761,802	22,768,828	85,928	88,007
- Over one year to three years	2,356,883	202,122	217,705	3,046,876	119,716	121,018
- Over three years	2,093,808	229,413	192,564	899,966	89,852	78,078
Credit related derivative contracts:	654,404	40,705	8,931	612,486	23,804	4,322
- One year or less	-	-	-	-	-	-
- Over one year to three years	327,515	7,572	-	306,519	4,651	-
- Over three years	326,889	33,133	8,931	305,967	19,153	4,322
Equity and commodity related contracts:	676,506	3,262	3,835	751,538	5,408	45,129
- One year or less	606,676	1,506	2,079	420,433	4,927	44,649
- Over one year to three years	-	-	-	-	-	-
- Over three years	69,830	1,756	1,756	331,105	481	480
	78,430,786	1,424,467	1,364,536	63,921,873	520,288	536,084
Hedging derivatives						
Interest rate related contracts -						
Interest rate swaps:						
Cash flow hedge	4,790,000	13,070	13,842	3,300,000	8,522	5,140
- One year or less	820,000	100	39	860,000	-	2,785
- Over one year to three years	1,380,000	1,165	2,642	720,000	1,167	1,742
- Over three years	2,590,000	11,805	11,161	1,720,000	7,355	613
Fair value hedge	350,000	-	7,100	-	-	-
- One year or less	-	-	-	-	-	-
- Over one year to three years	-	-	-	-	-	-
- Over three years	350,000	-	7,100	-	-	-
Total	83,570,786	1,437,537	1,385,478	67,221,873	528,810	541,224

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.

A28. 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.

A28. 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.

A28. 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.

A29. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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

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

For assets and liabilities that are recognised on a recurring basis, the Group 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 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. Therefore, unobservable inputs reflect the Group'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 own data.

Less than 0.01% of the total financial assets recorded at fair value in the previous financial year, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly. No amount is reported for current financial year.

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

Group

31.03.15	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>7,829</u>	<u>1,377,649</u>	<u>-</u>	<u>1,385,478</u>

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

Group

31.03.14	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	752	528,058	-	528,810
Financial assets held-for-trading				
- Money market securities	-	674,229	-	674,229
- Equities	214,106	-	-	214,106
- Quoted private debt securities	23,799	-	-	23,799
- Unquoted private debt securities	-	2,924,027	-	2,924,027
Financial investments available-for-sale				
- Money market securities	-	6,861,814	-	6,861,814
- Equities	651,749	457,451	-	1,109,200
- Unquoted private debt securities	-	3,539,141	417	3,539,558
	<u>890,406</u>	<u>14,984,720</u>	<u>417</u>	<u>15,875,543</u>
Derivative financial liabilities	<u>33,175</u>	<u>508,049</u>	<u>-</u>	<u>541,224</u>

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

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.

Group	Financial investments available -for-sale 31.03.15 RM'000	Financial investments available -for-sale 31.03.14 RM'000
Balance at beginning of financial year	417	435
Total gains/(losses) recognised in:		
- income statement:		
- other operating income	325	1,856
- impairment writeback/(loss)	-	(18)
Settlements	(742)	(1,856)
Balance at end of financial year	<u>-</u>	<u>417</u>

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

Group	Financial investments available -for-sale 31.03.15 RM'000	Financial investments available -for-sale 31.03.14 RM'000
Total gains/(losses) included in:		
- impairment writeback/(loss) on financial investments	<u>-</u>	<u>(18)</u>

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

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.

A30. CAPITAL ADEQUACY RATIOS

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

	31.03.15			Group *
	AmBank	AmBank Islamic	AmInvestment Bank	
Before deducting proposed dividends:				
CET1 Capital ratio	10.653%	9.200%	24.196%	10.975%
Tier 1 Capital ratio	12.446%	9.200%	24.196%	12.245%
Total Capital ratio	16.020%	14.371%	24.196%	16.233%
After deducting proposed dividends:				
CET1 Capital ratio	10.023%	9.200%	22.820%	10.508%
Tier 1 Capital ratio	11.816%	9.200%	22.820%	11.778%
Total Capital ratio	15.390%	14.371%	22.820%	15.766%

	31.03.14			Group *
	AmBank	AmBank Islamic	AmInvestment Bank	
Before deducting proposed dividends:				
CET1 Capital ratio	9.451%	9.829%	16.863%	10.075%
Tier 1 Capital ratio	11.416%	9.829%	16.863%	11.510%
Total Capital ratio	14.913%	15.805%	16.863%	15.818%
After deducting proposed dividends:				
CET1 Capital ratio	9.145%	9.201%	16.863%	9.696%
Tier 1 Capital ratio	11.110%	9.201%	16.863%	11.131%
Total Capital ratio	14.607%	15.178%	16.863%	15.439%

Notes:

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

	Transitional arrangements		
	Calendar Year		
	2013	2014	2015 onwards
CET1 Capital ratio	3.5%	4.0%	4.5%
Tier 1 Capital ratio	4.5%	5.5%	6.0%
Total Capital ratio	8.0%	8.0%	8.0%

- (ii) Group* figures presented in this Report represent an **aggregation** of the consolidated capital positions and risk weighted assets ("RWA") of our regulated banking institutions. The consolidated positions of each entity are published at www.ambankgroup.com.
- (iii) The capital position and RWA of AmBank refers to the combined capital base and RWA of AmBank (M) Bhd and its wholly-owned offshore banking subsidiary, AMIL. On 31 December 2014, AMIL had ceased to carry on Labuan banking business. Consequently, the above capital ratios of AmBank as at 31 March 2015 refers to only AmBank's capital base as a ratio of its RWA.

A30. CAPITAL MANAGEMENT (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 capital	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
Available-for-sale ("AFS") reserve/(deficit)	1,323	(6,592)	1,024	(4,309)
Foreign currency 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 deficit	(481)	-	-	(481)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	-
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 ordinary shares 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).

A30. CAPITAL MANAGEMENT (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:

	31.03.14			Group *
	AmBank RM'000	AmBank Islamic RM'000	AmInvestment Bank RM'000	
<u>CET1 Capital</u>				
Ordinary shares capital	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	4,408,666	698,125	57,377	5,343,662
AFS reserve/(deficit)	(72,241)	(18,442)	1,707	(87,776)
Foreign currency translation reserve	(1,990)	-	-	32,527
Statutory reserve	980,969	483,345	200,000	1,664,314
Profit equalisation reserve	-	1,260	-	1,260
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	111,805
Cash flow hedging reserve	3,029	-	-	3,029
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(11,243)
Intangible assets	(330,679)	(26)	(1,714)	(336,694)
Deferred tax assets	(51,825)	-	(14,164)	(104,652)
Profit equalisation reserve	-	(1,260)	-	(1,260)
Cash flow hedging reserve	(3,029)	-	-	(3,029)
55% of cumulative gains of AFS financial instruments	-	-	(939)	(968)
Investment in ordinary shares of unconsolidated financial and insurance/ takaful entities	(67,722)	-	(25,536)	(6,074)
Deduction in excess of Tier 2 Capital**	-	-	(98,062)	(17,763)
CET1 Capital	6,676,902	2,350,109	318,669	9,740,268
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,388,080	-	-	1,388,080
Tier 1 Capital	8,064,982	2,350,109	318,669	11,128,348
<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)	1,557,800	800,000	-	2,357,800
Collective allowance and regulatory reserve	783,541	279,038	4,085	1,063,297
Less: Regulatory adjustments applied on Tier 2 capital	(270,888)	-	(4,085)	(6,535)
Tier 2 Capital	2,470,453	1,429,038	-	4,164,562
Total Capital	10,535,435	3,779,147	318,669	15,292,910
Credit RWA	62,683,302	22,773,142	1,483,738	86,863,731
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(450,133)	-	(450,133)
Total Credit RWA	62,683,302	22,323,009	1,483,738	86,413,598
Market RWA	2,839,123	68,731	38,766	3,033,666
Operational RWA	4,977,955	1,519,289	366,407	7,088,670
Large exposure risk RWA for equity holdings	143,864	-	875	144,739
Total Risk Weighted Assets	70,644,244	23,911,029	1,889,786	96,680,673

** 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).

A31. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group	
	31.03.15	31.03.14
Outstanding credit exposures with connected parties (RM'000)	3,298,414	2,947,092
Percentage of outstanding credit exposures to connected parties (%)		
- as a proportion of total credit exposures	3.22	2.85
- which is non-performing or in default	0.42	0.20

The disclosure on Credit Transaction and Exposures with Connected Parties above is presented in accordance with Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A32. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2015 and the results for the financial year ended 31 March 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:

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Group	
	31.03.15	31.03.14
	RM'000	(Restated) RM'000
ASSETS		
Cash and short-term funds	4,307,281	2,941,329
Deposits and placements with banks and other financial institutions	750,000	1,118,383
Derivative financial assets	27,469	7,699
Financial assets held-for-trading	151,783	64,694
Financial investments available-for-sale	4,109,611	3,854,715
Financial Investments held-to-maturity	1,249,567	1,236,055
Financing and advances	27,497,806	24,445,039
Receivables: investments not quoted in active markets	463,982	106,649
Statutory deposit with Bank Negara Malaysia	1,045,000	891,000
Deferred tax assets	1	292
Other assets	378,727	567,242
Property and equipment	326	409
Intangible assets	20	28
TOTAL ASSETS	39,981,573	35,233,534
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	2,719,972	3,122,588
Recourse obligation on financing sold to Cagamas Berhad	1,436,775	2,068,337
Derivative financial liabilities	34,491	7,675
Deposits from customers	29,748,968	25,423,364
Term funding	1,850,000	550,000
Subordinated Sukuk	1,149,384	1,149,302
Deferred tax liabilities	10,839	7,255
Other liabilities	446,758	387,526
TOTAL LIABILITIES	37,397,187	32,716,047
Share capital/Capital funds	492,922	495,761
Reserves	2,091,464	2,021,726
TOTAL ISLAMIC BANKING FUNDS	2,584,386	2,517,487
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	39,981,573	35,233,534
COMMITMENTS AND CONTINGENCIES	7,557,214	8,467,022

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

**AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015**

Group	Individual Quarter		Cumulative Quarter	
	31.03.15	31.03.14	31.03.15	31.03.14
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Income derived from investment of depositors' funds and others	455,996	451,054	1,752,730	1,673,142
Allowance for impairment on financing and advances	(19,985)	(69,242)	(131,549)	(208,471)
Writeback of provision for commitments and contingencies	65	4,431	10,032	600
Impairment writeback for sundry debtors	-	-	-	51
Transfer to profit equalisation reserve	(15,358)	(1,732)	(35,379)	(10,743)
Total attributable income	420,718	384,511	1,595,834	1,454,579
Income attributable to the depositors	(249,187)	(217,322)	(931,670)	(822,931)
Profit attributable to the Group	171,531	167,189	664,164	631,648
Income derived from Islamic Banking Funds	28,800	27,578	105,165	120,930
Total net income	200,331	194,767	769,329	752,578
Operating expenditure	(96,247)	(96,314)	(369,098)	(369,159)
Finance cost	(21,988)	(16,159)	(80,441)	(67,461)
Profit before taxation and zakat	82,096	82,294	319,790	315,958
Taxation and zakat	(17,869)	(13,824)	(71,247)	(67,915)
Profit for the period	64,227	68,470	248,543	248,043

**AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015**

Group	Individual Quarter		Cumulative Quarter	
	31.03.15	31.03.14	31.03.15	31.03.14
	RM'000	RM'000	RM'000	RM'000
Profit for the period	64,227	68,470	248,543	248,043
Other comprehensive income/(loss):				
Items that may be reclassified to income statement				
Net change in revaluation of financial investments available-for-sale	9,206	(5,127)	15,917	(14,915)
Exchange differences on translation of foreign operations	(1)	(20)	609	317
Income tax relating to the components of other comprehensive income/(loss)	(2,209)	1,282	(4,066)	3,729
Other comprehensive income/(loss) for the period, net of tax	6,996	(3,865)	12,460	(10,869)
Total comprehensive income for the period	71,223	64,605	261,003	237,174

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances

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

Group 31.03.15	Bai Bithaman	Murabahah RM'000	Musharakah	AI-Ijarah Thummah	Bai Al-Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000		Mutanaqisah 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

A32. 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 31.03.14	Bai Bithaman	Murabahah RM'000	Musharakah	AI-Ijarah Thummah	Bai Al-Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000		Mutanaqisah RM'000	AI-Bai (AITAB) RM'000			
Cash lines	-	-	-	-	838,903	-	838,903
Term financing	3,024,016	88,943	8,355	-	3,888,925	40,398	7,050,637
Revolving credit	524,301	252,197	-	-	2,608,265	-	3,384,763
Housing financing	1,075,469	-	22,274	-	-	-	1,097,743
Hire purchase receivables	388	-	-	11,089,161	-	-	11,089,549
Bills receivables	-	-	-	-	-	757	757
Credit card receivables	-	-	-	-	-	311,702	311,702
Trust receipts	-	99,371	-	-	-	-	99,371
Claims on customers under acceptance credits	-	983,237	-	-	-	142,312	1,125,549
Gross financing and advances	4,624,174	1,423,748	30,629	11,089,161	7,336,093	495,169	24,998,974
Allowance for impairment on financing and advances							
- Collective allowance							(534,465)
- Individual allowance							(19,470)
Net financing and advances							24,445,039

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

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

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

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
Balance at beginning of financial year	348,515	268,443
Impaired during the financial year	776,843	460,256
Reclassification to non-impaired financing	(81,471)	(44,233)
Recoveries	(123,309)	(100,149)
Amount written off	(314,123)	(235,802)
Balance at end of financial period/year	<u>606,455</u>	<u>348,515</u>
Impaired financing and advances as % of total financing and advances	<u>2.2%</u>	<u>1.4%</u>

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

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

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

	Group	
	31.03.15 RM'000	31.03.14 RM'000
Collective allowance		
Balance at beginning of financial year	534,465	490,410
Allowance made during the financial year	224,295	240,823
Transferred from conventional commercial banking	2,463	-
Amount written off and others	(302,770)	(196,768)
Balance at end of financial year	<u>458,453</u>	<u>534,465</u>
Collective allowance as % of gross financing and advances (excluding RPSIA financing) less individual allowance	<u>1.7%</u>	<u>2.2%</u>
Individual allowance		
Balance at beginning of financial year	19,470	14,452
Allowance made during the financial year	46,634	53,568
Amount written off and others	(29)	(48,550)
Balance at end of financial year	<u>66,075</u>	<u>19,470</u>

(b) Deposit From Customers

	Group	
	31.03.15 RM'000	31.03.14 RM'000
Savings deposits		
<i>Wadiah</i>	1,893,135	1,841,983
<i>Mudarabah</i>	5,215	6,002
Demand deposits		
<i>Wadiah</i>	3,875,971	3,742,024
<i>Mudarabah</i>	45,380	34,990
Term deposits		
General investment account		
<i>Wakalah</i>	314,750	2,375,226
<i>Mudarabah</i>	13,846,615	17,347,973
Commodity murabahah	9,761,507	-
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	6,395	21,017
Structured deposits		
<i>Mudarabah</i>	-	54,149
	<u>29,748,968</u>	<u>25,423,364</u>

(c) Other Liabilities

	Group	
	31.03.15 RM'000	31.03.14 RM'000
Other payables and accruals	333,081	324,147
Taxation and zakat payable	30,508	27,027
Provision for commitments and contingencies	15,415	25,439
Amount owing to head office	62,642	3,341
Advance rentals	3,432	6,001
Profit equalisation reserve	1,680	1,571
	<u>446,758</u>	<u>387,526</u>

A33. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVE INFORMATION

Certain comparative figures were restated arising from:

- (a) adoption of Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities.
- (b) change in the group's classification for its investments that are not quoted in active markets as "Receivables: Investments not quoted in active markets".
- (c) other reclassification to conform to the current year's presentation. There was no significant impact to the financial performance and ratios in relation to the financial year ended 31 March 2014.

(i) Reconciliation of consolidated statement of financial position

As at 31 March 2014	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Assets			
Financial investments held-to-maturity	3,897,565	(99,000)	3,798,565
Receivables: investments not quoted in active markets	-	168,830	168,830
Other assets	3,084,376	316,403	3,400,779
Liabilities			
Other liabilities	3,455,336	386,233	3,841,569
As at 31 March 2013			
Assets			
Other assets	2,870,742	197,229	3,067,971
Liabilities			
Other liabilities	5,046,690	197,229	5,243,919

(ii) Reconciliation of consolidated income statement

Fourth quarter ended 31 March 2014	As previously stated RM'000	restatement RM'000	As restated RM'000
Interest expense	(599,471)	2,447	(597,024)
Net income from Islamic banking business	250,635	1,118	251,753
Other operating expenses	(464,464)	(3,565)	(468,029)
Cumulative quarter ended 31 March 2014			
Interest expense	(2,405,106)	7,447	(2,397,659)
Net income from Islamic banking business	939,969	3,978	943,947
Other operating expenses	(2,121,633)	(11,425)	(2,133,058)

A33. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)

(iii) Reconciliation of operations of Islamic banking business

(i) Reconciliation of consolidated statement of financial position

As at 31 March 2014	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Assets			
Financial Investments held-to-maturity	1,335,055	(99,000)	1,236,055
Receivables: investments not quoted in active markets	-	106,649	106,649
Other assets	574,891	(7,649)	567,242

(ii) Reconciliation of consolidated income statement

Fourth quarter ended 31 March 2014	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Income attributable to the depositors	(218,440)	1,118	(217,322)
Operating expenditure	(95,196)	(1,118)	(96,314)
Cumulative quarter ended 31 March 2014			
Income attributable to the depositors	(826,909)	3,978	(822,931)
Operating expenditure	(365,181)	(3,978)	(369,159)

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

The Group recorded a profit after tax ("PAT") of RM2,044.6 million for the year ended 31 March 2015, an improvement of RM173.5 million or 9.27% as compared to corresponding year ended 31 March 2014 of RM1,871.1 million. Year-on-year (yoy), the Group's profit attributable to equity holders of the Company ("PATMI") grew by 7.6% to RM1,918.6 million.

Improvement in earnings for current year ended 31 March 2015 was mainly attributed to higher other operating income by RM431.3 million and lower other operating expenses by RM43.6 million. In addition, writeback on impairment was reported from sundry receivables and loans and financing for current year as compared to previous year's impairment and contributed RM106.0 million and RM98.3 million to current year's earnings. Lower impairment from financial investments, foreclosed properties and intangible assets by RM4.0 million, RM0.9 million and RM0.5 million were reported for the current year ended 31 March 2015.

This was partially off-set by lower income reported from net interest income, net income from Islamic banking business, net income from insurance business and share in results of associates and joint ventures by RM298.2 million, RM79.3 million, RM53.9 million and RM18.1 million respectively. Besides, lower writeback on provision for commitments and contingencies by RM11.3 million was reported for the year. Higher acquisition and business efficiency expenses and transfer to profit equalisation reserve by RM39.2 million and RM24.6 respectively and impairment on property and equipment of RM4.1 million were reported for current year ended 31 March 2015.

Gross loans, advances and financing reduced to RM87.8 billion as compared to RM89.3 billion reported for the last financial year ended 31 March 2014. This was mainly due to reduction reported from hire-purchase receivables, term loans, credit card receivables and claims on customers under acceptance credits.

As at 31 March 2015, the Group's total assets stood at RM133.8 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 FY2015 compared to FY2014:

Retail Banking: Lower from Auto Finance portfolio rebalancing and margin compression

PAT decreased by 30.1% year-on-year (yoy) to RM429.2 million due to :

- (i) 5.1% loan contraction in line with the Group's policy of de-risking its auto finance portfolio; and
- (ii) Margin compression from the portfolio rebalancing efforts to higher quality assets;

Excluding the auto finance segment, gross loans grew 1.5% yoy supported by strong mortgage growth of 6.2%.

CASA grew 1.5% yoy, supported by initiatives focusing on small business and emerging affluent.

Expenses remain well contained from a continued emphasis on cost discipline and synergies from acquisitions.

Wholesale banking: Momentum picked up in second half after weaker first half for loans and capital markets activities

PAT declined by 1.1% yoy to RM974.2 million due to a weaker first half for corporate loans growth and capital market activities, offset by lower expenses from right-sizing initiatives and lower provisions, which benefited from pursuing higher quality assets.

Improved contributions from broking, equity derivatives, funds management, and private banking were partially offset by compressed margins in Corporate Banking and subdued foreign exchange and derivative trading activities.

General Insurance: Stronger investment income and improved claims management

PAT rose 46.5% yoy to RM256.4 million from improved claims management, higher investment gains and lower management expenses. Premium growth remains a challenge from stiff competition and subdued auto financing which had impacted bancassurance.

Life Assurance and Family Takaful: Formed strategic partnership with MetLife

Both businesses completed their strategic partnerships with MetLife International Holdings Inc on 30 April 2014, and their results were equity accounted effective 1 May 2014. Net profit fell from RM12.9 million to RM4.6 million, reflecting equity accounting impact and higher reserve required from lower MGS yields.

The businesses are in the midst of carrying out medium term investment plans to drive future growth. Key focus is on (i) brand enhancement, (ii) strengthening distribution channels, (iii) investing in information technology, (iv) aligning policies and processes, as well as (v) developing talents and leadership teams. Since the partnership, the new brand AmMetLife was rolled out and several key appointments were made including the new CEO for AmMetLife.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a higher pre-tax profit of RM668.4 million for the fourth quarter ended 31 March 2015 as compared to RM588.9 million for the previous quarter ended 31 December 2014. This was mainly due to higher income reported from other operating income, net income from Islamic banking business, higher writeback on provision for commitments and contingencies, sundry receivables and impairment on loans and financing by RM120.6 million, RM16.6 million, RM9.6 million, RM3.6 million and RM2.5 million respectively. Besides, writeback on business efficiency expenses and lower impairment on financial investments have also contributed RM15.8 million and RM4.7 million for current quarter ended 31 March 2015.

This was off-set by higher other operating expenses by RM48.6 million and impairment on property and equipment and intangible assets by RM4.1 million and RM1.2 million. Loss in share in results of associates and joint ventures of RM10.7 million as compared to profit of RM5.5 million for the preceding quarter ended 31 December 2014. Lower income was reported from net interest income and net income from insurance business by RM18.5 million and RM5.4 million.

B3. PROSPECTS FOR FINANCIAL YEAR 31 MARCH 2016

The Malaysian economy expanded at a stronger pace of 6.0% in 2014 (4.7% in 2013), largely driven by the continued strength in private domestic demand and positive growth in net exports.

For calendar year 2015, the Group expects Malaysian economy to grow 4.7%. Domestic demand will continue to be the anchor of growth with exports remaining resilient. Private expenditure will grow moderately, balanced with stronger growth in public expenditure due to the turnaround in public investment. Inflation is expected to hover around 2.5% - 2.7%, reflecting impacts from the implementation of the Goods and Services tax since 1 April 2015 and the weaker Ringgit, partially offset by weak global commodity prices and softer demand.

Business and economic conditions are expected to remain challenging while compliance requirements will continue to increase. Over the medium-term, the banking sector is expected to experience slower loans growth and narrower net interest spreads while asset quality may come under some pressure.

At AmBank Group, we will remain responsive with key measures in place to drive growth, supported by ongoing investments to improve our capabilities and customer experience. We remain focused on our FY2015-2017 strategic agenda to (1) Deliver on focused organic growth; (2) Leverage strategic partnerships and deliver on acquisitions; (3) Continue to optimise efficiency; and (4) Build sustainability.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	Individual Quarter		Cumulative Quarter	
	31.03.15	31.03.14	31.03.15	31.03.14
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	156,916	117,898	531,889	514,020
Deferred tax	(43,494)	(20,123)	29,964	31,578
Effect of change in tax rate	3,749	-	3,749	-
	<u>117,171</u>	<u>97,775</u>	<u>565,602</u>	<u>545,598</u>
Under/(Over) provision of current taxation in respect of prior years	934	11,141	(7,279)	30,429
Taxation	<u>118,105</u>	<u>108,916</u>	<u>558,323</u>	<u>576,027</u>
Zakat	240	169	1,404	1,156
Taxation and zakat	<u>118,345</u>	<u>109,085</u>	<u>559,727</u>	<u>577,183</u>

The total tax charge of the Group for the financial year ended 31 March 2015 and 31 March 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 March 2015, the trustee of the ESS held 12,854,350 ordinary shares (net of ESS shares vested to employees) representing 0.43% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM86,109,841.
- 2 On 28 April 2014, AMAB Holdings Sdn Bhd ("AMAB"), a wholly owned subsidiary of the Company, entered into conditional share sale agreements with MetLife International Holdings, Inc. ("MetLife"), for the sale of equity interests held by AMAB in AmMetLife Insurance Berhad (formerly known as AmLife Insurance Berhad) ("AmMetLife") and AmMetLife Takaful Berhad (formerly known as AmFamily Takaful Berhad) ("AmMetLife Takaful") at an aggregate cash consideration of RM812 million (subject to adjustment on completion) ("Share Sale"). Under the Share Sale, MetLife will acquire from AMAB an equity interest of:-
 - a) '50% plus one share' in AmMetLife, comprising an acquisition of 100,000,000 ordinary shares of RM1.00 each in AmLife for a cash consideration of RM740,000,000 and the allotment of one (1) new ordinary share of RM1.00 by AmMetLife to MetLife at a subscription price of RM1.00; and
 - b) '50% less one share' in AmMetLife Takaful, comprising the acquisition of 50,000,000 ordinary shares of RM1.00 each in AmMetLife Takaful for a cash consideration of RM72,000,000 and the allotment of one (1) new ordinary share of RM1.00 by AmMetLife Takaful to AMAB at a subscription price of RM1.00.

On 30 April 2014 (the "Completion Date"), the Company announced that the Share Sale was completed on 30 April 2014 after fulfilment of the conditions precedent. The final sale consideration will be determined on conclusion of the review of the closing net assets of AmMetLife and AmMetLife Takaful as at 30 April 2014.

On 18 November 2014, the Company announced that the Sale Consideration has been adjusted to RM821,295,000 following the determination of the audited net assets of AmMetLife and AmMetLife Takaful as at the Completion Date (the "Completion NA") as follows:

- a) RM755,707,000 for AmMetLife, an increase of RM15,707,000 on account of an increase in Completion NA of AmMetLife; and
- b) RM65,588,000 for AmMetLife Takaful, a decrease of RM6,412,000 on account of the decrease in Completion NA of AmMetLife Takaful.

During the year, AmMetLife received complaints from 9 policyholders relating to the alleged mis-selling of a certain insurance product of AmMetLife. 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 the mis-selling of certain specified insurance products occurring prior to the share sale.

B6. CORPORATE PROPOSALS (CONT'D.)

- 3 On 25 August 2014, a wholly-owned Singapore-based subsidiary, AmFraser International Pte Ltd ("AmFIPL"), has entered into a sale and purchase agreement with KGI Asia (Holdings) Pte Ltd ("KGI"), a 100%-owned subsidiary of KGI Securities Co. Ltd., a Taiwan-based stockbroking company, for the proposed disposal by AmFIPL of its 100%-owned stockbroking subsidiary, AmFraser Securities Pte Ltd ("AmFraser") (the "Proposed Disposal").

The Proposed Disposal involves the sale of 57,527,908 ordinary shares in AmFraser for an indicative cash consideration of about S\$38 million (the "Purchase Price"), comprising: (i) a preliminary value for future recovery of overdue receivables post-completion, and (ii) a value at a premium over the adjusted net assets of AmFraser. The final Purchase Price will be determined on completion of the Proposed Disposal in accordance with the terms of the sale and purchase agreement.

The Proposed Disposal is conditional, inter alia, on the approval of relevant regulatory authorities in Taiwan and Singapore, and is anticipated to be completed in the first quarter of 2015. It is not expected to have any material impact on the Company's consolidated financial results for the year ending 31 March 2015, 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 30 January 2015, the Company announced that following the approval of the relevant Taiwanese and Singaporean regulatory authorities and fulfilment of other conditions, the Proposed Disposal was completed on 30 January 2015.

- 4 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.

B7. BORROWINGS

	Group	
	31.03.15	31.03.14
	RM'000	RM'000
(i) Deposits from customers		
Six months or less	75,448,971	70,438,698
Over six months to one year	12,548,912	15,068,341
Over one year to three years	3,068,885	3,072,324
Over three years to five years	1,063,281	1,119,515
	<u>92,130,049</u>	<u>89,698,878</u>
(ii) Deposits and placements of banks and other financial institutions		
Six months or less	559,178	3,555,112
Over six months to one year	1,464,353	137,721
Over one year to three years	174,881	306,876
Over three years to five years	103,252	121,214
	<u>2,301,664</u>	<u>4,120,923</u>
(iii) Term funding (unsecured)		
(a) Senior notes		
Due within one year	-	1,569,439
More than one year	6,673,039	3,146,606
(b) Credit-Linked Notes		
Due within one year	-	-
More than one year	281,823	278,182
(c) Term loans and revolving credits		
Due within one year	243,036	679,573
More than one year	1,104,356	970,841
(d) Structured deposit		
Due within one year	100	-
	<u>8,302,354</u>	<u>6,644,641</u>
(iv) Debt capital		
(a) Unsecured notes/sukuk		
More than one year	1,548,785	1,548,562
(b) Medium Term Notes		
More than one year	1,310,000	1,557,800
(c) Hybrid capital		
More than one year	736,788	674,836
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>4,580,573</u>	<u>4,766,198</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*, as 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	
	31.03.15	31.03.14
	RM'000	RM'000
Total retained earnings		
- Realised	8,617,715	8,043,026
- Unrealised	1,553,202	664,134
Total share of retained earnings from associates and joint ventures:		
- Realised	86,956	9,141
- Unrealised	41,001	4,326
Less: Consolidation adjustments	(3,468,694)	(3,192,923)
Total retained earnings as per consolidated financial statements	6,830,180	5,527,704

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 A27(c) and (d).

B10. DIVIDENDS

- (i) A proposed final single tier ordinary dividend of 15.3% for the financial year ended 31 March 2015 has been recommended by the directors;
- (ii) Amount per share: 15.3 Sen;
- (iii) Previous corresponding period: 16.9 Sen single tier;
- (iv) Payment date: To be determined and announced at a later date; and
- (v) In respect of ordinary share capital, entitlement to the proposed dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

B11. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

Basic earnings per share 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	
	31.03.15	31.03.14	31.03.15	31.03.14
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	519,224	463,707	1,918,630	1,782,380
Weighted average number of ordinary shares in issue	3,000,920	3,005,594	3,005,852	3,005,999
Basic earnings per share (Sen)	17.30	15.43	63.83	59.29

b. Diluted earnings per share

Diluted earnings per share 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	
	31.03.15	31.03.14	31.03.15	31.03.14
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	519,224	463,707	1,918,630	1,782,380
Weighted average number of ordinary shares in issue (as in (a) above)	3,000,920	3,005,594	3,005,852	3,005,999
Effect of executives' share scheme	-	-	687	1,917
Adjusted weighted average number of ordinary shares in issue/issuable	3,000,920	3,005,594	3,006,539	3,007,916
Fully diluted earnings per share (Sen)	17.30	15.43	63.82	59.26