

Company No. 295576-U

**AmBank Islamic Berhad**  
**(Formerly known as Amlslamic Bank Berhad)**  
(Incorporated in Malaysia)

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

**Company No. 295576-U**  
**AmBank Islamic Berhad**  
**(Formerly known as AmIslamic Bank Berhad)**  
**(Incorporated in Malaysia)**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

		<b>31 December</b>	<b>31 March</b>
	<b>Note</b>	<b>2015</b>	<b>2015</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds		5,500,149	4,061,682
Deposits and placements with banks and other financial institutions		350,000	750,000
Derivative financial assets		82,149	27,469
Financial assets held-for-trading	A8	386,178	151,783
Financial investments available-for-sale	A9	2,868,799	4,109,611
Financial investments held-to-maturity	A10	1,260,130	1,249,566
Financing and advances	A11	27,444,626	27,497,806
Receivables: Investments not quoted in active markets	A12	457,783	463,982
Statutory deposit with Bank Negara Malaysia		1,005,000	1,045,000
Other assets	A13	316,437	354,564
Property and equipment		344	301
Intangible assets		16	20
<b>TOTAL ASSETS</b>		<b>39,671,611</b>	<b>39,711,784</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits and placements of banks and other financial institutions	A14	1,442,792	2,714,064
Recourse obligation on financing sold to Cagamas Berhad		1,130,172	1,436,775
Derivative financial liabilities		83,010	34,491
Deposits from customers	A15	29,521,478	29,754,876
Investment accounts	A16	1,318,808	-
Term funding		1,850,000	1,850,000
Subordinated Sukuk		1,399,491	1,149,384
Deferred tax liability		7,801	10,840
Other liabilities	A17	357,471	347,339
Provision for zakat		2,099	1,137
<b>TOTAL LIABILITIES</b>		<b>37,113,122</b>	<b>37,298,906</b>
Share capital		462,922	462,922
Reserves		2,095,567	1,949,956
<b>TOTAL EQUITY</b>		<b>2,558,489</b>	<b>2,412,878</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>39,671,611</b>	<b>39,711,784</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A28	8,175,816	7,479,564
<b>NET ASSETS PER SHARE (RM)</b>		<b>5.53</b>	<b>5.21</b>

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

**Company No. 295576-U**  
**AmBank Islamic Berhad**  
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**UNAUDITED INCOME STATEMENT**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2015	31 December 2014 (Restated)	31 December 2015	31 December 2014 (Restated)
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A18	485,894	439,273	1,413,654	1,297,648
Income derived from investment of shareholder's funds	A19	26,971	23,414	74,735	70,515
Allowance for impairment on financing and advances	A20	24,771	(19,020)	(20,248)	(111,564)
Writeback of provision for/ (Provision for) commitments and contingencies		(309)	4,197	2,139	9,967
Transfer to profit equalisation reserve		-	(15,417)	(1,406)	(20,021)
<b>Total distributable income</b>		<b>537,327</b>	<b>432,447</b>	<b>1,468,874</b>	<b>1,246,545</b>
Income attributable to the depositors and others	A21	(297,112)	(238,628)	(841,801)	(687,366)
<b>Total net income</b>		<b>240,215</b>	<b>193,819</b>	<b>627,073</b>	<b>559,179</b>
Other operating expenses	A22	(148,285)	(94,857)	(315,938)	(271,879)
Finance cost		(34,148)	(20,012)	(101,270)	(58,453)
<b>Profit before zakat and taxation</b>		<b>57,782</b>	<b>78,950</b>	<b>209,865</b>	<b>228,847</b>
Zakat		(183)	(453)	(961)	(1,164)
Taxation		(23,847)	(17,156)	(55,398)	(50,164)
<b>Profit for the period</b>		<b>33,752</b>	<b>61,341</b>	<b>153,506</b>	<b>177,519</b>
<b>Basic earnings per share (sen)</b>	A23	<b>7.29</b>	<b>13.25</b>	<b>33.16</b>	<b>38.35</b>

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

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

	Individual Quarter		Cumulative Quarter	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period	<u>33,752</u>	<u>61,341</u>	<u>153,506</u>	<u>177,519</u>
Other comprehensive income/(loss):				
<b>Items that may be reclassified subsequently to the income statement:</b>				
Net change in revaluation of financial investments available-for-sale	5,064	(2,069)	(11,228)	6,711
Transfer to income statement upon disposal	-	-	853	-
Income tax relating to the components of other comprehensive income	<u>(1,216)</u>	<u>497</u>	<u>2,490</u>	<u>(1,856)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>3,848</u>	<u>(1,572)</u>	<u>(7,885)</u>	<u>4,855</u>
Total comprehensive income for the period	<u>37,600</u>	<u>59,769</u>	<u>145,621</u>	<u>182,374</u>

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015

	Attributable to Equity Holder of the Bank					Retained earnings RM'000	Total equity RM'000
	Non-distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Profit equalisation reserve RM'000	Available-for-sale deficit RM'000		
At 1 April 2014	462,922	724,185	483,345	1,260	(18,442)	698,360	2,351,630
Profit for the period	-	-	-	-	-	177,519	177,519
Other comprehensive income	-	-	-	-	4,855	-	4,855
Total comprehensive income for the period	-	-	-	-	4,855	177,519	182,374
Net utilisation of profit equalisation reserve	-	-	-	7,400	-	(7,400)	-
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(273)	(273)
Dividend paid	-	-	-	-	-	(187,021)	(187,021)
Transactions with owner and other equity movements	-	-	-	7,400	-	(194,694)	(187,294)
At 31 December 2014	462,922	724,185	483,345	8,660	(13,587)	681,185	2,346,710
At 1 April 2015	462,922	724,185	483,345	3,904	(6,592)	745,114	2,412,878
Profit for the period	-	-	-	-	-	153,506	153,506
Other comprehensive loss	-	-	-	-	(7,885)	-	(7,885)
Total comprehensive income/(loss) for the period	-	-	-	-	(7,885)	153,506	145,621
Net utilisation of profit equalisation reserve	-	-	-	(3,904)	-	3,904	-
Transfer of AMMB ESS shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(10)	(10)
Transactions with owner and other equity movements	-	-	-	(3,904)	-	3,894	(10)
<b>At 31 December 2015</b>	<b>462,922</b>	<b>724,185</b>	<b>483,345</b>	<b>-</b>	<b>(14,477)</b>	<b>902,514</b>	<b>2,558,489</b>

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

**Company No. 295576-U**  
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2015**

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before zakat and taxation	209,865	228,847
Adjustments for non-operating and non-cash items	27,053	153,248
Operating profit before working capital changes	<u>236,918</u>	<u>382,095</u>
Changes in working capital:		
Net change in operating assets	190,511	(951,287)
Net change in operating liabilities	(481,599)	27,978
Taxation paid	(50,826)	(43,014)
Net cash used in operating activities	<u>(104,996)</u>	<u>(584,228)</u>
Net cash generated from/(used in) investing activities	1,293,463	(88,381)
Net cash used in financing activities	250,000	(187,021)
Net decrease in cash and cash equivalents	<u>1,438,467</u>	<u>(859,630)</u>
Cash and cash equivalents at beginning of the financial year	<u>4,061,682</u>	<u>2,935,528</u>
Cash and cash equivalents at end of the financial period	<u><u>5,500,149</u></u>	<u><u>2,075,898</u></u>

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

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

## **Explanatory Notes**

### **A1. BASIS OF PREPARATION**

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

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

#### **1. Standards effective for financial year ending 31 March 2016:**

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

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

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

##### **a. Annual Improvements to MFRSs 2010-2012 Cycle**

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

##### **(i) MFRS 2: Share-based Payment**

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

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

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

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

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

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

**(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.

**(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.



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

**1. Standards effective for financial year ending 31 March 2016 (CONT'D.):**

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

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

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

**b. Annual Improvements to MFRSs 2011-2013 Cycle**

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

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

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

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

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

**(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.

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

**2. Change in regulatory requirements**

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

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

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

- (i) segregated investment deposit products from deposit accounts and presented these separately as investment accounts in the financial statements;
- (ii) discontinued with the application of profit equalisation reserve ("PER"). The available amounts in PER had been distributed to the remaining account holders in the form of hibah; and

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

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

**2. Change in regulatory requirements (Cont'd.)**

**a. Bank Negara Malaysia (“BNM”) Policy Documents on Investment Account and Transition policy under Islamic Financial Services Act 2013 (“IFSA”)(Cont'd.)**

The accounting policy adopted for Investment account is as follows:

Unrestricted Investment Account

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

Restricted Investment Account (“RIA”)

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

Distribution of profit between the unrestricted IAH and the Bank

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

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

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

**2. Change in regulatory requirements (Cont'd.)**

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

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

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

The revised policy did not result in significant impairment charges to the Bank for the financial period. As at 31 December 2015, the Bank has complied with the requirement in 2 b (ii) above.

**3. Standards issued but not yet effective**

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

	Effective for financial year ending
Annual Improvements to MFRSs 2012-2014 Cycle	31 March 2017
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	31 March 2017
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	31 March 2017
Amendments to MFRS 10, 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 2019
MFRS 9 Financial Instruments	31 March 2019

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

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

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture which was announced earlier by MASB to be effective to the Bank for financial year ending 31 March 2017 has been deferred to a date to be determined by MASB.

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

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

**Annual Improvements to MFRSs 2012–2014 Cycle**

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

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

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

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

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

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

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

**(iii) MFRS 119 Employee Benefits**

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

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

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

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

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

**(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 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

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

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

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

**MFRS 15 Revenue from Contracts with Customers**

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

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

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

**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 Bank’s financial assets, but no impact on the classification and measurement of the Bank’s financial liabilities.

**A2. AUDIT QUALIFICATION**

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

**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

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

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

**A5. CHANGES IN ESTIMATES**

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter and period.

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

On 21 December 2015, the Bank had issued Tranche 3 of the Tier 2 Subordinated Sukuk Murabahah amounting to RM250.0 million under its programme of up to RM3.0 billion in nominal value. The profit rate of this tranche is at 5.35% per annum, payable semi-annually and has a tenor of 10 years non-call 5. The proceeds from this issuance is for working capital and general banking purposes.

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

**A7. DIVIDENDS**

The director do not recommend the payment of any dividend in respect of the financial quarter ended 31 December 2015 and no dividends were paid in the current financial quarter and period.



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

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Government Investment Issues	207,206	141,705
Unquoted Securities:		
In Malaysia:		
Private debt securities	178,972	10,078
	<u>386,178</u>	<u>151,783</u>

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

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Government Investment Issues	412,528	204,121
Islamic Negotiable instruments of deposit	1,693,634	3,045,887
Bank Negara Monetary Notes	-	254,914
	<u>2,106,162</u>	<u>3,504,922</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	762,637	604,689
	<u>2,868,799</u>	<u>4,109,611</u>

**A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (CONT'D.)**

Previously, the Bank had reclassified securities amounting to RM7.6 million out of financial investments available-for-sale category to the financing and receivables category as the Bank has the intention to hold the securities until maturity.

As at 31 December 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 RM376,000 (31 March 2015: RM475,000).

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

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>At amortised cost:</b>		
Unquoted Securities:		
In Malaysia:		
Private debt securities	1,260,130	1,249,566
	<u>1,260,130</u>	<u>1,249,566</u>

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**A11. FINANCING AND ADVANCES**

A11a. Financing and advances by type and Shariah contracts are as follows:

**31 December 2015**

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

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

A11a. Financing and advances by type and Shariah contracts are as follows (Cont'd.):

**31 March 2015**

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

\* Included in financing and advances are exposures to the Restricted Investment Account ("RIA") arrangements between the Bank and AmBank (M) Berhad ("AmBank") amounting to RM1,303.1 million (31 March 2015: RM1,363.8 million). Under the RIA contract, the profit is shared based on a pre-agreed ratio. AmBank is exposed to the risks and rewards on the RIA financing and it shall account for all allowance for impairment arising from the RIA financing. Further details of the RIA are disclosed in Note A16.

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

A11b. Gross financing and advances analysed by type of customer are as follows:

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Domestic non-bank financial institutions	365,885	376,383
Domestic business enterprises		
- Small medium enterprises	4,605,160	4,320,458
- Others	9,212,832	9,136,728
Government and statutory bodies	335,612	383,730
Individuals	13,257,832	13,663,125
Other domestic entities	42,054	57,698
Foreign individuals and entities	85,776	84,212
	<u>27,905,151</u>	<u>28,022,334</u>

A11c. All financing and advances reside in Malaysia.

A11d. Gross financing and advances analysed by profit rate sensitivity are as follows:

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Fixed rate		
- Housing financing	244,637	257,808
- Hire purchase receivables	9,280,038	10,016,187
- Other financing	3,057,568	3,125,980
Variable rate		
- Base rate and base financing rate plus	5,171,265	5,236,078
- Cost plus	9,232,034	9,040,137
- Other variable rates	919,609	346,144
	<u>27,905,151</u>	<u>28,022,334</u>

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

A11e. Gross financing and advances analysed by sector are as follows:

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Agriculture	1,538,687	1,425,890
Mining and quarrying	1,519,784	1,676,384
Manufacturing	2,664,118	2,349,086
Electricity, gas and water	131,458	148,422
Construction	1,494,992	2,137,670
Wholesale and retail trade and hotel and restaurants	1,124,767	944,867
Transport, storage and communication	1,610,582	937,626
Finance and insurance	365,885	376,383
Real estate	2,796,178	2,825,535
Business activities	463,791	461,035
Education and health	740,210	821,983
Household of which:	13,340,578	13,742,679
- purchase of residential properties	1,886,259	1,370,877
- purchase of transport vehicles	9,591,483	10,401,534
- others	1,862,836	1,970,268
Others	114,121	174,774
	<u>27,905,151</u>	<u>28,022,334</u>

A11f. Gross financing and advances analysed by residual contractual maturity are as follows:

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Maturing within one year	9,523,561	8,712,569
Over one year to three years	2,819,748	2,914,449
Over three years to five years	5,029,233	4,481,931
Over five years	10,532,609	11,913,385
	<u>27,905,151</u>	<u>28,022,334</u>

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

**A11g. Movements in impaired financing and advances are as follows:**

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Balance at beginning of financial year	606,455	348,515
Impaired during the period/year	343,228	776,843
Reclassified as non-impaired	(16,425)	(81,471)
Recoveries	(129,987)	(123,309)
Amount written off	(179,445)	(314,123)
Balance at end of financial period/year	<u>623,826</u>	<u>606,455</u>
Gross impaired financing and advances as % of gross financing and advances	<u>2.2%</u>	<u>2.2%</u>
Financing loss coverage	<u>73.8%</u>	<u>86.5%</u>

A11h. All impaired financing and advances reside in Malaysia.

A11i. Impaired financing and advances by sector are as follows:

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Agriculture	222	354
Mining and quarrying	6	7
Manufacturing	24,664	34,143
Electricity, gas and water	17,070	21,100
Construction	8,639	9,590
Wholesale and retail trade and hotel and restaurants	12,377	6,763
Transport, storage and communication	18,370	12,076
Finance and insurance	-	33
Real estate	367,350	322,332
Business activities	3,816	4,211
Education and health	4,707	6,169
Household of which :	165,415	188,040
- purchase of residential properties	22,458	20,771
- purchase of transport vehicles	132,502	155,185
- others	10,455	12,084
Others	1,190	1,637
	<u>623,826</u>	<u>606,455</u>

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

A11j. Movements in the allowances for impaired financing and advances are as follows:

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>Collective allowance</b>		
Balance at beginning of financial year	458,453	534,465
Allowance made during the period/year, net	93,689	224,295
Transferred (to)/from AmBank *	(2,461)	2,463
Foreign exchange differences	4	-
Amount written off and others	(158,401)	(302,770)
Balance at end of financial period/year**	<u>391,284</u>	<u>458,453</u>
Collective allowance as % of gross financing and advances (excluding RIA financing) less individual allowance	<u>1.5%</u>	<u>1.7%</u>
<b>Individual allowance</b>		
Balance at beginning of financial year	66,075	19,470
Allowance during the period/year, net	6,749	46,634
Amount written off	(3,583)	(29)
Balance at end of financial period/year	<u>69,241</u>	<u>66,075</u>

\* In the financial year ended 31 March 2015, on 2 May 2014 upon expiry of the RIA contract, entered into with AmBank in the financial year ended 31 March 2013, AmBank had derecognized the collective allowance previously recognized in its financial statements. Accordingly, the Bank accounted for the collective allowance in its financial statements.

During the current financial period, on 16 December 2015, AmBank early redeemed the investment account entered into in the financial year ended 31 March 2015. On the same day, the Bank entered into a new RIA account for the contract sum of RM1.0 billion with AmBank.

On 31 December 2015, another new contract for the sum of RM300.0 million was entered into by the Bank with AmBank. Arising from this new contract, the Bank transferred collective allowance of approximately RM2.5 million for the financing funded to AmBank.

\*\* As at 31 December 2015, the gross exposure and collective allowance relating to the RIA financing amounted to RM1,303.1 million and RM3.6 million respectively (31 March 2015: RM1,363.8 million and RM1.6 million respectively). There was no individual allowance provided for the RIA financing under both RIA accounts.



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

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Unquoted private debt securities in Malaysia	456,649	456,649
Fair value changes arising from fair value hedge	1,134	7,333
	<u>457,783</u>	<u>463,982</u>

In the previous financial year, the Bank had undertaken a fair value hedge on the profit rate risk of unquoted securities of RM350.0 million using profit rate swaps with a related company. The gain/(loss) arising from the fair value hedge during the current financial period is as follows:

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Relating to hedged item	(6,199)	7,333
Relating to hedging instrument	5,992	(7,100)
	<u>(207)</u>	<u>233</u>

**A13. OTHER ASSETS**

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Other receivables, deposits and prepayments	23,576	44,421
Amount due from related companies	34,191	47,453
Amount due from originators	130,139	136,695
Profit receivable	47,151	28,207
Tax recoverable	23,664	28,784
Deferred charges	57,716	69,004
	<u>316,437</u>	<u>354,564</u>

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

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<u>Non-Mudarabah</u>		
Licensed investment banks	267,865	159
Other financial institutions	1,152,102	251,311
Bank Negara Malaysia	22,825	29,250
	<u>1,442,792</u>	<u>280,720</u>
<u>Mudarabah</u>		
Licensed bank	-	1,363,442
Licensed investment banks	-	245,369
Other financial institutions	-	824,533
	<u>-</u>	<u>2,433,344</u>
	<u>1,442,792</u>	<u>2,714,064</u>

The Mudarabah placement from a licensed bank as at 31 March 2015 refers to the RIA arrangement with AmBank to fund certain specific financing. During the current financial period, this placement has been classified under Investment Accounts (refer Note A16).

**A15. DEPOSITS FROM CUSTOMERS**

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
(i) By type of deposit:		
Savings deposit		
Wadiah	1,926,475	1,893,135
Mudarabah	-	5,215
Demand deposit		
Wadiah	3,701,563	3,875,971
Mudarabah	-	45,380
Term Deposit :		
General investment deposit		
Wakalah	-	314,750
Mudarabah	-	13,852,523
Commodity Murabahah	23,886,896	9,761,507
Negotiable instruments of deposits		
Bai' Bithaman Ajil	6,544	6,395
Total	<u>29,521,478</u>	<u>29,754,876</u>
	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
(ii) The deposits are sourced from the following types of customers:		
Government and other statutory bodies	7,182,636	6,899,768
Business enterprises	14,051,588	14,721,954
Individuals	7,031,426	6,907,008
Others	1,255,828	1,226,146
	<u>29,521,478</u>	<u>29,754,876</u>
(iii) The maturity structure of all term deposits are as follows:		
Due within six months	19,621,480	20,620,290
Over six months to one year	2,646,124	2,054,368
Over one year to three years	1,167,076	816,628
Over three years to five years	458,760	443,889
	<u>23,893,440</u>	<u>23,935,175</u>

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**A16. INVESTMENT ACCOUNTS**

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>Unrestricted</b>		
From customers - Transactional investment accounts, without maturity - Wakalah	18,808	-
<b>Restricted</b>		
From licensed bank - Investment account, with maturity - Mudarabah Muqayyadah	1,300,000	-
	<u>1,318,808</u>	<u>-</u>

The RIA is a contract based on the Shariah concept of Mudarabah Muqayyadah between two parties, that is, investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne solely by the investor.

During the current financial period, on 16 December 2015, the RIA that was reclassified from Deposits and placements of banks and other financial institutions was early redeemed by the investment account holder, AmBank. The placement was for a tenor of 370 days, maturing on 5 February 2016. On the same day, a new contract for the sum of RM1.0 billion was entered into by the Bank with AmBank. This new contract is for a period of 5 years. On 31 December 2015, another new contract for the sum of RM300.0 million was entered into by the Bank with AmBank and this contract is for a tenor of 291 days.

**A17. OTHER LIABILITIES**

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Profit payable	291,886	220,987
Other creditors and accruals	47,666	105,592
Advance rental	2,000	3,432
Profit equalisation reserve	-	1,680
Amount due to related companies	2,635	233
Provision for commitments and contingencies	13,284	15,415
	<u>357,471</u>	<u>347,339</u>

**A18. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

	Individual Quarter		Cumulative Quarter	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Income derived from investment of:				
- General investment deposits	6	247,181	138,299	824,473
- Specific investment deposits/accounts	17,816	-	52,231	2,175
- Other deposits	468,072	192,092	1,223,124	471,000
	<u>485,894</u>	<u>439,273</u>	<u>1,413,654</u>	<u>1,297,648</u>

**Income derived from investment of general investment deposits**

Finance income and hibah:

Financing and advances				
- Financing income	5	227,418	115,990	771,032
- Financing income on impaired financing	-	2,345	494	3,330
Financial assets held-for-trading	-	(10)	508	151
Financial investments available-for-sale	-	8,438	1,818	21,552
Financial investments held-to-maturity	-	(87)	4,363	1,518
Short-term funds and deposits and placements with banks and other financial institutions	-	-	11,755	-
Others	1	95	455	320
	<u>6</u>	<u>238,199</u>	<u>135,383</u>	<u>797,903</u>
Total finance income and hibah				

**A18. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONT'D.)**

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Income derived from investment of general investment deposits (Cont'd.)</b>				
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	-	-	-	4
- Fees on financing, advances and securities	-	4,118	1,580	13,728
- Guarantee fees	-	1,536	762	5,313
- Remittances	-	13	7	42
- Service charges and fees	-	409	192	1,348
- Others	-	748	341	2,427
Foreign exchange	-	2,086	196	3,707
Gain/(Loss) from sale of financial assets held-for-trading	-	-	301	9
Loss on revaluation of financial assets held-for-trading	-	1	(29)	(8)
Loss from sale of financial investments available-for-sale	-	-	(23)	-
Net loss on derivatives	-	-	(526)	-
Others	-	71	115	-
Total other operating income	-	8,982	2,916	26,570
Total	6	247,181	138,299	824,473

**A18. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONT'D.)**

	Individual Quarter		Cumulative Quarter	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>Income derived from investment of specific investment deposits/ accounts</b>				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	17,816	-	52,231	2,175
Total finance income and hibah	<u>17,816</u>	<u>-</u>	<u>52,231</u>	<u>2,175</u>

**Income derived from investment of other deposits**

<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	380,946	138,134	999,931	325,296
- Financing income on impaired financing	2,624	1,066	7,432	1,405
Financial assets held- for-trading	2,979	2,138	6,162	5,351
Financial investments available-for-sale	7,609	4,578	25,016	9,093
Financial investments held-to-maturity	14,016	13,825	37,321	39,778
Short-term funds and deposits and placements with banks and other financial institutions	39,672	21,711	95,753	67,826
Others	<u>7,052</u>	<u>6,957</u>	<u>20,624</u>	<u>11,260</u>
Total finance income and hibah	<u>454,898</u>	<u>188,409</u>	<u>1,192,239</u>	<u>460,009</u>

**A18. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONT'D.)**

**Income derived from investment of other deposits (Cont'd.)**

	Individual Quarter		Cumulative Quarter	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	3	1	4	2
- Fees on financing, advances and securities	8,322	2,482	18,593	5,791
- Guarantee fees	2,621	940	6,587	2,241
- Remittances	25	8	61	18
- Service charges and fees	809	246	1,947	569
- Others	1,333	446	2,993	1,024
Foreign exchange	282	1,006	5,519	1,564
Gain/(Loss) from sale of financial assets held-for-trading	(1,619)	(1,188)	(2,417)	(414)
Gain/(Loss) on revaluation of financial assets held-for-trading	1,433	(283)	(730)	196
Loss from sale of financial investments available-for-sale	-	-	(30)	-
Net loss on derivatives	(35)	-	(2,204)	-
Others	-	25	562	-
Total other operating income	13,174	3,683	30,885	10,991
Total	468,072	192,092	1,223,124	471,000



**A19. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS**

	Individual Quarter		Cumulative Quarter	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>Finance income and hibah:</u>				
Financial investments available-for-sale	25,117	21,914	71,734	63,222
Total finance income and hibah	25,117	21,914	71,734	63,222
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	980	530	1,315	1,808
- Fees on financing, advances and securities	-	1	-	2
- Remittances	783	499	1,554	3,138
- Service charges and fees	636	1,080	2,193	2,849
- Others	-	1	-	5
Loss from sale of financial investments available-for-sale	-	-	(800)	-
Net gain/(loss) on derivatives:				
- fair value hedge	(94)	(98)	(207)	10
- others	(451)	(513)	(1,054)	(519)
Total other operating income	1,854	1,500	3,001	7,293
Total	26,971	23,414	74,735	70,515

**A20. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES**

	Individual Quarter		Cumulative Quarter	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Allowance for impairment on financing and advances, net:				
Individual allowance	2,374	8,827	6,749	20,517
Collective allowance	(900)	53,207	93,689	199,599
Impaired financing and advances recovered, net	(26,245)	(43,014)	(80,190)	(108,552)
Total	(24,771)	19,020	20,248	111,564

**A21. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS**

	Individual Quarter		Cumulative Quarter	
	31 December 2015	31 December 2014 (Restated)	31 December 2015	31 December 2014 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposit from customers				
- Mudarabah fund	5	127,930	63,072	395,853
- Non-Mudarabah fund	258,642	76,616	674,807	185,154
	<u>258,647</u>	<u>204,546</u>	<u>737,879</u>	<u>581,007</u>
Deposits and placements of banks and other financial institutions				
- Mudarabah fund	-	11,188	22,664	34,487
- Non-Mudarabah fund	12,666	1,488	25,898	7,958
	<u>12,666</u>	<u>12,676</u>	<u>48,562</u>	<u>42,445</u>
Investment accounts				
<u>Unrestricted</u>				
Customers - Transactional investment accounts	3	-	6	-
<u>Restricted</u>				
Licensed bank - investment account	16,034	-	31,925	-
	<u>16,037</u>	<u>-</u>	<u>31,931</u>	<u>-</u>
Others	9,762	21,406	23,429	63,914
Total	<u>297,112</u>	<u>238,628</u>	<u>841,801</u>	<u>687,366</u>

**A22. OTHER OPERATING EXPENSES**

	Individual Quarter		Cumulative Quarter	
	31 December 2015	31 December 2014 (Restated)	31 December 2015	31 December 2014 (Restated)
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
- Salaries, allowances and bonuses	1,900	1,829	4,520	5,577
- Shares and options granted under AMMB ESS	35	69	8	(237)
- Pension costs - defined contribution plan	306	295	721	892
- Social security cost	11	9	31	31
- Others	387	86	493	324
	<u>2,639</u>	<u>2,288</u>	<u>5,773</u>	<u>6,587</u>
Establishment costs:				
- Amortisation of intangible assets	2	5	5	13
- Cleaning, maintenance and security	22	22	34	36
- Computerisation Costs	109	84	253	164
- Depreciation of property and equipment	17	30	63	91
- Rental of premises	158	150	468	450
- Others	12	116	24	352
	<u>320</u>	<u>407</u>	<u>847</u>	<u>1,106</u>
Marketing and communication expenses:				
- Communication, advertising and marketing	1,075	1,010	2,960	3,538
- Others	39	(1)	73	40
	<u>1,114</u>	<u>1,009</u>	<u>3,033</u>	<u>3,578</u>
Administration and general expenses:				
- Card operation charges from a related company	5,671	5,088	14,192	15,418
- Professional services	1,499	1,109	3,376	2,444
- Others (Note 1)	55,847	2,093	68,595	5,930
	<u>63,017</u>	<u>8,290</u>	<u>86,163</u>	<u>23,792</u>
Service transfer pricing expenses (net)	<u>81,195</u>	<u>82,863</u>	<u>220,122</u>	<u>236,816</u>
	<u>148,285</u>	<u>94,857</u>	<u>315,938</u>	<u>271,879</u>

Note 1 :

Includes RM49.7 million administrative monetary penalty imposed by BNM arising from non-compliance with certain regulations for the period ended 31 December 2015.

**A23. EARNINGS PER SHARE ("EPS")**

**Basic**

Basic earnings per share is calculated by dividing the net profit attributable to the equity holder of the Bank by the weighted average number of ordinary shares in issue during the financial period.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Net profit attributable to equity holder of the Bank (RM'000)	33,752	61,341	153,506	177,519
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	462,922	462,922	462,922	462,922
Basic earnings per share (sen)	<b>7.29</b>	<b>13.25</b>	<b>33.16</b>	<b>38.35</b>

#### **A24. BUSINESS SEGMENT ANALYSIS**

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

The Bank comprises the following main business segments:

(a) Retail Banking

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

(b) Wholesale Banking

Wholesale Banking comprises Corporate and Commercial Banking and Markets:

(i) Corporate and Commercial Banking

Corporate and Commercial Banking offers a full range of products and services of corporate lending, trade finance, and cash management solutions to wholesale banking clients.

(ii) Markets

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

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

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

During the current financial period, the Bank:

- (i) has presented allowances for impairment on financing and advances separately from other assets to better align with internal information used to manage the business;
- (ii) expanded the disclosure for Wholesale Banking Division to provide disclosures that help investors and other stakeholders understand the Bank's performance.

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

A24. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the period ended 31 December 2015

	Wholesale banking				Total RM'000
	Retail banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Group Funding and Others RM'000	
External revenue	640,718	566,385	50,325	230,961	1,488,389
Revenue from other segments	(137,398)	166,084	(36,747)	8,061	-
Total operating revenue	503,320	732,469	13,578	239,022	1,488,389
Net finance income	269,971	162,626	8,772	63,363	504,732
Other income	15,473	22,269	(1,337)	4,181	40,586
Net income	285,444	184,895	7,435	67,544	545,318
Other operating expenses of which:	(188,077)	(42,667)	(3,519)	(81,675)	(315,938)
<i>Depreciation of Property and Equipment</i>	(1)	-	-	(62)	(63)
<i>Amortisation of Intangible Assets</i>	-	-	-	(5)	(5)
Profit before impairment losses	97,367	142,228	3,916	(14,131)	229,380
Provisions:					
(Allowance)/Writeback for impairment losses on financing and advances	(23,297)	(23,399)	-	26,448	(20,248)
(Allowance)/Writeback for impairment losses on other assets	(479)	2,618	-	(1,406)	733
Profit before zakat and taxation	73,591	121,447	3,916	10,911	209,865
Zakat and taxation	(17,662)	(29,147)	(940)	(8,610)	(56,359)
Profit for the period	55,929	92,300	2,976	2,301	153,506

Other information

Total segment assets	13,537,518	14,335,639	1,872,160	9,926,294	39,671,611
Total segment liabilities	10,482,613	20,526,173	476,749	5,627,587	37,113,122
Cost to income ratio	65.9%	23.1%	47.3%	120.9%	57.9%
Gross financing and advances	13,642,892	14,317,989	-	(55,730)	27,905,151
Net financing and advances	13,471,075	14,164,518	-	(190,967)	27,444,626
Impaired financing and advances	184,620	439,206	-	-	623,826
Deposits and placements	10,395,345	20,222,381	340,000	6,544	30,964,270
Additions to :					
Property and Equipment	5	-	-	241	246
Intangible assets	-	-	-	1	1

**A24. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

For the period ended 31 December 2014  
(Restated)

	Wholesale banking				Total RM'000
	Retail banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Group Funding and Others RM'000	
External revenue	687,913	420,174	43,966	216,109	1,368,162
Revenue from other segments	(218,099)	238,762	(29,953)	9,290	-
Total operating revenue	<u>469,814</u>	<u>658,936</u>	<u>14,013</u>	<u>225,399</u>	<u>1,368,162</u>
Net finance income	308,012	168,750	7,255	92,954	576,971
Other income	18,302	21,460	1,852	3,759	45,373
Net income	<u>326,314</u>	<u>190,210</u>	<u>9,107</u>	<u>96,713</u>	<u>622,344</u>
Other operating expenses of which:	(204,154)	(41,673)	(3,725)	(22,327)	(271,879)
<i>Depreciation of Property and Equipment</i>	-	-	-	(91)	(91)
<i>Amortisation of Intangible Assets</i>	-	-	-	(13)	(13)
Profit before impairment losses	<u>122,160</u>	<u>148,537</u>	<u>5,382</u>	<u>74,386</u>	<u>350,465</u>
Provisions:					
(Allowance)/Writeback for impairment losses on financing and advances	(106,683)	27,348	-	(32,229)	(111,564)
(Allowance)/Writeback for impairment losses on other assets	1,157	8,114	-	(19,325)	(10,054)
Profit before zakat and taxation	<u>16,634</u>	<u>183,999</u>	<u>5,382</u>	<u>22,832</u>	<u>228,847</u>
Zakat and taxation	(4,159)	(45,999)	(1,346)	176	(51,328)
Profit for the period	<u>12,475</u>	<u>138,000</u>	<u>4,036</u>	<u>23,008</u>	<u>177,519</u>

**Other information**

Total segment assets	14,233,586	11,529,776	1,490,765	8,014,790	35,268,917
Total segment liabilities	9,549,568	18,656,508	183,145	4,532,986	32,922,207
Cost to income ratio	62.6%	21.9%	40.9%	23.1%	43.7%
Gross financing and advances	14,369,980	11,499,276	-	(48,909)	25,820,347
Net financing and advances	14,124,676	11,389,296	-	(224,954)	25,289,018
Impaired financing and advances	255,133	375,416	-	-	630,549
Deposits and placements	9,431,471	18,312,443	150,000	739,659	28,633,573
Additions to :					
Property and Equipment	-	-	-	23	23
Intangible assets	-	-	-	9	9

Notes:

- The financial information by geographical segment is not presented as the Bank's activities are principally conducted in Malaysia.
- Operating revenue of the Bank comprise financing income and hibah and other operating income.

**A25a. PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2015**

The Bank recorded a profit before zakat and taxation ("Pre-tax profit") of RM209.9 million for the period ended 31 December 2015, a decrease of RM 18.9 million (8.3%) compared to the corresponding period in the previous year.

The decrease in Pre-tax profit was mainly due to lower income and higher other operating income mitigated by lower net allowances.

- (i) Lower net finance income of RM504.7 million (December 2014: RM577.0 million) mainly due to higher customer deposits growth compared to growth in financing and advances
- (ii) Lower other operating income of RM40.6 million (December 2014: RM45.4 million). Decrease was due to lower fee income by RM2.2 million coupled with weaker performance from trading and investment activities by RM2.6 million arising from lower net gain on disposal of securities
- (iii) Higher other operating expenses of RM315.9 million (December 2014: RM271.8 million) mainly due to administrative monetary penalty imposed by BNM of RM49.7 million.

mitigated by:

- (iv) Lower allowance for impaired financing and advances of RM20.2 million (December 2014: RM111.6 million) mainly due to lower collective allowance by RM105.9 million and lower individual allowance by RM13.8 million, offset by lower impaired financing recoveries by RM28.3 million

Gross financing and advances decreased by RM0.1 billion to RM27.9 billion (March 2015: RM28.0 billion) mainly due to decrease in hire purchase receivables and term financing mitigated by growth in housing financing and revolving credit.

Customer deposits reduced by RM0.2 billion to RM29.5 billion (March 2015: RM29.7 billion) mainly due to decrease in current deposits.

The Bank's total capital ratio remains strong at 15.248% as at the end of the current financial period.

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



**A25b. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2016**

In the third quarter of 2015, the Malaysian economy recorded a growth of 4.7% (Second Quarter 2015: 4.9%) driven mainly by private sector demand. Both private consumption and private investment grew moderately at 4.1% and 5.5% respectively (Second Quarter 2015: 6.4% and 3.9%).

For calendar year 2016, the AmBank Group forecasts a modest annual Gross Domestic Product growth of circa 4.5% (2015: 4.9%) led by softer demand and lower commodity prices but will be supported by domestic demand, mainly from private expenditure and complemented by exports.

Inflation is projected to hover between 2.8% and 3.0% in 2016. Apart from persistently weak ringgit that will result to pass-through, various price adjustments (hikes in toll rates, train fares and cigarette excise duties) together with the abolishment of the cooking oil price stabilisation scheme, rice and flour price subsidy as well as electricity bill subsidy will cause inflation to rise.

Recent 50bps cut by BNM on SRR raised our probability to 40% - 60% for further reduction on SRR. At the same time, our probability for OPR cut by 25bps is between 60% - 80%. Inflation is expected to be muted to some extent in Second Half 2016 due to base effect. Besides, Household debt/GDP rose by a mere 0.2ppt to 88.1% end-August 2015, easing pressure on potential household debt crisis. However, limiting BNM from cutting OPR will depend on the behavior of the ringgit.

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

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

**A26. VALUATION OF PROPERTY AND EQUIPMENT**

The Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

**A27. EVENTS SUBSEQUENT TO REPORTING DATE**

There were no significant events subsequent to the reporting date.

**A28. COMMITMENTS AND CONTINGENCIES**

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

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

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>Contingent Liabilities</b>		
Direct credit substitutes	165,482	107,926
Transaction related contingent items	767,208	746,892
Short-term self liquidating trade-related contingencies	138,072	80,959
	<u>1,070,762</u>	<u>935,777</u>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,907,134	2,923,931
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	990,864	977,474
Unutilised credit card lines	453,457	594,355
	<u>4,351,455</u>	<u>4,495,760</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts:		
- One year or less	1,723,599	1,154,993
Profit rate related contracts		
- Over one year to five years	680,000	180,000
- Over five years	350,000	350,000
Commodity related contracts:		
- One year or less	-	363,034
	<u>2,753,599</u>	<u>2,048,027</u>
<b>Total</b>	<u>8,175,816</u>	<u>7,479,564</u>

## **A29. FAIR VALUES OF FINANCIAL INSTRUMENTS**

### Determination of fair value and fair value hierarchy

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

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Financial assets and liabilities measured using 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 Bank'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 Bank. Therefore, unobservable inputs reflect the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Bank's own data.

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

a) The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 December 2015</b>				
<b>Financial assets measured at fair value</b>				
Derivative financial assets	-	82,149	-	82,149
Financial assets held-for-trading				
- Money market securities	-	207,206	-	207,206
- Unquoted private debt securities	-	178,972	-	178,972
Financial investments available-for-sale				
- Money market securities	-	2,106,162	-	2,106,162
- Unquoted private debt securities	-	762,637	-	762,637
	<u>-</u>	<u>3,337,126</u>	<u>-</u>	<u>3,337,126</u>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	-	83,010	-	83,010
	<u>-</u>	<u>83,010</u>	<u>-</u>	<u>83,010</u>

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

- a) The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities (Cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 March 2015</b>				
<b>Financial assets measured at fair value</b>				
Derivative financial assets	-	27,469	-	27,469
Financial assets held-for-trading				
- Unquoted private debt securities	-	151,783	-	151,783
Financial investments available-for-sale				
- Money market securities	-	3,504,922	-	3,504,922
- Unquoted private debt securities	-	604,689	-	604,689
	<u>-</u>	<u>4,288,863</u>	<u>-</u>	<u>4,288,863</u>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	-	34,491	-	34,491
	<u>-</u>	<u>34,491</u>	<u>-</u>	<u>34,491</u>

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

**A30. CAPITAL ADEQUACY**

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

	<b>31 December 2015</b>	<b>31 March 2015</b>
Common Equity Tier 1 capital ratio	9.315%	9.200%
Tier 1 capital ratio	9.315%	9.200%
Total capital ratio	15.248%	14.371%

The Bank 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 to 31 December 2015, the capital adequacy ratios are computed in accordance with BNM's guidelines on Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 28 November 2012, which is based on the Basel III capital accord. The minimum regulatory capital adequacy requirements under transitional arrangements as per the guidelines are set out as follows:

	<b><u>Transitional arrangements</u></b>		
	<b>Calendar year 2013</b>	<b>Calendar year 2014</b>	<b>Calendar year 2015 onwards*</b>
Common Equity Tier 1 ("CET 1") capital ratio	3.5%	4.0%	4.5%
Tier 1 capital ratio	4.5%	5.5%	6.0%
Total capital ratio	8.0%	8.0%	8.0%

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

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

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

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

	<b>CCB</b>
<b>Calendar year 2016</b>	0.625%
<b>Calendar year 2017</b>	1.25%
<b>Calendar year 2018</b>	1.875%
<b>Calendar year 2019 onwards</b>	2.5%

**A30. CAPITAL ADEQUACY (CONT'D.)**

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

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b><u>Common Equity Tier 1 ("CET1") capital</u></b>		
Ordinary shares	462,922	462,922
Share premium	724,185	724,185
Retained earnings	868,762	747,523
Available for sale deficit	(14,477)	(6,592)
Statutory reserve	483,345	483,345
Profit equalisation reserve	-	3,904
Less : Regulatory adjustments applied on CET1 capital		
- Intangible assets	(16)	(20)
- Profit equalisation reserve	-	(3,904)
<b>CET1 capital/ Tier 1 capital</b>	<b><u>2,524,721</u></b>	<b><u>2,411,363</u></b>
<b><u>Tier 2 capital</u></b>		
Tier 2 capital instruments meeting all relevant criteria for inclusion	600,000	350,000
Tier 2 capital instruments (subject to gradual phase-out treatment)	700,000	700,000
Collective allowance and regulatory reserves	308,044	305,338
<b>Tier 2 capital</b>	<b><u>1,608,044</u></b>	<b><u>1,355,338</u></b>
<b>Total Capital</b>	<b><u>4,132,765</u></b>	<b><u>3,766,701</u></b>

The breakdown of the RWA in various categories of risk are as follows:

	<b>31 December 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Credit RWA	26,644,227	25,790,830
Less : Credit RWA absorbed by Restricted Investment Account	(1,303,109)	(1,363,811)
Total Credit RWA	<u>25,341,118</u>	<u>24,427,019</u>
Market RWA	257,514	230,629
Operational RWA	1,505,537	1,553,441
<b>Total Risk Weighted Assets</b>	<b><u>27,104,169</u></b>	<b><u>26,211,089</u></b>

**A30. RESTATEMENT OF COMPARATIVE INFORMATION**

During the last quarter in the financial year ended 31 March 2015, the Bank had reclassified certain expenses from income attributable to the depositors and others to Other operating expenses to align disclosure with market practice. Accordingly, the comparatives were restated to conform with the change in presentation.

Reconciliation of Income Statement

	<b>As previously reported RM'000</b>	<b>Restatement RM'000</b>	<b>As restated RM'000</b>
<b>For the individual quarter ended</b>			
<b>31 December 2014</b>			
Income attributable to the depositors and others	(239,780)	1,152	(238,628)
Other operating expenses	(93,705)	(1,152)	(94,857)
<b>For the financial quarter ended</b>			
<b>31 December 2014</b>			
Income attributable to the depositors and others	(690,778)	3,412	(687,366)
Other operating expenses	(268,467)	(3,412)	(271,879)