

Company No. 295576-U

Amlslamic Bank Berhad
(Incorporated in Malaysia)

Interim Financial Statements
For the Financial Period
1 April 2013 to
30 September 2013
(In Ringgit Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

	Note	30 September 2013 RM'000	31 March 2013 RM'000
ASSETS			
Cash and short-term funds		3,707,315	3,540,872
Deposits and placements with banks and other financial institutions		968,383	1,548,383
Derivative financial assets		14,480	7,924
Financial assets held-for-trading	A8	222,659	1,216,381
Financial investments available-for-sale	A9	2,655,807	1,197,335
Financial investments held-to-maturity	A10	1,979,843	1,920,361
Financing and advances	A11	22,321,817	21,987,307
Statutory deposit with Bank Negara Malaysia		797,000	771,000
Other assets	A12	281,421	315,118
Property and equipment		439	479
Intangible assets		36	50
TOTAL ASSETS		32,949,200	32,505,210
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A13	3,145,191	2,504,721
Recourse obligation on financing sold to Cagamas Berhad		2,071,182	2,073,691
Derivative financial liabilities		14,463	7,893
Deposits from customers	A14	23,513,832	23,211,242
Term funding		550,000	550,000
Bills and acceptances payable		69,940	722,821
Subordinated Sukuk Musharakah		1,000,000	1,000,000
Deferred tax liability		12,966	15,945
Other liabilities	A15	317,008	290,319
Provision for zakat		2,446	1,639
TOTAL LIABILITIES		30,697,028	30,378,271
Share capital		462,922	462,922
Reserves		1,789,250	1,664,017
Equity attributable to equity holder of the Bank		2,252,172	2,126,939
TOTAL LIABILITIES AND EQUITY		32,949,200	32,505,210
COMMITMENTS AND CONTINGENCIES	A26	7,647,811	8,475,511
NET ASSETS PER SHARE (RM)		4.87	4.59

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2013.

**UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013**

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2013	30 September 2012	30 September 2013	30 September 2012
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A16	406,345	369,189	806,225	716,654
Income derived from investment of shareholder's funds	A17	26,490	32,494	61,977	75,044
Allowance for impairment on financing and advances	A18	(56,946)	(44,230)	(73,753)	(70,351)
Writeback of provision for/ (Provision for) commitments and contingencies		977	1,001	694	(3,711)
Transfer to profit equalisation reserve		(1,802)	(4,446)	(9,011)	(4,842)
Total distributable income		375,064	354,008	786,132	712,794
Income attributable to the depositors	A19	(202,233)	(182,999)	(400,818)	(351,430)
Total net income		172,831	171,009	385,314	361,364
Other operating expenses	A20	(90,064)	(89,487)	(179,864)	(173,070)
Finance cost		(17,051)	(14,782)	(33,917)	(29,435)
Profit before zakat and taxation		65,716	66,740	171,533	158,859
Zakat		(326)	(337)	(807)	(552)
Taxation		(15,081)	(10,963)	(39,251)	(34,914)
Profit for the period		50,309	55,440	131,475	123,393
Earnings per share (sen)					
Basic/Diluted	A21	10.87	12.95	28.40	28.83

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2013.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013**

	Individual Quarter		Cumulative Quarter	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period	50,309	55,440	131,475	123,393
Other comprehensive income:				
Net change in revaluation of financial investments available-for-sale	(9,729)	228	(8,257)	2,492
Income tax relating to the components of other comprehensive income	2,432	(72)	2,064	(623)
Other comprehensive income for the period, net of tax	(7,297)	216	(6,193)	1,869
Total comprehensive income for the period	43,012	55,656	125,282	125,262

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2013.

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

	Attributable to Equity Holder of the Bank				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000	
At 1 April 2012	428,038	609,068	350,503	327,970	1,715,579
Profit for the period	-	-	-	123,393	123,393
Other comprehensive income	-	-	1,869	-	1,869
Total comprehensive income for the period	-	-	1,869	123,393	125,262
Transfer to profit equalisation reserve of the Bank	-	-	1,495	-	1,495
Net utilisation of profit equalisation reserve	-	-	422	(422)	-
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested	-	-	-	(234)	(234)
At 30 September 2012	428,038	609,068	354,289	450,707	1,842,102
At 1 April 2013	462,922	724,185	418,323	521,509	2,126,939
Profit for the period	-	-	-	131,475	131,475
Other comprehensive income	-	-	(6,193)	-	(6,193)
Total comprehensive income for the period	-	-	(6,193)	131,475	125,282
Net utilisation of profit equalisation reserve	-	-	5,542	(5,542)	-
Transfer of AMMB ESS shares recharged - difference on purchase price of shares vested	-	-	-	(49)	(49)
At 30 September 2013	462,922	724,185	417,672	647,393	2,252,172

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2013.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

	30 September 2013	30 September 2012
	RM'000	RM'000
Profit before zakat and taxation	171,533	158,859
Adjustments for non-operating and non-cash items	83,025	95,095
Operating profit before working capital changes	<u>254,558</u>	<u>253,954</u>
Changes in working capital:		
Net changes in operating assets	1,137,212	(3,634,775)
Net changes in operating liabilities	306,042	4,236,183
Taxation paid	(42,989)	(47,611)
Net cash generated from operating activities	<u>1,654,823</u>	<u>807,751</u>
Net cash used in investing activities	<u>(1,488,380)</u>	<u>(772,617)</u>
Net increase in cash and cash equivalents	166,443	35,134
Cash and cash equivalents at beginning of the financial year	3,540,872	2,328,883
Cash and cash equivalents at end of the period	<u>3,707,315</u>	<u>2,364,017</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 2013.

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 issued by the International Accounting Standards Board ("IASB"). 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 2013.

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2013 except for the adoption of the following financial reporting standards, which did not have any impact on the accounting policies, financial position or performance of the Bank.

Changes in accounting policies and disclosures

1. Standards effective for financial year ending 31 March 2014:

- MFRS 13, Fair Value Measurement
- Amendments to MFRS 7, Disclosures: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to MFRSs contained in the document entitled "Annual Improvements 2009–2011 Cycle"

2. Standards issued but not yet effective

The following are financial reporting standards issued by MASB that will be effective for the Bank in future years. The Bank intends to adopt the relevant standards when they become effective.

a. Standards effective for financial year ending 31 March 2015:

- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136: Recoverable Amount Disclosures For Non Financial Assets
- Amendments to MFRS 139: Novation of derivatives and Continuation of Hedge Accounting

b. Standards effective for financial year ending 31 March 2016:

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)
- Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7)

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2013 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

There were no issuance, cancellation, repurchase, resale and repayment of debt securities during the financial quarter and period.

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 directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 September 2013 and no dividends were paid in the current financial quarter and period.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	30 September 2013 RM'000	31 March 2013 RM'000
At fair value		
Money Market Instruments:		
Government Investment Issues	74,273	278,127
Bank Negara Monetary Notes	3,365	374,810
	<u>77,638</u>	<u>652,937</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	110,275	502,660
Outside Malaysia:		
Private debt securities	34,746	60,784
	<u>222,659</u>	<u>1,216,381</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 September 2013 RM'000	31 March 2013 RM'000
At fair value		
Money Market Instruments:		
Government Investment Issues	202,685	-
Islamic Negotiable instruments of deposit	1,994,078	746,570
	<u>2,196,763</u>	<u>746,570</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	459,044	425,210
Outside Malaysia:		
Private debt securities	-	25,555
	<u>2,655,807</u>	<u>1,197,335</u>

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	30 September 2013 RM'000	31 March 2013 RM'000
At amortised cost:		
Money Market Instruments:		
Bank Negara Monetary Notes	651,371	697,390
Unquoted Securities:		
In Malaysia:		
Private debt securities	1,328,472	1,222,971
	<u>1,979,843</u>	<u>1,920,361</u>

A11. FINANCING AND ADVANCES

	30 September 2013 RM'000	31 March 2013 RM'000
At amortised cost:		
Cash lines	754,261	718,718
Term financing	6,450,983	6,557,431
Revolving credit	2,411,532	2,037,140
Housing financing	934,856	826,510
Hire purchase receivables	10,739,469	10,884,005
Bills receivables	-	468
Credit card receivables	317,528	328,326
Trust receipts	61,843	49,329
Claims on customers under acceptance credit	1,172,632	1,090,241
Gross financing and advances*	<u>22,843,104</u>	<u>22,492,168</u>
Allowance for impairment on financing and advances		
- Collective allowance	(491,855)	(490,410)
- Individual allowance	(29,432)	(14,451)
Net financing and advances	<u>22,321,817</u>	<u>21,987,307</u>

* Included in financing and advances are exposures to the Restricted Profit Sharing Investment Accounts ("RPSIA"), an arrangement between the Bank and AmBank (M) Berhad ("AmBank") whereby the profit is shared based on pre-agreed ratio. AmBank is exposed to the risks and rewards on the RPSIA financing and it shall account for all allowances for impairment arising from the RPSIA financing.

A11. FINANCING AND ADVANCES (CONTD.)

A11a. Gross financing and advances analysed by contract are as follows:

	30 September 2013 RM'000	31 March 2013 RM'000
Bai' Bithaman Ajil	4,955,495	4,931,567
Ijarah/Al-Ijarah Thumma Al-Bai'	10,740,455	10,969,715
Musarakah	11,028	7,934
Murabahah	1,353,643	1,254,362
Other Islamic contracts	5,782,483	5,328,590
Gross financing and advances	<u>22,843,104</u>	<u>22,492,168</u>

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

	30 September 2013 RM'000	31 March 2013 RM'000
Domestic non-bank financial institutions	37,416	13,597
Domestic business enterprises		
- Small medium enterprises	3,141,098	2,799,718
- Others	6,215,306	6,125,067
Government and statutory bodies	379,148	381,005
Individuals	13,052,825	13,154,413
Other domestic entities	9,370	10,044
Foreign entities	7,941	8,324
Gross financing and advances	<u>22,843,104</u>	<u>22,492,168</u>

A11c. All financing and advances reside in Malaysia.

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 September 2013 RM'000	31 March 2013 RM'000
Fixed rate		
- Housing financing	220,443	235,394
- Hire purchase receivables	9,443,236	9,497,105
- Other fixed rate financing	4,850,738	5,108,570
Variable rate		
- Base financing rate plus	3,585,044	3,369,148
- Cost plus	4,743,643	4,281,951
Gross financing and advances	<u>22,843,104</u>	<u>22,492,168</u>

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

	30 September 2013 RM'000	31 March 2013 RM'000
Agriculture	574,458	539,450
Mining and quarrying	45,521	38,274
Manufacturing	2,266,931	2,339,470
Electricity, gas and water	132,298	129,920
Construction	1,264,739	1,377,520
Wholesale and retail trade and hotel and restaurants	801,782	782,493
Transport, storage and communication	834,526	610,273
Finance and insurance	37,416	13,597
Real estate	2,192,197	1,884,837
Business activities	585,604	564,052
Education and health	743,031	746,870
Household of which :	13,059,143	13,161,741
- purchase of residential properties	930,821	823,587
- purchase of transport vehicles	10,058,283	10,214,396
- others	2,070,039	2,123,758
Others	305,458	303,671
Gross financing and advances	<u>22,843,104</u>	<u>22,492,168</u>

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 September 2013 RM'000	31 March 2013 RM'000
Maturing within one year	4,499,848	4,138,935
Over one year to three years	2,418,935	2,639,831
Over three years to five years	3,324,164	3,108,537
Over five years	12,600,157	12,604,865
Gross financing and advances	<u>22,843,104</u>	<u>22,492,168</u>

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

	30 September 2013 RM'000	31 March 2013 RM'000
Balance at beginning of financial year	268,443	237,724
Impaired during the period/year	252,183	296,001
Reclassified as non-impaired	(50,021)	(51,999)
Recoveries	(29,461)	(32,716)
Amount written off	(99,657)	(180,567)
Balance at end of financial period/year	<u>341,487</u>	<u>268,443</u>
Gross impaired financing and advances as % of gross financing and advances	<u>1.5%</u>	<u>1.2%</u>
Financing loss coverage (excluding collateral values)	<u>152.7%</u>	<u>188.1%</u>

A11h. All impaired financing and advances reside in Malaysia.

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 September 2013 RM'000	31 March 2013 RM'000
Agriculture	1,969	359
Mining and quarrying	-	22
Manufacturing	47,902	16,725
Electricity, gas and water	37	106
Construction	2,429	1,997
Wholesale and retail trade and hotel and restaurants	9,040	7,599
Transport, storage and communication	8,694	211
Real estate	4,115	9,124
Business activities	5,872	4,375
Education and health	17,263	13,017
Household of which :	244,010	214,908
- purchase of residential properties	37,697	31,339
- purchase of transport vehicles	174,816	149,502
- others	31,497	34,067
Others	156	-
Impaired financing and advances	341,487	268,443

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 September 2013 RM'000	31 March 2013 RM'000
Collective allowance		
Balance at beginning of financial year	490,410	460,411
Allowance made during the period/year, net	94,568	195,964
Transferred to AmBank *	-	(1,871)
Amount written off	(93,123)	(164,094)
Balance at end of financial period/year	<u>491,855</u>	<u>490,410</u>
Collective allowance as % of gross financing and advances (excluding RPSIA financing) less individual allowance	<u>2.2%</u>	<u>2.2%</u>
Individual allowance		
Balance at beginning of financial year	14,451	16,324
Allowance during the period/year, net	21,467	13,171
Amount written off	(6,486)	(15,044)
Balance at end of financial period/year	<u>29,432</u>	<u>14,451</u>

* As at 30 September 2013, the gross exposure and collective allowance relating to the RPSIA financing amounted to RM478.5 million and RM2.8 million respectively (31 March 2013: RM500.9 million and RM2.1 million respectively). The collective allowance was recognised in the financial statements of AmBank.

There was no individual allowance provided on the RPSIA financing.

A12. OTHER ASSETS

	30 September 2013 RM'000	31 March 2013 RM'000
Other receivables and prepayments	14,686	40,534
Amount due from originators	121,095	123,610
Profit receivable	33,471	35,517
Tax recoverable	34,213	31,391
Deferred charges	77,956	84,066
	<u>281,421</u>	<u>315,118</u>

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2013 RM'000	31 March 2013 RM'000
<u>Non-Mudharabah</u>		
Licensed Islamic banks	516,266	-
Licensed banks	541,110	341,234
Licensed investment banks	149,657	173
Other financial institutions	152,014	154,046
Bank Negara Malaysia	38,846	35,133
	<u>1,397,893</u>	<u>530,586</u>
<u>Mudharabah</u>		
Licensed Islamic banks	140,000	50,000
Licensed bank	478,274	500,397
Licensed investment banks	186,284	191,584
Other financial institutions	942,740	1,232,154
	<u>1,747,298</u>	<u>1,974,135</u>
	<u>3,145,191</u>	<u>2,504,721</u>

The Mudharabah deposits from a licensed bank includes the RPSIA placed by AmBank on 28 December 2012 for tenure of 490 days. These deposits are used to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudharabah 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.

A14. DEPOSITS FROM CUSTOMERS

	30 September 2013 RM'000	31 March 2013 RM'000
(i) <u>By type of deposit:</u>		
<u>Non-Mudharabah</u>		
Demand deposits	3,817,168	4,865,376
Savings deposits	1,785,620	1,738,366
Negotiable instruments of deposits	20,886	20,560
Term deposits	1,479,430	1,020,285
	<u>7,103,104</u>	<u>7,644,587</u>
<u>Mudharabah</u>		
Demand deposits	29,638	30,621
Savings deposits	6,034	5,586
General investment deposits	16,320,235	15,396,062
Structured deposits	54,821	134,386
	<u>16,410,728</u>	<u>15,566,655</u>
	<u>23,513,832</u>	<u>23,211,242</u>
(ii) The deposits are sourced from the following types of customers:		
Government and other statutory bodies	4,952,594	4,410,332
Business enterprises	13,637,408	12,404,273
Individuals	4,079,672	5,771,131
Others	844,158	625,506
	<u>23,513,832</u>	<u>23,211,242</u>
(iii) The maturity structure of negotiable instruments of deposits, term deposits, general investment deposits and structured deposits are as follows:		
Due within six months	16,131,221	14,593,080
Over six months to one year	1,583,714	1,659,410
Over one year to three years	129,433	306,670
Over three years to five years	31,004	12,133
	<u>17,875,372</u>	<u>16,571,293</u>

A15. OTHER LIABILITIES

	30 September 2013 RM'000	31 March 2013 RM'000
Profit payable	165,438	143,880
Other creditors and accruals	104,048	107,692
Advance rental	7,549	9,563
Profit equalisation reserve	8,205	1,659
Amount due to related companies	6,423	1,486
Provision for commitments and contingencies	25,345	26,039
	<u>317,008</u>	<u>290,319</u>

A16. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Income derived from investment of:				
- General investment deposits	267,957	252,895	531,619	484,037
- Special investment deposits	7,022	-	14,042	-
- Other deposits	131,366	116,294	260,564	232,617
	<u>406,345</u>	<u>369,189</u>	<u>806,225</u>	<u>716,654</u>

A16. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	249,981	232,441	493,582	436,446
- Financing income on impaired financing	61	82	95	161
Financial assets held- for-trading	1,524	10,470	7,700	18,510
Financial investments available-for-sale	133	-	133	-
Financial investments held-to-maturity	2,699	11	2,863	957
	<hr/>	<hr/>	<hr/>	<hr/>
Total finance income and hibah	254,398	243,004	504,373	456,074
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	3	29	9	33
- Fees on financing, advances and securities	5,758	7,718	12,044	18,696
- Guarantee fees	2,014	1,341	3,685	2,652
- Remittances	15	14	33	28
- Service charges and fees	372	392	743	758
- Underwriting commission	15	139	138	246
- Others	808	867	1,777	3,539
Foreign exchange	5,225	865	6,566	2,653
Gain/(Loss) from sale of financial assets held-for-trading	(16,721)	1,652	1,690	3,517
Gain/(Loss) on revaluation of financial assets held-for-trading	15,675	(3,117)	168	(4,145)
Others	395	(9)	393	(14)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other operating income	13,559	9,891	27,246	27,963
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Total	267,957	252,895	531,619	484,037
	<hr/>	<hr/>	<hr/>	<hr/>

A16. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Income derived from investment of specific investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	7,022	-	14,042	-
Total finance income and hibah	7,022	-	14,042	-

Income derived from investment of other deposits

<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	76,667	69,112	142,546	137,170
- Financing income on impaired financing	18	25	27	51
Financial assets held- for-trading	1,838	5,408	4,467	8,784
Financial investments available-for-sale	39	-	39	-
Financial investments held-to-maturity	17,395	9,972	36,516	18,902
Short-term funds and deposits and placement with other financial institutions	32,068	29,934	70,115	59,763
Total finance income and hibah	128,025	114,451	253,710	224,670

A16. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTD.)

Income derived from investment of other deposits (Contd.)

	Individual Quarter		Cumulative Quarter	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	1	9	3	10
- Fees on financing, advances and securities	1,778	2,213	3,478	5,876
- Guarantee fees	612	397	1,064	834
- Remittances	5	4	10	9
- Service charges and fees	114	116	214	238
- Underwriting commission	7	42	40	77
- Others	251	220	513	1,112
Foreign exchange	1,533	238	1,896	834
Gain/(Loss) from sale of financial assets held-for-trading	(4,779)	727	753	1,507
Gain/(Loss) on revaluation of financial assets held-for-trading	4,603	(2,119)	(332)	(2,545)
Others	(784)	(4)	(785)	(5)
Total other operating income	<u>3,341</u>	<u>1,843</u>	<u>6,854</u>	<u>7,947</u>
Total	<u>131,366</u>	<u>116,294</u>	<u>260,564</u>	<u>232,617</u>

A17. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Individual Quarter		Cumulative Quarter	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	3,600	18,023	22,324	53,143
Financial investments available-for-sale	19,346	10,140	31,942	14,745
Total finance income and hibah	22,946	28,163	54,266	67,888
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	752	970	1,742	1,852
- Brokerage fees, commission and rebates	7	10	11	16
- Fees on financing, advances and securities	-	-	1	1
- Remittances	1,439	46	2,852	92
- Service charges and fees	1,340	1,662	2,976	3,600
- Others	6	7	13	13
Gain from sale of financial investments available-for-sale	-	1,636	116	1,582
Total other operating income	3,544	4,331	7,711	7,156
Total	26,490	32,494	61,977	75,044

A18. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Allowance for impairment on financing and advances:				
Individual allowance, net	23,671	154	21,467	4,634
Collective allowance	55,441	64,171	94,568	105,052
Impaired financing and advances recovered, net	<u>(22,166)</u>	<u>(20,095)</u>	<u>(42,282)</u>	<u>(39,335)</u>
Total	<u>56,946</u>	<u>44,230</u>	<u>73,753</u>	<u>70,351</u>

A19. INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Individual Quarter		Cumulative Quarter	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Deposit from customers				
- Mudharabah fund	120,132	121,918	241,516	235,037
- Non-Mudharabah fund	<u>32,875</u>	<u>19,046</u>	<u>65,742</u>	<u>36,415</u>
	<u>153,007</u>	<u>140,964</u>	<u>307,258</u>	<u>271,452</u>
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	17,559	9,129	34,225	15,199
- Non-Mudharabah fund	<u>9,359</u>	<u>11,416</u>	<u>14,517</u>	<u>22,020</u>
	<u>26,918</u>	<u>20,545</u>	<u>48,742</u>	<u>37,219</u>
Others	<u>22,308</u>	<u>21,490</u>	<u>44,818</u>	<u>42,759</u>
Total	<u>202,233</u>	<u>182,999</u>	<u>400,818</u>	<u>351,430</u>

A20. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Personnel costs				
– Pension costs - defined contribution plan	252	255	645	614
– Salaries, allowances and bonuses	1,535	1,608	4,046	3,849
– Shares and options granted under AMMB ESS	256	378	371	446
– Social security cost	11	10	22	21
– Others	136	495	314	643
	<u>2,190</u>	<u>2,746</u>	<u>5,398</u>	<u>5,573</u>
Establishment costs				
– Amortisation of intangible assets	9	17	18	57
– Cleaning, maintenance and security	13	9	23	17
– Computerisation costs	7	13	25	15
– Depreciation of property and equipment	37	37	73	80
– Rental of premises	150	150	300	300
– Others	115	81	230	163
	<u>331</u>	<u>307</u>	<u>669</u>	<u>632</u>
Marketing and communication expenses				
– Communication, advertising and marketing	887	1,639	1,908	2,402
– Others	28	41	56	77
	<u>915</u>	<u>1,680</u>	<u>1,964</u>	<u>2,479</u>
Administration and general expenses				
– Card operation charges	5,404	-	5,404	-
– Others	384	1,068	2,501	1,837
	<u>5,788</u>	<u>1,068</u>	<u>7,905</u>	<u>1,837</u>
Service transfer pricing expenses	<u>80,840</u>	<u>83,686</u>	<u>163,928</u>	<u>162,549</u>
	<u>90,064</u>	<u>89,487</u>	<u>179,864</u>	<u>173,070</u>

A21. EARNINGS PER SHARE (EPS)

Basic/Diluted

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.

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

	Individual Quarter		Cumulative Quarter	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
Net profit attributable to equity holder of the Bank (RM'000)	50,309	55,440	131,475	123,393
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	428,038	462,922	428,038
Basic/Diluted earnings per share (sen)	10.87	12.95	28.40	28.83

A22. BUSINESS SEGMENT ANALYSIS

For the period ended 30 September 2013

	Retail Banking	Business Banking	Corporate and Institutional Banking	Markets	Group Functions and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	316,917	107,222	277,327	18,967	147,769	868,202
Net income	247,062	77,710	55,757	14,677	38,261	433,467
Other operating expenses	(115,179)	(18,488)	(3,869)	(2,355)	(39,973)	(179,864)
Profit/(Loss) before provision	131,883	59,222	51,888	12,322	(1,712)	253,603
Provisions	(49,761)	6,433	(3,249)	-	(35,493)	(82,070)
Profit/(Loss) before zakat and taxation	82,122	65,655	48,639	12,322	(37,205)	171,533
Zakat and taxation	(20,530)	(16,414)	(12,160)	(3,080)	12,126	(40,058)
Profit/(Loss) for the period	61,592	49,241	36,479	9,242	(25,079)	131,475

Other information

Cost to income ratio	46.6%	23.8%	6.9%	16.0%	104.5%	41.5%
Gross financing and advances	14,121,807	5,530,248	3,212,276	-	(21,227)	22,843,104
Net financing and advances	13,835,543	5,480,898	3,197,096	-	(191,720)	22,321,817
Impaired financing and advances	286,486	15,807	-	-	39,194	341,487
Deposits	6,526,786	2,267,874	15,504,696	204,821	2,154,846	26,659,023

A22. BUSINESS SEGMENT ANALYSIS (CONTD.)

For the period ended 30 September 2012

	Retail Banking	Business Banking	Corporate and Institutional Banking	Markets	Group Functions and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	299,489	99,365	239,697	14,323	138,824	791,698
Net income	245,963	71,890	38,537	8,089	46,354	410,833
Other operating expenses	(116,332)	(14,337)	(3,105)	(2,296)	(37,000)	(173,070)
Profit before provision	129,631	57,553	35,432	5,793	9,354	237,763
Provisions	(71,389)	8,241	(6,786)	16	(8,986)	(78,904)
Profit before zakat and taxation	58,242	65,794	28,646	5,809	368	158,859
Zakat and taxation	(14,561)	(16,449)	(7,161)	(1,452)	4,157	(35,466)
Profit for the period	43,681	49,345	21,485	4,357	4,525	123,393

Other information

Cost to income ratio	47.3%	19.9%	8.1%	28.4%	79.8%	42.1%
Gross financing and advances	14,018,163	4,859,308	2,825,096	-	(55,251)	21,647,316
Net financing and advances	13,740,833	4,793,701	2,808,244	-	(190,751)	21,152,027
Impaired financing and advances	256,406	4,394	-	-	2,182	262,982
Deposits	5,430,577	1,993,824	14,564,138	290,295	1,158,892	23,437,726

Note:

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

A23a. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2013

The Bank recorded a profit before zakat and taxation ("Pre-tax profit") of RM171.5 million for the period ended 30 September 2013 compared to RM158.9 million for the corresponding period in the previous year.

The increase in Pre-tax profit was mainly due to higher net financing income, offset by lower other operating income, higher allowances for impaired financing and advances, higher other operating expenses and finance cost.

The increase in income derived from investment of depositor's funds and others was mainly due to higher financing income of RM76.5 million or 13.3% attributable to growth in financing and higher income of RM14.9 million from financial assets held-for-trading, financial investments available-for-sale, financial investments held-to-maturity and deposits and placement with banks and other financial institutions.

The higher allowance from impaired financing and advances was due to higher allowances, mitigated by higher recoveries from financing written-off. The lower other operating income was mainly due to lower fee income from financing and advances.

The higher other operating expenses was mainly due to increase in card operation expenses and service transfer pricing expenses charged for the current period.

Gross impaired financing and advances ratio increased to 1.5%, mainly attributed to higher increase in impaired financing from the manufacturing sector.

The Bank's total capital ratio remains strong at 15.1% as at the end of the current financial period.

A23b. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2014

During first half 2013, Malaysia economy expanded 4.2% year-on-year (yoy) largely driven by domestic demand. The domestic economy growth momentum has moderated over the past two quarters (domestic economy grew 5.6% in 2012), dampened by weaker exports and faltering private consumption. Nevertheless, private investment remains strong and monetary policies remained accommodative to support growth. The AMMB Group (AMMB Holdings Berhad and its subsidiaries) expects the domestic economy to grow 4.6% yoy for full year 2013. Malaysia economy is expected to pick-up in 2014 from improved global trade, supported by private expenditure.

With the economy expected to grow at a slower pace in the remaining 2013, combined with easing consumer spending from rationalisation of subsidy and responsible lending measures to address household debts/financing, loans/financing growth could moderate. The asset quality trend may come under pressure for potential capital flow risk and inflationary pressure while margins continue to remain under pressure.

The AMMB Group remains vigilant against the environment and will maintain our disciplined approach in executing to our strategic priorities. Our strategic priorities for FY2013 – 2015 remain unchanged, (1) Integrate acquisitions and deliver synergies; (2) Simplify business model and streamline processes; (3) Accelerate organic growth with focus on cross-sell, flow business, small business, and emerging affluent customers; (4) Build scale in specialist businesses with strategic partners; and (5) Optimise capital and holding company structures.

A24. VALUATION OF PROPERTY AND EQUIPMENT

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

A25. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events subsequent to the reporting date.

A26. 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.

	30 September 2013 RM'000	31 March 2013 RM'000
Contingent Liabilities		
Direct credit substitutes	124,262	121,738
Transaction related contingent items	670,329	580,655
Short-term self liquidating trade-related contingencies	69,808	58,850
Obligations under underwriting agreements	50,000	80,000
	<u>914,399</u>	<u>841,243</u>
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,091,871	4,896,985
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,070,103	1,066,005
Unutilised credit card lines	467,721	467,164
	<u>5,629,695</u>	<u>6,430,154</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	665,253	623,738
Equity and commodity related contracts:		
- One year or less	119,006	159,844
- Over one year to five years	319,458	420,532
	<u>1,103,717</u>	<u>1,204,114</u>
Total	<u>7,647,811</u>	<u>8,475,511</u>

A27. CAPITAL ADEQUACY

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

	30 September 2013	31 March 2013
Common Equity Tier 1	9.984%	9.470%
Tier 1 Capital Ratio	9.984%	9.470%
Total Capital Ratio	15.136%	14.620%

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, 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 set out as follows:

	Calender year 2013	Calender year 2014	Calender year 2015 onwards
Common Equity Tier 1 ("CET 1")	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%

A27. CAPITAL ADEQUACY (CONTD.)

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

	30 September 2013 RM'000	31 March 2013 RM'000
<u>Common Equity Tier 1 ("CET1") capital</u>		
Ordinary shares	462,922	462,922
Share premium	724,185	724,185
Retained earnings	652,753	521,327
Unrealised losses on available-for-sale ("AFS") financial instruments	(13,449)	(7,256)
Statutory reserve	424,266	424,266
Less : Regulatory adjustments applied on CET1 capital		
- Intangible assets	(36)	(50)
CET1 capital	<u>2,250,641</u>	<u>2,125,394</u>
<u>Additional Tier 1 ("T1") capital</u>		
Additional Tier 1 capital instruments (subject to gradual phase-out treatment)	-	-
Less : Regulatory adjustments applied on T1 capital	-	-
T1 capital	<u>2,250,641</u>	<u>2,125,394</u>
<u>Tier 2 ("T2") capital</u>		
Tier 2 capital instruments (subject to gradual phase-out treatment)	900,000	900,000
Collective allowance and regulatory reserves	261,420	255,665
Less : Regulatory adjustments applied on T2 capital	-	-
Tier 2 capital	<u>1,161,420</u>	<u>1,155,665</u>
Total Capital	<u>3,412,061</u>	<u>3,281,059</u>

The breakdown of the risk-weighted assets("RWA") in various categories of risk are as follows:

Credit RWA	21,392,148	20,954,069
Less : Credit RWA absorbed by Restricted Profit Sharing Investment Account	(478,528)	(500,866)
Total Credit RWA	<u>20,913,620</u>	<u>20,453,203</u>
Market RWA	179,688	583,120
Operational RWA	1,449,621	1,406,226
Total Risk Weighted Assets	<u>22,542,929</u>	<u>22,442,549</u>

A28. Credit Exposures Arising From Credit Transactions With Connected Parties

	30 September 2013	31 March 2013
Outstanding credit exposures with connected parties (RM'000)	557,722	686,036
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	2.3%	2.9%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	0.0%	0.5%

The credit exposures above are based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.