

Company No. 295576-U

**Amlslamic Bank Berhad**  
(Incorporated in Malaysia)

**Interim Financial Statements**  
**For the Financial Period**  
**1 April 2014 to**  
**31 December 2014**  
(In Ringgit Malaysia)

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

|  |             | <b>31 December</b> | <b>31 March</b>   |
|--|-------------|--------------------|-------------------|
|  | <b>Note</b> | <b>2014</b>        | <b>2014</b>       |
|  |             | <b>RM'000</b>      | <b>RM'000</b>     |
| <b>ASSETS</b>  |             |                    |                   |
| Cash and short-term funds  |             | 2,075,898          | 2,935,528         |
| Deposits and placements with banks<br>and other financial institutions |             | 608,383            | 1,118,383         |
| Derivative financial assets  |             | 29,169             | 7,699             |
| Financial assets held-for-trading                                      | A8          | 51,728             | 64,694            |
| Financial investments available-for-sale                               | A9          | 4,015,147          | 3,854,715         |
| Financial investments held-to-maturity                                 | A10         | 1,246,230          | 1,236,055         |
| Financing and advances   | A11         | 25,289,018         | 24,445,039        |
| Receivables : Investments not quoted in active markets                 | A12         | 460,789            | 106,649           |
| Statutory deposit with Bank Negara Malaysia                            |             | 960,500            | 891,000           |
| Other assets   | A13         | 531,722            | 550,101           |
| Property and equipment   |             | 311                | 380               |
| Intangible assets  |             | 22                 | 26                |
| <b>TOTAL ASSETS</b>  |             | <b>35,268,917</b>  | <b>35,210,269</b> |
| <b>LIABILITIES AND EQUITY</b>  |             |                    |                   |
| Deposits and placements of banks and other<br>financial institutions   | A14         | 1,606,281          | 3,261,358         |
| Recourse obligation on financing sold to<br>Cagamas Berhad             |             | 2,088,840          | 2,068,337         |
| Derivative financial liabilities                                       |             | 33,016             | 7,675             |
| Deposits from customers  | A15         | 27,027,292         | 25,462,501        |
| Term funding   |             | 650,000            | 550,000           |
| Subordinated Sukuk   |             | 1,149,352          | 1,149,302         |
| Deferred tax liability   |             | 6,237              | 7,255             |
| Other liabilities  | A16         | 358,956            | 351,142           |
| Provision for zakat  |             | 2,233              | 1,069             |
| <b>TOTAL LIABILITIES</b>   |             | <b>32,922,207</b>  | <b>32,858,639</b> |
| Share capital  |             | 462,922            | 462,922           |
| Reserves   |             | 1,883,788          | 1,888,708         |
| <b>Equity attributable to equity holder<br/>of the Bank</b>            |             | <b>2,346,710</b>   | <b>2,351,630</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                    |             | <b>35,268,917</b>  | <b>35,210,269</b> |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                   | A27         | <b>8,604,893</b>   | <b>8,389,372</b>  |
| <b>NET ASSETS PER SHARE (RM)</b>                                       |             | <b>5.07</b>        | <b>5.08</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 2014.

**UNAUDITED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

|   | Note | Individual Quarter  |                     | Cumulative Quarter  |                     |
|---|------|---------------------|---------------------|---------------------|---------------------|
|   |      | 31 December<br>2014 | 31 December<br>2013 | 31 December<br>2014 | 31 December<br>2013 |
|   |      | RM'000              | RM'000              | RM'000              | RM'000              |
| Income derived from investment of depositors' funds and others            | A17  | 439,273             | 417,700             | 1,297,648           | 1,223,925           |
| Income derived from investment of shareholder's funds                     | A18  | 23,414              | 22,366              | 70,515              | 84,343              |
| Allowance for impairment on financing and advances                        | A19  | (19,020)            | (65,476)            | (111,564)           | (139,229)           |
| Writeback of provision for/ (Provision for) commitments and contingencies |      | 4,197               | (4,525)             | 9,967               | (3,831)             |
| Transfer to profit equalisation reserve                                   |      | (15,417)            | -                   | (20,021)            | (9,011)             |
| Total distributable income  |      | 432,447             | 370,065             | 1,246,545           | 1,156,197           |
| Income attributable to the depositors                                     | A20  | (239,780)           | (213,113)           | (690,778)           | (613,931)           |
| Total net income  |      | 192,667             | 156,952             | 555,767             | 542,266             |
| Other operating expenses  | A21  | (93,705)            | (87,864)            | (268,467)           | (267,728)           |
| Finance cost  |      | (20,012)            | (17,385)            | (58,453)            | (51,302)            |
| <b>Profit before zakat and taxation</b>                                   |      | <b>78,950</b>       | <b>51,703</b>       | <b>228,847</b>      | <b>223,236</b>      |
| Zakat   |      | (453)               | (179)               | (1,164)             | (986)               |
| Taxation  |      | (17,156)            | (11,338)            | (50,164)            | (50,589)            |
| <b>Profit for the period</b>  |      | <b>61,341</b>       | <b>40,186</b>       | <b>177,519</b>      | <b>171,661</b>      |
| <b>Earnings per share (sen)</b>   |      |                     |                     |                     |                     |
| Basic/Diluted   | A22  | <b>13.25</b>        | <b>8.68</b>         | <b>38.35</b>        | <b>37.08</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 2014.

**UNAUDITED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

|   | Individual Quarter  |                     | Cumulative Quarter  |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31 December<br>2014 | 31 December<br>2013 | 31 December<br>2014 | 31 December<br>2013 |
|   | RM'000              | RM'000              | RM'000              | RM'000              |
| Profit for the period   | <u>61,341</u>       | <u>40,186</u>       | <u>177,519</u>      | <u>171,661</u>      |
| Other comprehensive income/(loss):  |                     |                     |                     |                     |
| Items that may be reclassified to<br>the income statement:                  |                     |                     |                     |                     |
| Net change in revaluation of<br>financial investments<br>available-for-sale | (2,069)             | (1,531)             | 6,711               | (9,788)             |
| Income tax relating to the<br>components of other<br>comprehensive income   | <u>497</u>          | <u>383</u>          | <u>(1,856)</u>      | <u>2,447</u>        |
| Other comprehensive<br>income/(loss) for the<br>period, net of tax          | <u>(1,572)</u>      | <u>(1,148)</u>      | <u>4,855</u>        | <u>(7,341)</u>      |
| Total comprehensive income<br>for the period                                | <u>59,769</u>       | <u>39,038</u>       | <u>182,374</u>      | <u>164,320</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 2014.

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

|   | Attributable to Equity Holder of the Bank |                            |   |                                |  |                                | Total<br>RM'000  |
|---|---|----------------------------|---|--------------------------------|--|--------------------------------|------------------|
|   | Non-distributable                         |                            |   |                                | Distributable                            |                                |                  |
|   | Share<br>Capital<br>RM'000                | Share<br>Premium<br>RM'000 | Profit<br>equalisation<br>reserve<br>RM'000 | Statutory<br>reserve<br>RM'000 | Available-for-<br>sale reserve<br>RM'000 | Retained<br>Earnings<br>RM'000 |                  |
| At 1 April 2013   | 462,922                                   | 724,185                    | 1,313                                       | 424,266                        | (7,256)                                  | 521,509                        | 2,126,939        |
| Profit for the period   | -   | -                          | -   | -                              | -  | 171,661                        | 171,661          |
| Other comprehensive loss  | -   | -                          | -   | -                              | (7,341)                                  | -                              | (7,341)          |
| Total comprehensive income/(loss) for the period  | -   | -                          | -   | -                              | (7,341)                                  | 171,661                        | 164,320          |
| Net utilisation of profit equalisation reserve  | -   | -                          | 840   | -                              | -  | (840)                          | -                |
| Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested | -   | -                          | -   | -                              | -  | (49)                           | (49)             |
| Transactions with owner and other equity movements  | -   | -                          | 840   | -                              | -  | (889)                          | (49)             |
| <b>At 31 December 2013</b>  | <b>462,922</b>                            | <b>724,185</b>             | <b>2,153</b>                                | <b>424,266</b>                 | <b>(14,597)</b>                          | <b>692,281</b>                 | <b>2,291,210</b> |
| At 1 April 2014   | 462,922                                   | 724,185                    | 1,260                                       | 483,345                        | (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 ESS shares recharged - difference on purchase price of shares vested   | -   | -                          | -   | -                              | -  | (273)                          | (273)            |
| Proposed dividend - Ordinary  | -   | -                          | -   | -                              | -  | (149,987)                      | (149,987)        |
| Proposed dividend - Interim   | -   | -                          | -   | -                              | -  | (37,034)                       | (37,034)         |
| Transactions with owner and other equity movements  | -   | -                          | 7,400                                       | -                              | -  | (194,694)                      | (187,294)        |
| <b>At 31 December 2014</b>  | <b>462,922</b>                            | <b>724,185</b>             | <b>8,660</b>                                | <b>483,345</b>                 | <b>(13,587)</b>                          | <b>681,185</b>                 | <b>2,346,710</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 2014.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

|  | <b>31 December<br/>2014</b> | <b>31 December<br/>2013</b> |
|--|-----------------------------|-----------------------------|
|  | <b>RM'000</b>               | <b>RM'000</b>               |
| Profit before zakat and taxation                             | 228,847                     | 223,236                     |
| Adjustments for non-operating and non-cash items             | 153,248                     | 151,887                     |
| Operating profit before working capital changes              | <u>382,095</u>              | <u>375,123</u>              |
| Changes in working capital:                                  |                             |                             |
| Net changes in operating assets                              | (951,287)                   | 601,131                     |
| Net changes in operating liabilities                         | 27,978                      | 471,065                     |
| Taxation paid  | (43,014)                    | (63,869)                    |
| Zakat paid   | -                           | (448)                       |
| Net cash generated from/(used in) operating activities       | <u>(584,228)</u>            | <u>1,383,002</u>            |
| Net cash generated from/(used in) investing activities       | (88,381)                    | (881,523)                   |
| Net cash generated from/(used in) financing activities       | <u>(187,021)</u>            | <u>(100,000)</u>            |
| Net increase/(decrease) in cash and cash equivalents         | (859,630)                   | 401,479                     |
| Cash and cash equivalents at beginning of the financial year | 2,935,528                   | 3,540,872                   |
| Cash and cash equivalents at end of the financial period     | <u>2,075,898</u>            | <u>3,942,351</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 2014.

## **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 2014.

The significant 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 2014 except for the adoption of the following financial reporting standards which became effective for the Bank on 1 April 2014. The adoption of these financial reporting standards did not have any significant impact on the financial statements of the Bank.

#### **1. 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

The nature of the new standards is described below:

##### **a. Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.

##### **b. Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets**

These amendments remove the unintended consequences of MFRS 13, Fair Value Measurement on the disclosures required under MFRS 136, Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the period.

##### **c. Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Bank has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

## **A1. BASIS OF PREPARATION (CONTD.)**

### **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 periods beginning on or after 1 July 2014:**

- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010-2012 Cycle"
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011-2013 Cycle"
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012-2014 Cycle"
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- MFRS 15 Revenue from Contracts with Customers

#### **b. Effect of adoption of standards issued but not yet effective**

The nature of the MFRSs that have been issued but not yet effective is described below. The Bank is assessing the financial effects of their adoption.

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

The amendments to MFRS 116 clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

The amendments to MFRS 138 introduce a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in MFRS 116. However, the IASB states that there are limited circumstances when the presumption can be overcome:

- The intangible asset is expressed as a measure of revenue (the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold); and
- it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated (the consumption of the intangible asset is directly linked to the revenue generated from using the asset).



**A1. BASIS OF PREPARATION (CONTD.)**

**2. Standards issued but not yet effective (Contd.)**

**b. Effect of adoption of standards issued but not yet effective (Contd.)**

**Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2010-2012 Cycle”**

The Annual Improvements to MFRSs 2010 – 2012 Cycle consist of the following amendments:

- (i) **MFRS 2 Share-based Payment**  
The amendment clarifies the definition of “vesting conditions” by separately defining “performance condition” and “service condition” to ensure consistent classification of conditions attached to a share-based payment.
- (ii) **MFRS 3 Business Combinations**  
The amendment clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132. In addition, contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in the statement of profit or loss.
- (iii) **MFRS 8, Operating Segments**  
The amendment requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segment and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. In addition, a reconciliation of the total reportable segments’ assets to the entity’s assets is required if that amount is regularly provided to the chief operating decision maker.
- (iv) **MFRS 13, Fair Value Measurement**  
The amendment relates to the IASB’s Basis for Conclusions which clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.
- (v) **MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets**  
The amendment clarifies the accounting for the accumulated depreciation or amortisation when an asset is revalued.
- (vi) **MFRS 124, Related Party Disclosures**  
The amendment extends the definition of “related party” to include an entity, or any member of a group of which it is a party, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**A1. BASIS OF PREPARATION (CONTD.)**

**2. Standards issued but not yet effective (Contd.)**

**b. Effect of adoption of standards issued but not yet effective (Contd.)**

**Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2011-2013 Cycle”**

The Annual Improvements to MFRSs 2011 – 2013 Cycle consist of the following amendments:

- (i) **MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards**  
The amendment relates to the IASB’s Basis for Conclusions which clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.
- (ii) **MFRS 3 Business Combinations**  
The amendment clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangements for their interests in the joint arrangement.
- (iii) **MFRS 13, Fair Value Measurement**  
The amendment clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9 regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.
- (iv) **MFRS 140 Investment Property**  
The amendment clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both standards independently of each other.

**A1. BASIS OF PREPARATION (CONTD.)**

**2. Standards issued but not yet effective (Contd.)**

**b. Effect of adoption of standards issued but not yet effective (Contd.)**

**Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2012-2014 Cycle”**

The Annual Improvements to MFRSs 2012 – 2014 Cycle consist of the following amendments:

(i) Amendments to MFRS 5

The amendments introduce specific guidance in MFRS 5 when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

(ii) Amendments to MFRS 7

The amendments provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure–Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

(iii) Amendment to MFRS 119

The amendment clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. The amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level.

(iv) Amendment to MFRS 134

The amendment clarifies the meaning of disclosure of information “elsewhere in the interim financial report” as used in MFRS 134. The amendment requires such disclosures to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

**A1. BASIS OF PREPARATION (CONTD.)**

**2. Standards issued but not yet effective (Contd.)**

**b. Effect of adoption of standards issued but not yet effective (Contd.)**

**MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)**

MFRS 9 is equivalent to IFRS 9 Financial Instruments issued by the IASB in July 2014. MFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from MFRS 139.

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

**A2. AUDIT QUALIFICATION**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2014 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 5 November 2014, the Bank had issued Tranche 2 of the Senior Sukuk amounting to RM100.0 million under its programme of up to RM3.0 billion in nominal value. The Senior Sukuk bears profit rate at 4.4% per annum and has a tenor of 5 years.

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**

During the current financial period:

- (i) the final single tier cash dividend of 32.4 sen per ordinary share on 462,922,000 ordinary shares amounting to approximately RM149,986,728 in respect of the financial year ended 31 March 2014 was paid on 26 August 2014.
- (ii) the interim single-tier cash dividend of 8.0 sen per ordinary share on 462,922,000 ordinary shares amounting to approximately RM37,033,760 in respect of current financial year was paid on 8 December 2014.

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

|                         | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|-------------------------|--|-------------------------------------|
| <b>At fair value:</b>   |  |                                     |
| Unquoted Securities:    |  |                                     |
| In Malaysia:            |  |                                     |
| Private debt securities | 36,252                                 | 54,695                              |
| Outside Malaysia:       |  |                                     |
| Private debt securities | 15,476                                 | 9,999                               |
|                         | <u>51,728</u>                          | <u>64,694</u>                       |

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

|   | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|---|--|-------------------------------------|
| <b>At fair value:</b>                     |  |                                     |
| Money Market Instruments:                 |  |                                     |
| Government Investment Issues              | 344,843                                | 300,050                             |
| Islamic Negotiable instruments of deposit | 1,693,590                              | 996,795                             |
| Bank Negara Monetary Notes                | 1,391,245                              | 1,969,876                           |
|   | <u>3,429,678</u>                       | <u>3,266,721</u>                    |
| Unquoted Securities:                      |  |                                     |
| In Malaysia:                              |  |                                     |
| Private debt securities                   | 585,469                                | 587,994                             |
|   | <u>4,015,147</u>                       | <u>3,854,715</u>                    |

**A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (CONTD.)**

In the previous financial year, the Bank reclassified securities 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 2014, 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 RM355,000 (31 March 2014: RM262,000).

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

|                           | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>(restated)<br/>RM'000</b> |
|---------------------------|--|--|
| <b>At amortised cost:</b> |  |  |
| Unquoted Securities:      |  |  |
| In Malaysia:              |  |  |
| Private debt securities   | 1,246,230                              | 1,236,055  |
|                           | <u>1,246,230</u>                       | <u>1,236,055</u>                                   |

**A11. FINANCING AND ADVANCES**

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

**31 December 2014**

|   | Bai Bithaman<br>Ajil<br>RM'000 | Murabahah<br>RM'000 | Musharakah<br>Mutanaqisah<br>RM'000 | Al-Ijarah<br>Thummah Al-<br>Bai (AITAB)<br>RM'000 | Bai Al-Inah<br>RM'000 | Others<br>RM'000 | Total<br>RM'000   |
|---|--------------------------------|---------------------|-------------------------------------|---|-----------------------|------------------|-------------------|
| Cash lines  | -                              | -                   | -                                   | -   | 770,359               | -                | 770,359           |
| Term financing  | 2,785,613                      | 1,000,608           | 8,725                               | -   | 4,013,068             | 40,435           | 7,848,449         |
| Revolving credit                                      | 318,204                        | 406,687             | -                                   | -   | 2,558,770             | -                | 3,283,661         |
| Housing financing                                     | 1,266,328                      | -                   | 29,353                              | -   | -                     | -                | 1,295,681         |
| Hire purchase receivables                             | 4                              | -                   | -                                   | 11,101,766  | -                     | -                | 11,101,770        |
| Bills receivables                                     | -                              | -                   | -                                   | -   | -                     | 3,976            | 3,976             |
| Credit card receivables                               | -                              | -                   | -                                   | -   | -                     | 285,887          | 285,887           |
| Trust receipts  | -                              | 121,530             | -                                   | -   | -                     | -                | 121,530           |
| Claims on customers under<br>acceptance credits       | -                              | -                   | -                                   | -   | -                     | 1,109,034        | 1,109,034         |
| Gross financing and advances*                         | 4,370,149                      | 1,528,825           | 38,078                              | 11,101,766  | 7,342,197             | 1,439,332        | 25,820,347        |
| Allowance for impairment on<br>financing and advances |                                |                     |                                     |   |                       |                  |                   |
| - Collective allowance                                |                                |                     |                                     |   |                       |                  | (491,511)         |
| - Individual allowance                                |                                |                     |                                     |   |                       |                  | (39,818)          |
| Net financing and advances                            |                                |                     |                                     |   |                       |                  | <u>25,289,018</u> |



**A11. FINANCING AND ADVANCES (CONTD.)**

**A11a. Financing and advances by type and Shariah contracts are as follows (Contd.):**

**31 March 2014**

|   | Bai Bithaman<br>Ajil<br>RM'000 | Murabahah<br>RM'000 | Musharakah<br>Mutanaqisah<br>RM'000 | Al-Ijarah<br>Thummah Al-<br>Bai (AITAB)<br>RM'000 | Bai Al-Inah<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|---|--------------------------------|---------------------|-------------------------------------|---|-----------------------|------------------|-----------------|
| Cash lines  | -                              | -                   | -                                   | -   | 838,903               | -                | 838,903         |
| Term financing  | 3,024,016                      | 88,943              | 8,355                               | -   | 3,888,925             | 40,398           | 7,050,637       |
| Revolving credit                                      | 524,301                        | 252,197             | -                                   | -   | 2,608,265             | -                | 3,384,763       |
| Housing financing                                     | 1,075,469                      | -                   | 22,274                              | -   | -                     | -                | 1,097,743       |
| Hire purchase receivables                             | 388                            | -                   | -                                   | 11,089,161  | -                     | -                | 11,089,549      |
| Bills receivables                                     | -                              | -                   | -                                   | -   | -                     | 757              | 757             |
| Credit card receivables                               | -                              | -                   | -                                   | -   | -                     | 311,702          | 311,702         |
| Trust receipts  | -                              | 99,371              | -                                   | -   | -                     | -                | 99,371          |
| Claims on customers under<br>acceptance credits       | -                              | -                   | -                                   | -   | -                     | 1,125,549        | 1,125,549       |
| Gross financing and advances*                         | 4,624,174                      | 440,511             | 30,629                              | 11,089,161  | 7,336,093             | 1,478,406        | 24,998,974      |
| Allowance for impairment on<br>financing and advances |                                |                     |                                     |   |                       |                  |                 |
| - Collective allowance                                |                                |                     |                                     |   |                       |                  | (534,465)       |
| - Individual allowance                                |                                |                     |                                     |   |                       |                  | (19,470)        |
| Net financing and advances                            |                                |                     |                                     |   |                       |                  | 24,445,039      |

\* Included in financing and advances are exposures to the Restricted Profit Sharing Investment Account ("RPSIA") arrangement between the Bank and AmBank (M) Berhad ("AmBank") entered into during the financial year ended 31 March 2013. Under the RPSIA contract, the profit is shared based on a pre-agreed ratio. AmBank is exposed to the risks and rewards on the RPSIA financing and it shall account for all allowance for impairment arising from the RPSIA financing. The contract had expired on 2 May 2014.

**A11. FINANCING AND ADVANCES (CONTD.)**

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

|  | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|--|--|-------------------------------------|
| Domestic non-bank financial institutions | 331,746                                | 189,237                             |
| Domestic business enterprises            |  |                                     |
| - Small medium enterprises               | 4,080,307                              | 3,803,320                           |
| - Others                                 | 7,195,882                              | 6,916,523                           |
| Government and statutory bodies          | 337,022                                | 405,206                             |
| Individuals                              | 13,731,751                             | 13,540,139                          |
| Other domestic entities                  | 56,309                                 | 66,272                              |
| Foreign entities                         | 87,330                                 | 78,277                              |
|  | <u>25,820,347</u>                      | <u>24,998,974</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<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|-----------------------------|--|-------------------------------------|
| Fixed rate                  |  |                                     |
| - Housing financing         | 258,746                                | 228,350                             |
| - Hire purchase receivables | 10,103,735                             | 9,883,677                           |
| - Other financing           | 3,202,469                              | 3,374,584                           |
| Variable rate               |  |                                     |
| - Base financing rate plus  | 5,132,109                              | 5,201,765                           |
| - Cost plus                 | 6,900,123                              | 6,120,971                           |
| - Other variable rate       | 223,165                                | 189,627                             |
|                             | <u>25,820,347</u>                      | <u>24,998,974</u>                   |

**A11. FINANCING AND ADVANCES (CONTD.)**

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

|  | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|--|--|-------------------------------------|
| Agriculture  | 1,069,169                              | 922,647                             |
| Mining and quarrying                                 | 315,395                                | 151,858                             |
| Manufacturing  | 2,472,232                              | 2,526,099                           |
| Electricity, gas and water                           | 152,311                                | 159,893                             |
| Construction   | 1,993,813                              | 2,039,631                           |
| Wholesale and retail trade and hotel and restaurants | 834,618                                | 872,713                             |
| Transport, storage and communication                 | 749,398                                | 762,829                             |
| Finance and insurance                                | 331,746                                | 189,237                             |
| Real estate  | 2,724,875                              | 2,153,307                           |
| Business activities                                  | 471,746                                | 531,065                             |
| Education and health                                 | 763,311                                | 691,600                             |
| Household of which:                                  | 13,809,630                             | 13,610,222                          |
| - purchase of residential properties                 | 1,277,106                              | 1,077,354                           |
| - purchase of transport vehicles                     | 10,527,241                             | 10,434,949                          |
| - others   | 2,005,283                              | 2,097,919                           |
| Others   | 132,103                                | 387,873                             |
|  | <u>25,820,347</u>                      | <u>24,998,974</u>                   |

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

|                                | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|--------------------------------|--|-------------------------------------|
| Maturing within one year       | 6,601,909                              | 5,998,612                           |
| Over one year to three years   | 2,980,374                              | 3,034,780                           |
| Over three years to five years | 4,380,541                              | 4,069,861                           |
| Over five years                | 11,857,523                             | 11,895,721                          |
|                                | <u>25,820,347</u>                      | <u>24,998,974</u>                   |

**A11. FINANCING AND ADVANCES (CONTD.)**

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

|   | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|---|--|-------------------------------------|
| Balance at beginning of financial year  | 348,515                                | 268,443                             |
| Impaired during the period/year   | 707,491                                | 460,256                             |
| Reclassified as non-impaired  | (59,886)                               | (44,233)                            |
| Recoveries  | (107,046)                              | (100,149)                           |
| Amount written off  | (258,525)                              | (235,802)                           |
| Balance at end of financial period/year                                       | <u>630,549</u>                         | <u>348,515</u>                      |
| Gross impaired financing and advances<br>as % of gross financing and advances | <u>2.4%</u>                            | <u>1.4%</u>                         |
| Financing loss coverage (excluding<br>collateral values)                      | <u>84.3%</u>                           | <u>158.9%</u>                       |

**A11h.** All impaired financing and advances reside in Malaysia.

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

|  | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|--|--|-------------------------------------|
| Agriculture  | 262                                    | 1,395                               |
| Mining and quarrying                                 | 7                                      | 127                                 |
| Manufacturing  | 35,253                                 | 32,191                              |
| Electricity, gas and water                           | 22,757                                 | 57                                  |
| Construction   | 4,265                                  | 12,029                              |
| Wholesale and retail trade and hotel and restaurants | 7,265                                  | 10,680                              |
| Transport, storage and communication                 | 1,422                                  | 5,480                               |
| Finance and insurance                                | 32                                     | 614                                 |
| Real estate  | 324,222                                | 3,240                               |
| Business activities                                  | 4,349                                  | 6,275                               |
| Education and health                                 | 6,053                                  | 4,734                               |
| Household of which :                                 | 217,164                                | 271,681                             |
| - purchase of residential properties                 | 23,781                                 | 37,620                              |
| - purchase of transport vehicles                     | 181,406                                | 212,523                             |
| - others   | 11,977                                 | 21,538                              |
| Others   | 7,498                                  | 12                                  |
|  | <u>630,549</u>                         | <u>348,515</u>                      |

**A11. FINANCING AND ADVANCES (CONTD.)**

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

|   | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|---|--|-------------------------------------|
| <b>Collective allowance</b>   |  |                                     |
| Balance at beginning of financial year  | 534,465                                | 490,410                             |
| Allowance made during the period/year, net  | 199,599                                | 240,823                             |
| Transferred from AmBank *   | 2,463                                  | -                                   |
| Amount written off and others   | (245,016)                              | (196,768)                           |
| Balance at end of financial period/year   | <u>491,511</u>                         | <u>534,465</u>                      |
| <br>  |  |                                     |
| Collective allowance as % of gross financing<br>and advances (excluding RPSIA financing)<br>less individual allowance | <u>1.9%</u>                            | <u>2.2%</u>                         |
| <br>  |  |                                     |
| <b>Individual allowance</b>   |  |                                     |
| Balance at beginning of financial year  | 19,470                                 | 14,451                              |
| Allowance during the period/year, net   | 20,517                                 | 53,568                              |
| Amount written off  | (169)                                  | (48,549)                            |
| Balance at end of financial period/year   | <u>39,818</u>                          | <u>19,470</u>                       |

\* Upon expiry of the RPSIA contract on 2 May 2014, AmBank had derecognized the collective allowance previously recognized in its financial statements. Accordingly, the Bank now accounts for the collective allowance in its financial statements. As at 31 March 2014, the gross exposure and collective allowance relating to the RPSIA financing amounted to RM450.1 million and RM2.5 million respectively. There was no individual allowance provided for the RPSIA financing up to the expiry of the RPSIA contract.

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

|  | <b>31 December<br/>2014</b> | <b>31 March<br/>2014<br/>(restated)</b> |
|--|-----------------------------|---|
|  | <b>RM'000</b>               | <b>RM'000</b>                           |
| Unquoted private debt securities:                | 456,649                     | 106,649                                 |
| Fair value changes arising from fair value hedge | 4,140                       | -                                       |
|  | <u>460,789</u>              | <u>106,649</u>                          |

During the current financial period, the Bank has undertaken 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 is as follows:

|                              | <b>30 September<br/>2014</b> |
|------------------------------|------------------------------|
|                              | <b>RM'000</b>                |
| Relating to hedge item       | 4,140                        |
| Relating to hedge instrument | <u>(4,130)</u>               |
|                              | <u>10</u>                    |

**A13. OTHER ASSETS**

|                                   | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|-----------------------------------|--|-------------------------------------|
| Other receivables and prepayments | 42,984                                 | 41,967                              |
| Amount due from related company   | 216,344                                | 260,873                             |
| Amount due from Originators       | 138,733                                | 118,239                             |
| Profit receivable                 | 51,736                                 | 32,529                              |
| Tax recoverable                   | 11,650                                 | 21,676                              |
| Deferred charges                  | 70,275                                 | 74,817                              |
|                                   | <u>531,722</u>                         | <u>550,101</u>                      |

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

|                              | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|------------------------------|--|-------------------------------------|
| <u>Non-Mudarabah</u>         |  |                                     |
| Licensed Islamic banks       | -                                      | 498,686                             |
| Licensed banks               | -                                      | 249,556                             |
| Licensed investment banks    | 148                                    | 138                                 |
| Other financial institutions | 171,329                                | 153,720                             |
| Bank Negara Malaysia         | 31,936                                 | 35,805                              |
|                              | <u>203,413</u>                         | <u>937,905</u>                      |
| <u>Mudarabah</u>             |  |                                     |
| Licensed bank                | -                                      | 449,982                             |
| Licensed investment banks    | 221,494                                | 479,407                             |
| Other financial institutions | 1,181,374                              | 1,394,064                           |
|                              | <u>1,402,868</u>                       | <u>2,323,453</u>                    |
|                              | <u>1,606,281</u>                       | <u>3,261,358</u>                    |

The Mudharabah deposits from a licensed bank referred to the RPSIA placed by AmBank on 28 December 2012 for tenure of 490 days. These deposits were 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.

**A15. DEPOSITS FROM CUSTOMERS**

|   | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|---|--|-------------------------------------|
| (i) By type of deposit:   |  |                                     |
| Savings deposit   |  |                                     |
| Wadiah  | 1,846,947                              | 1,841,983                           |
| Mudarabah   | 5,143                                  | 6,002                               |
| Demand deposit  |  |                                     |
| Wadiah  | 3,646,013                              | 3,742,024                           |
| Mudarabah   | 44,329                                 | 34,990                              |
| Term Deposit :  |  |                                     |
| General investment account  |  |                                     |
| Wakalah   | 552,600                                | 2,375,226                           |
| Mudarabah   | 14,940,301                             | 17,387,110                          |
| Commodity Murabahah   | 5,970,439                              | -                                   |
| Negotiable instruments of deposits  |  |                                     |
| Bai' Bithaman Ajil  | 21,520                                 | 21,017                              |
| Structured deposits   |  |                                     |
| Mudarabah   | -                                      | 54,149                              |
| Total   | <u>27,027,292</u>                      | <u>25,462,501</u>                   |
| (ii) The deposits are sourced from the following types of customers:  |  |                                     |
| Government and other statutory bodies   | 6,167,898                              | 6,029,372                           |
| Business enterprises  | 13,912,478                             | 14,215,772                          |
| Individuals   | 6,152,140                              | 4,372,805                           |
| Others  | 794,776                                | 844,552                             |
|   | <u>27,027,292</u>                      | <u>25,462,501</u>                   |
| (iii) The maturity structure of negotiable instruments of deposits, term deposits and structured deposits are as follows: |  |                                     |
| Due within six months   | 18,791,741                             | 16,135,794                          |
| Over six months to one year   | 1,973,540                              | 2,996,669                           |
| Over one year to three years  | 257,294                                | 272,441                             |
| Over three years to five years  | 462,285                                | 432,598                             |
|   | <u>21,484,860</u>                      | <u>19,837,502</u>                   |



**A16. OTHER LIABILITIES**

|   | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|---|--|-------------------------------------|
| Profit payable                              | 217,729                                | 178,068                             |
| Other creditors and accruals                | 111,019                                | 138,625                             |
| Advance rental                              | 3,742                                  | 6,001                               |
| Profit equalisation reserve                 | 10,848                                 | 1,571                               |
| Amount due to related companies             | 112                                    | 1,438                               |
| Provision for commitments and contingencies | 15,506                                 | 25,439                              |
|   | <u>358,956</u>                         | <u>351,142</u>                      |

**A17. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

|                                    | <b>Individual Quarter</b>              |  | <b>Cumulative Quarter</b>              |  |
|------------------------------------|--|--|--|--|
|                                    | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 December<br/>2013<br/>RM'000</b> | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 December<br/>2013<br/>RM'000</b> |
| Income derived from investment of: |  |  |  |  |
| - General investment deposits      | 247,181                                | 275,452                                | 824,473                                | 807,071                                |
| - Special investment deposits      | -                                      | 6,800                                  | 2,175                                  | 20,842                                 |
| - Other deposits                   | 192,092                                | 135,448                                | 471,000                                | 396,012                                |
|                                    | <u>439,273</u>                         | <u>417,700</u>                         | <u>1,297,648</u>                       | <u>1,223,925</u>                       |

**A17. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTD.)**

|   | Individual Quarter            |                               | Cumulative Quarter            |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 |
| <b>Income derived from investment of general investment deposits</b>  |                               |                               |                               |                               |
| <u>Finance income and hibah:</u>                                      |                               |                               |                               |                               |
| Financing and advances  |                               |                               |                               |                               |
| - Financing income  | 227,418                       | 257,726                       | 771,032                       | 751,308                       |
| - Financing income<br>on impaired financing                           | 2,345                         | 379                           | 3,330                         | 474                           |
| Financial assets held-<br>for-trading                                 | (10)                          | 999                           | 151                           | 8,699                         |
| Financial investments<br>available-for-sale                           | 8,438                         | 756                           | 21,552                        | 889                           |
| Financial investments<br>held-to-maturity                             | (87)                          | 4,626                         | 1,518                         | 7,489                         |
| Others  | 95                            | -                             | 320                           | -                             |
|   | <hr/>                         | <hr/>                         | <hr/>                         | <hr/>                         |
| Total finance income<br>and hibah                                     | 238,199                       | 264,486                       | 797,903                       | 768,859                       |
| <u>Other operating income:</u>  |                               |                               |                               |                               |
| Fee and commission<br>income:   |                               |                               |                               |                               |
| - Brokerage fees, commission<br>and rebates                           | -                             | 6                             | 4                             | 15                            |
| - Fees on financing,<br>advances and securities                       | 4,118                         | 6,157                         | 13,728                        | 18,201                        |
| - Guarantee fees  | 1,536                         | 1,973                         | 5,313                         | 5,658                         |
| - Remittances   | 13                            | 19                            | 42                            | 52                            |
| - Service charges and fees  | 409                           | 345                           | 1,348                         | 1,088                         |
| - Underwriting commission   | -                             | (1)                           | -                             | 137                           |
| - Others  | 748                           | 778                           | 2,427                         | 2,555                         |
| Foreign exchange  | 2,086                         | 1,110                         | 3,707                         | 7,676                         |
| Gain/(Loss) from sale of<br>financial assets<br>held-for-trading      | -                             | (517)                         | 9                             | 1,173                         |
| Gain/(Loss) on revaluation<br>of financial assets<br>held-for-trading | 1                             | 1,105                         | (8)                           | 1,670                         |
| Loss from sale of financial assets<br>available-for-sale              | -                             | (8)                           | -                             | (8)                           |
| Others  | 71                            | (1)                           | -                             | (5)                           |
|   | <hr/>                         | <hr/>                         | <hr/>                         | <hr/>                         |
| Total other operating<br>income                                       | 8,982                         | 10,966                        | 26,570                        | 38,212                        |
|   | <hr/>                         | <hr/>                         | <hr/>                         | <hr/>                         |
| Total   | 247,181                       | 275,452                       | 824,473                       | 807,071                       |

**A17. INCOME DERIVED FROM INVESTMENT Of DEPOSITORS' FUNDS AND OTHERS (CONTD.)**

|   | Individual Quarter            |                               | Cumulative Quarter            |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 |
| <b>Income derived from investment of specific investment deposits</b> |                               |                               |                               |                               |
| <u>Finance income and hibah:</u>                                      |                               |                               |                               |                               |
| Financing and advances  |                               |                               |                               |                               |
| - Financing income  | -                             | 6,800                         | 2,175                         | 20,842                        |
| Total finance income<br>and hibah                                     | -                             | 6,800                         | 2,175                         | 20,842                        |

**Income derived from investment of other deposits**

Finance income and hibah:

|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Financing and advances   |         |         |         |         |
| - Financing income   | 138,134 | 82,272  | 325,296 | 224,818 |
| - Financing income<br>on impaired financing  | 1,066   | 115     | 1,405   | 142     |
| Financial assets held-<br>for-trading  | 2,138   | 376     | 5,351   | 4,846   |
| Financial investments<br>available-for-sale  | 4,578   | 230     | 9,093   | 266     |
| Financial investments<br>held-to-maturity  | 13,825  | 11,907  | 39,778  | 46,647  |
| Short-term funds and deposits<br>and placements with other<br>financial institutions | 21,711  | 35,684  | 67,826  | 105,799 |
| Others   | 6,957   | 1,298   | 11,260  | 3,074   |
| Total finance income<br>and hibah  | 188,409 | 131,882 | 460,009 | 385,592 |

**A17. INCOME DERIVED FROM INVESTMENT Of DEPOSITORS' FUNDS AND OTHERS (CONTD.)**

**Income derived from investment of other deposits (Contd.)**

|   | Individual Quarter            |                               | Cumulative Quarter            |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 |
| <u>Other operating income:</u>  |                               |                               |                               |                               |
| Fee and commission<br>income:   |                               |                               |                               |                               |
| - Brokerage fees, commission<br>and rebates                           | 1                             | 2                             | 2                             | 5                             |
| - Fees on financing,<br>advances and securities                       | 2,482                         | 1,968                         | 5,791                         | 5,446                         |
| - Guarantee fees  | 940                           | 629                           | 2,241                         | 1,693                         |
| - Remittances   | 8                             | 5                             | 18                            | 15                            |
| - Service charges and fees  | 246                           | 112                           | 569                           | 326                           |
| - Underwriting commission   | -                             | 1                             | -                             | 41                            |
| - Others  | 446                           | 251                           | 1,024                         | 764                           |
| Foreign exchange  | 1,006                         | 401                           | 1,564                         | 2,297                         |
| Gain/(Loss) from sale of<br>financial assets<br>held-for-trading      | (1,188)                       | (137)                         | (414)                         | 616                           |
| Gain/(Loss) on revaluation<br>of financial assets<br>held-for-trading | (283)                         | 336                           | 196                           | (780)                         |
| Loss from sale of financial assets<br>available-for-sale              | -                             | (2)                           | -                             | (2)                           |
| Others  | 25                            | -                             | -                             | (1)                           |
| Total other operating<br>income                                       | <u>3,683</u>                  | <u>3,566</u>                  | <u>10,991</u>                 | <u>10,420</u>                 |
| Total   | <u>192,092</u>                | <u>135,448</u>                | <u>471,000</u>                | <u>396,012</u>                |

**A18. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS**

|  | Individual Quarter            |                               | Cumulative Quarter            |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 |
| <u>Finance income and hibah:</u>                                 |                               |                               |                               |                               |
| Financing and advances   |                               |                               |                               |                               |
| - Financing income   | -                             | -                             | -                             | 22,324                        |
| Financial investments<br>available-for-sale                      | 21,914                        | 20,056                        | 63,222                        | 51,998                        |
| Total finance income<br>and hibah                                | <u>21,914</u>                 | <u>20,056</u>                 | <u>63,222</u>                 | <u>74,322</u>                 |
| <u>Other operating income:</u>                                   |                               |                               |                               |                               |
| Fee and commission<br>income:                                    |                               |                               |                               |                               |
| - Bancassurance commission                                       | 530                           | 558                           | 1,808                         | 2,300                         |
| - Brokerage fees, commission<br>and rebates                      | -                             | 7                             | -                             | 18                            |
| - Fees on financing,<br>advances and securities                  | 1                             | 1                             | 2                             | 2                             |
| - Remittances  | 499                           | 1,165                         | 3,138                         | 4,017                         |
| - Service charges and fees                                       | 1,080                         | 1,559                         | 2,849                         | 4,535                         |
| - Others   | 1                             | 2                             | 5                             | 15                            |
| Loss from sale of<br>financial investments<br>available-for-sale | -                             | (982)                         | -                             | (866)                         |
| Unrealised gain/(loss) on fair<br>value hedge - net              | (98)                          | -                             | 10                            | -                             |
| Net loss on derivatives  | (513)                         | -                             | (519)                         | -                             |
| Total other operating<br>income                                  | <u>1,500</u>                  | <u>2,310</u>                  | <u>7,293</u>                  | <u>10,021</u>                 |
| Total  | <u>23,414</u>                 | <u>22,366</u>                 | <u>70,515</u>                 | <u>84,343</u>                 |

**A19. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES**

|  | Individual Quarter            |                               | Cumulative Quarter            |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 |
| Allowance for impairment on<br>financing and advances: |                               |                               |                               |                               |
| Individual allowance, net                              | 8,827                         | 17,952                        | 20,517                        | 39,419                        |
| Collective allowance                                   | 53,207                        | 64,843                        | 199,599                       | 159,411                       |
| Impaired financing and<br>advances recovered, net      | (43,014)                      | (17,319)                      | (108,552)                     | (59,601)                      |
| Total  | <u>19,020</u>                 | <u>65,476</u>                 | <u>111,564</u>                | <u>139,229</u>                |

**A20. INCOME ATTRIBUTABLE TO THE DEPOSITORS**

|   | Individual Quarter            |                               | Cumulative Quarter            |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 |
| Deposit from customers  |                               |                               |                               |                               |
| - Mudharabah fund   | 176,805                       | 121,578                       | 475,809                       | 363,094                       |
| - Non-Mudharabah<br>fund  | <u>27,741</u>                 | <u>37,601</u>                 | <u>105,198</u>                | <u>103,343</u>                |
|   | <u>204,546</u>                | <u>159,179</u>                | <u>581,007</u>                | <u>466,437</u>                |
| Deposits and placements<br>of banks and other<br>financial institutions |                               |                               |                               |                               |
| - Mudharabah fund   | 11,188                        | 18,437                        | 34,487                        | 52,662                        |
| - Non-Mudharabah<br>fund  | <u>1,488</u>                  | <u>13,541</u>                 | <u>7,958</u>                  | <u>28,058</u>                 |
|   | <u>12,676</u>                 | <u>31,978</u>                 | <u>42,445</u>                 | <u>80,720</u>                 |
| Others  | <u>22,558</u>                 | <u>21,956</u>                 | <u>67,326</u>                 | <u>66,774</u>                 |
| Total   | <u>239,780</u>                | <u>213,113</u>                | <u>690,778</u>                | <u>613,931</u>                |

**A21. OTHER OPERATING EXPENSES**

|   | Individual Quarter            |                               | Cumulative Quarter            |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 | 31 December<br>2014<br>RM'000 | 31 December<br>2013<br>RM'000 |
| Personnel costs                                 |                               |                               |                               |                               |
| – Pension costs - defined contribution plan     | 295                           | 353                           | 892                           | 998                           |
| – Salaries, allowances and bonuses              | 1,829                         | 2,206                         | 5,577                         | 6,252                         |
| – Shares and options granted under AMMB ESS     | 69                            | 83                            | (237)                         | 454                           |
| – Social security cost                          | 9                             | 12                            | 31                            | 34                            |
| – Others  | 86                            | 138                           | 324                           | 452                           |
|   | <u>2,288</u>                  | <u>2,792</u>                  | <u>6,587</u>                  | <u>8,190</u>                  |
| Establishment costs                             |                               |                               |                               |                               |
| – Amortisation of intangible assets             | 5                             | 7                             | 13                            | 25                            |
| – Cleaning, maintenance and security            | 22                            | 14                            | 36                            | 37                            |
| – Computerisation costs                         | 84                            | 22                            | 164                           | 47                            |
| – Depreciation of property and equipment        | 30                            | 35                            | 91                            | 108                           |
| – Rental of premises                            | 150                           | 150                           | 450                           | 450                           |
| – Others  | 116                           | 111                           | 352                           | 341                           |
|   | <u>407</u>                    | <u>339</u>                    | <u>1,106</u>                  | <u>1,008</u>                  |
| Marketing and communication expenses            |                               |                               |                               |                               |
| – Communication, advertising and marketing      | 1,010                         | 808                           | 3,538                         | 2,716                         |
| – Others  | (1)                           | 31                            | 40                            | 87                            |
|   | <u>1,009</u>                  | <u>839</u>                    | <u>3,578</u>                  | <u>2,803</u>                  |
| Administration and general expenses             |                               |                               |                               |                               |
| – Card operation charges from a related company | 5,088                         | 5,719                         | 15,418                        | 11,123                        |
| – Professional services                         | 1,109                         | 958                           | 2,444                         | 2,638                         |
| – Others  | 941                           | 419                           | 2,518                         | 1,240                         |
|   | <u>7,138</u>                  | <u>7,096</u>                  | <u>20,380</u>                 | <u>15,001</u>                 |
| Service transfer pricing expenses (net)         | <u>82,863</u>                 | <u>76,798</u>                 | <u>236,816</u>                | <u>240,726</u>                |
|   | <u>93,705</u>                 | <u>87,864</u>                 | <u>268,467</u>                | <u>267,728</u>                |

**A22. 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.

|  | <b>Individual Quarter</b>   |                             | <b>Cumulative Quarter</b>   |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <b>31 December<br/>2014</b> | <b>31 December<br/>2013</b> | <b>31 December<br/>2014</b> | <b>31 December<br/>2013</b> |
| Net profit attributable to equity holder of the Bank (RM'000)  | 61,341                      | 40,186                      | 177,519                     | 171,661                     |
| 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/Diluted earnings per share (sen)   | <b>13.25</b>                | <b>8.68</b>                 | <b>38.35</b>                | <b>37.08</b>                |



**A23. BUSINESS SEGMENT ANALYSIS**

**For the period ended 31 December 2014**

|   | <b>Retail<br/>banking</b> | <b>Wholesale<br/>banking</b> | <b>Operating<br/>segments</b> | <b>Total</b>     |
|---|---------------------------|------------------------------|-------------------------------|------------------|
|   | <b>RM'000</b>             | <b>RM'000</b>                | <b>RM'000</b>                 | <b>RM'000</b>    |
| External revenue                              | 703,022                   | 449,032                      | 216,109                       | 1,368,163        |
| Revenue from other segments                   | (226,636)                 | 217,346                      | 9,290                         | -                |
|   | <u>476,386</u>            | <u>666,378</u>               | <u>225,399</u>                | <u>1,368,163</u> |
| Net finance income                            | 314,389                   | 169,628                      | 89,543                        | 573,560          |
| Other income                                  | 18,495                    | 23,118                       | 3,759                         | 45,372           |
| Net income                                    | <u>332,884</u>            | <u>192,746</u>               | <u>93,302</u>                 | <u>618,932</u>   |
| Other operating expenses                      | (204,386)                 | (45,165)                     | (18,916)                      | (268,467)        |
| <i>of which:</i>                              |                           |                              |                               |                  |
| <i>Depreciation of Property and Equipment</i> | -                         | -                            | (91)                          | (91)             |
| <i>Amortisation of Intangible Assets</i>      | -                         | -                            | (13)                          | (13)             |
| Profit before provisions                      | <u>128,498</u>            | <u>147,581</u>               | <u>74,386</u>                 | <u>350,465</u>   |
| Net (provisions)/ writeback                   | <u>(105,075)</u>          | <u>35,011</u>                | <u>(51,554)</u>               | <u>(121,618)</u> |
| Profit before zakat<br>and taxation           | 23,423                    | 182,592                      | 22,832                        | 228,847          |
| Zakat and taxation                            | (5,856)                   | (45,648)                     | 176                           | (51,328)         |
| Profit for the period                         | <u>17,567</u>             | <u>136,944</u>               | <u>23,008</u>                 | <u>177,519</u>   |

**Other information**

|                                 |            |            |           |            |
|---------------------------------|------------|------------|-----------|------------|
| Total segment assets            | 14,575,208 | 12,678,920 | 8,014,789 | 35,268,917 |
| Total segment liabilities       | 9,549,596  | 18,839,625 | 4,532,986 | 32,922,207 |
| Cost to income ratio            | 61.4%      | 23.4%      | 20.3%     | 43.4%      |
| Gross financing and advances    | 14,711,656 | 11,157,600 | (48,909)  | 25,820,347 |
| Net financing and advances      | 14,466,297 | 11,047,675 | (224,954) | 25,289,018 |
| Impaired financing and advances | 255,133    | 375,416    | -         | 630,549    |
| Deposits                        | 9,431,471  | 18,462,443 | 739,659   | 28,633,573 |
| Additions to :                  |            |            |           |            |
| Property and Equipment          | -          | -          | 23        | 23         |
| Intangible assets               | -          | -          | 9         | 9          |

**A23. BUSINESS SEGMENT ANALYSIS (CONTD.)**

**For the period ended 31 December 2013**

|   | <b>Retail<br/>banking</b> | <b>Wholesale<br/>banking</b> | <b>Operating<br/>segments</b> | <b>Total</b>     |
|---|---------------------------|------------------------------|-------------------------------|------------------|
|   | <b>RM'000</b>             | <b>RM'000</b>                | <b>RM'000</b>                 | <b>RM'000</b>    |
| External revenue                              | 719,509                   | 372,030                      | 216,729                       | 1,308,268        |
| Revenue from other segments                   | (240,264)                 | 228,427                      | 11,837                        | -                |
|   | <u>479,245</u>            | <u>600,457</u>               | <u>228,566</u>                | <u>1,308,268</u> |
| Net finance income                            | 349,721                   | 176,593                      | 58,068                        | 584,382          |
| Other income                                  | 24,450                    | 30,412                       | 3,791                         | 58,653           |
| Net income                                    | <u>374,171</u>            | <u>207,005</u>               | <u>61,859</u>                 | <u>643,035</u>   |
| Other operating expenses                      | (191,825)                 | (48,807)                     | (27,096)                      | (267,728)        |
| <i>of which:</i>                              |                           |                              |                               |                  |
| <i>Depreciation of Property and Equipment</i> | -                         | -                            | (108)                         | (108)            |
| <i>Amortisation of Intangible Assets</i>      | -                         | -                            | (25)                          | (25)             |
| Profit before provisions                      | <u>182,346</u>            | <u>158,198</u>               | <u>34,763</u>                 | <u>375,307</u>   |
| Net provisions                                | (92,074)                  | (24,757)                     | (35,240)                      | (152,071)        |
| Profit/(Loss) before zakat and taxation       | <u>90,272</u>             | <u>133,441</u>               | <u>(477)</u>                  | <u>223,236</u>   |
| Zakat and taxation                            | (22,568)                  | (33,360)                     | 4,353                         | (51,575)         |
| Profit for the period                         | <u>67,704</u>             | <u>100,081</u>               | <u>3,876</u>                  | <u>171,661</u>   |

**Other information**

|                                 |            |            |           |            |
|---------------------------------|------------|------------|-----------|------------|
| Total segment assets            | 14,079,837 | 10,435,635 | 8,536,786 | 33,052,258 |
| Total segment liabilities       | 6,794,775  | 19,009,957 | 4,956,316 | 30,761,048 |
| Cost to income ratio            | 51.3%      | 23.6%      | 43.8%     | 41.6%      |
| Gross financing and advances    | 14,287,500 | 9,481,831  | (61,508)  | 23,707,823 |
| Net financing and advances      | 14,005,454 | 9,403,730  | (225,308) | 23,183,876 |
| Impaired financing and advances | 330,892    | 33,697     | -         | 364,589    |
| Deposits                        | 6,652,250  | 17,711,173 | 2,501,933 | 26,865,356 |
| Additions to :                  |            |            |           |            |
| Property and Equipment          | -          | -          | 37        | 37         |
| Intangible assets               | -          | -          | 5         | 5          |

**Note:**

1. The financial information by geographical segment is not presented as the Bank's activities are principally conducted in Malaysia.
2. During the financial period, the Bank had restructured non-retail business divisions to Wholesale Banking to improve client centricity, efficiency and productivity. Wholesale Banking Division for the current financial period is a consolidation of five (5) divisions; main divisions presented separately previously for the Bank were Business Banking, Corporate and Institutional Banking and Markets Divisions. As a result of this internal organisation, there is a change in business segment reporting for the comparative period.
3. Operating revenue of the Bank comprise financing income and hibah and other operating income.

**A24a. PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2014**

The Bank recorded a profit before zakat and taxation ("Pre-tax profit") of RM228.9 million for the period ended 31 December 2014 compared to RM223.2 million for the corresponding period in the previous year.

The increase in Pre-tax profit was mainly due lower net provisioning offset by lower income.

- (i) Lower allowance for impaired financing and advances of RM111.6 million (December 2013: RM139.2 million) mainly due to higher recoveries by RM48.9 million and lower individual allowance by RM18.9 million offset by higher collective allowance by RM40.2 million.

offset by:

- (ii) Lower net finance income of RM573.6 million (December 2013: RM584.4 million). Mainly attributable to net finance margin ("NFM") compression mitigated by funds asset growth.
- (iii) Lower other operating income of RM45.4 million (December 2013: RM58.6 million). Decrease was due to lower fee income by RM6.6 million mainly from decrease in financing and services fees coupled with lower trading and investment income by RM6.7 million, mainly from lower foreign exchange gains.

Gross financing and advances grew by RM0.8 billion to RM25.8 billion (March 2014: RM25.0 billion) mainly driven by growth in corporate financing.

Customer deposits expanded by RM1.5 billion to RM27.0 billion (March 2014: RM25.5 billion) driven by growth in term deposits.

The Bank's total capital ratio remains strong at 14.4% 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.

**A24b. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2015**

The AmBank Group maintains its forecast of a 5.9% increase for Malaysia's gross domestic product for the full calendar year 2014, with 4Q2014 expected to soften from a 6.1% year-on-year growth for the first nine months of the year due to slower trade and domestic consumption. Massive floods, which occurred mainly in the rural areas of Peninsular Malaysia toward the end of 2014, are not expected to significantly affect our GDP expectations.

For 2015, the AmBank Group expects economic growth to moderate to 4.7% - 5.0% due to the declining global crude oil price, slower increase in government spending and dampened exports contribution. Domestic consumption in the near term is expected to be soft, weighed down by high household debt levels amidst rising cost of living.

The implementation of the Goods and Services tax on 1 April 2015 is expected to drive inflation from an estimated 3.1% in 2014 to 3.6% - 3.8% in 2015, partially offset by lower crude oil price. For 1H2015, we expect Malaysia's overnight policy rate to remain steady at 3.25% with possibilities of a small rate hike in 2H2015 pending the outcome of the US Federal Reserves' decision on whether to tighten monetary measures.

Business and economic conditions are expected to remain challenging while compliance requirements increase over the longer term. In the near to medium-term, the banking sector is expected to experience slower loans/financing growth and narrower net interest spreads while asset quality may come under pressure.

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

**A25. VALUATION OF PROPERTY AND EQUIPMENT**

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

**A26. EVENTS SUBSEQUENT TO REPORTING DATE**

There were no significant events subsequent to the reporting date.

**A27. 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.

|  | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>RM'000</b> |
|--|--|-------------------------------------|
| <b>Contingent Liabilities</b>  |  |                                     |
| Direct credit substitutes  | 110,191                                | 128,226                             |
| Transaction related contingent items   | 758,516                                | 706,662                             |
| Short-term self liquidating trade-related contingencies  | 79,629                                 | 60,205                              |
| Obligations under underwriting agreements  | -                                      | 25,000                              |
|  | <u>948,336</u>                         | <u>920,093</u>                      |
| <b>Commitments</b>   |  |                                     |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year | 3,556,138                              | 4,113,057                           |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year  | 1,614,280                              | 1,024,041                           |
| Unutilised credit card lines   | 607,679                                | 613,662                             |
| Forward asset purchase   | -                                      | 170,000                             |
|  | <u>5,778,097</u>                       | <u>5,920,760</u>                    |
| <b>Derivative Financial Instruments</b>  |  |                                     |
| Foreign exchange related contracts:  |  |                                     |
| - One year or less   | 1,185,722                              | 1,110,511                           |
| Profit rate related contracts  |  |                                     |
| - Over five years  | 350,000                                | -                                   |
| Equity and commodity related contracts:  |  |                                     |
| - One year or less   | 342,738                                | 117,913                             |
| - Over one year to five years  | -                                      | 320,095                             |
|  | <u>1,878,460</u>                       | <u>1,548,519</u>                    |
| <b>Total</b>   | <u>8,604,893</u>                       | <u>8,389,372</u>                    |

## **A28. 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 prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3 : techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised on a recurring basis, the 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.

**A28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)**

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

|   | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000  |
|---|-------------------|-------------------|-------------------|------------------|
| <b>31 December 2014</b>                   |                   |                   |                   |                  |
| <b>Assets measured at fair value</b>      |                   |                   |                   |                  |
| Derivative financial assets               | -                 | 29,169            | -                 | 29,169           |
| Financial assets held-for-trading         |                   |                   |                   |                  |
| - Money market securities                 | -                 | -                 | -                 | -                |
| - Unquoted private debt securities        | -                 | 51,728            | -                 | 51,728           |
| Financial investments available-for-sale  |                   |                   |                   |                  |
| - Money market securities                 | -                 | 3,429,678         | -                 | 3,429,678        |
| - Unquoted private debt securities        | -                 | 585,469           | -                 | 585,469          |
|   | <u>-</u>          | <u>4,096,044</u>  | <u>-</u>          | <u>4,096,044</u> |
| <b>Liabilities measured at fair value</b> |                   |                   |                   |                  |
| Derivative financial liabilities          | -                 | 33,016            | -                 | 33,016           |
|   | <u>-</u>          | <u>33,016</u>     | <u>-</u>          | <u>33,016</u>    |

**A28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)**

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

|   | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000  |
|---|-------------------|-------------------|-------------------|------------------|
| <b>31 March 2014</b>                                |                   |                   |                   |                  |
| <b>Financial assets measured at fair value</b>      |                   |                   |                   |                  |
| Derivative financial assets                         | -                 | 7,699             | -                 | 7,699            |
| Financial assets held-for-trading                   |                   |                   |                   |                  |
| - Unquoted private debt securities                  | -                 | 64,694            | -                 | 64,694           |
| Financial investments available-for-sale            |                   |                   |                   |                  |
| - Money market securities                           | -                 | 3,266,721         | -                 | 3,266,721        |
| - Unquoted private debt securities                  | -                 | 587,994           | -                 | 587,994          |
|   | <u>-</u>          | <u>3,927,108</u>  | <u>-</u>          | <u>3,927,108</u> |
| <b>Financial liabilities measured at fair value</b> |                   |                   |                   |                  |
| Derivative financial liabilities                    | -                 | 7,675             | -                 | 7,675            |
|   | <u>-</u>          | <u>7,675</u>      | <u>-</u>          | <u>7,675</u>     |

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



**A29. CAPITAL ADEQUACY**

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

|   | <b>31 December<br/>2014</b> | <b>31 March<br/>2014</b> |
|---|-----------------------------|--------------------------|
| <b>Before deducting proposed dividends:</b> |                             |                          |
| Common Equity Tier 1 Capital Ratio          | 8.780%                      | 9.830%                   |
| Tier 1 Capital Ratio                        | 8.780%                      | 9.830%                   |
| Total Capital Ratio                         | 14.362%                     | 15.807%                  |
| <b>After deducting proposed dividends:</b>  |                             |                          |
| Common Equity Tier 1 Capital Ratio          | 8.780%                      | 9.203%                   |
| Tier 1 Capital Ratio                        | 8.780%                      | 9.203%                   |
| Total Capital Ratio                         | 14.362%                     | 15.180%                  |

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:

|                                | <b><u>Transitional arrangements</u></b> |                               |                                       |
|--------------------------------|---|-------------------------------|---------------------------------------|
|                                | <b>Calender year<br/>2013</b>           | <b>Calender year<br/>2014</b> | <b>Calender year<br/>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%                                  |

**A29. CAPITAL ADEQUACY (CONTD.)**

(b) The components of Common Equity Tier 1, Additional Tier 1, Tier 2, Total Capital and Risk Weighted assets("RWA") of the Bank are as follows:

|  | <b>31 December<br/>2014<br/>RM'000</b> | <b>31 March<br/>2014<br/>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  | 627,010                                | 698,125                             |
| Available for sale reserve   | (13,587)                               | (18,442)                            |
| Statutory reserve  | 483,345                                | 483,345                             |
| Profit equalisation reserve  | 8,660                                  | 1,260                               |
| Less : Regulatory adjustments applied on CET1 capital                          |  |                                     |
| - Intangible assets  | (22)                                   | (26)                                |
| - Profit equalisation reserve  | (8,660)                                | (1,260)                             |
| <b>CET1 capital</b>  | <b><u>2,283,853</u></b>                | <b><u>2,350,109</u></b>             |
| <b><u>Additional Tier 1 capital</u></b>  |  |                                     |
| Additional Tier 1 capital instruments (subject to gradual phase-out treatment) | -                                      | -                                   |
| Less : Regulatory adjustments applied on Tier 1 capital                        | -                                      | -                                   |
| <b>Tier 1 capital</b>  | <b><u>2,283,853</u></b>                | <b><u>2,350,109</u></b>             |
| <b><u>Tier 2 capital</u></b>   |  |                                     |
| Tier 2 capital instruments meeting all relevant criteria for inclusion         | 350,000                                | 350,000                             |
| Tier 2 capital instruments (subject to gradual phase-out treatment)            | 800,000                                | 800,000                             |
| Collective allowance and regulatory reserves                                   | 301,701                                | 279,038                             |
| Less : Regulatory adjustments applied on Tier 2 capital                        | -                                      | -                                   |
| <b>Tier 2 capital</b>  | <b><u>1,451,701</u></b>                | <b><u>1,429,038</u></b>             |
| <b>Total Capital</b>   | <b><u>3,735,554</u></b>                | <b><u>3,779,147</u></b>             |
| Credit RWA   | 24,136,117                             | 22,773,142                          |
| Less : Credit RWA absorbed by Restricted Profit Sharing Investment Account     | -                                      | (450,133)                           |
| Total Credit RWA   | <u>24,136,117</u>                      | <u>22,323,009</u>                   |
| Market RWA   | 330,218                                | 68,731                              |
| Operational RWA  | 1,544,320                              | 1,515,669                           |
| <b>Total Risk Weighted Assets</b>  | <b><u>26,010,655</u></b>               | <b><u>23,907,409</u></b>            |

**A30. RESTATEMENT OF COMPARATIVE INFORMATION**

During the current financial quarter, the Bank classified its investment that are not quoted in active markets as Receivables: Investments not quoted in active markets. Consequently, certain comparatives were restated to conform with the current period's presentation as detailed below.

- (i) Reconciliation of statement of financial position as at 31 March 2014 and 1 April 2013

|  | <b>As previously<br/>reported<br/>RM'000</b> | <b>Restatement<br/>RM'000</b> | <b>As restated<br/>RM'000</b> |
|--|--|-------------------------------|-------------------------------|
| <b>As at 31 March 2014</b>                               |  |                               |                               |
| Financial investment held-to-maturity                    | 1,335,055                                    | (99,000)                      | 1,236,055                     |
| Receivables: Investments not quoted<br>in active markets | -  | 106,649                       | 106,649                       |
| Other assets   | 557,750                                      | (7,649)                       | 550,101                       |

**A31. RESTATEMENT OF COMPARATIVE INFORMATION (CONTD.)**

(ii) Reconciliation of Income derived from investment of Depositors' fund and others

|  | <b>As previously<br/>reported<br/>RM'000</b> | <b>Restatement<br/>RM'000</b> | <b>As restated<br/>RM'000</b> |
|--|--|-------------------------------|-------------------------------|
| <b>For the financial quarter ended<br/>31 December 2013</b>  |  |                               |                               |
| Income derived from Investment of<br>investment of other depositors<br>Financial income and hibah: |  |                               |                               |
| Financial investment held-to-maturity  | 49,721                                       | (3,074)                       | 46,647                        |
| Others   | -  | 3,074                         | 3,074                         |

|  |        |         |        |
|--|--------|---------|--------|
| <b>For the individual quarter ended<br/>31 December 2013</b>                                       |        |         |        |
| Income derived from Investment of<br>investment of other depositors<br>Financial income and hibah: |        |         |        |
| Financial investment held-to-maturity  | 13,205 | (1,298) | 11,907 |
| Others   | -      | 1,298   | 1,298  |

(ii) Reconciliation of Cash Flows

|   |           |           |           |
|---|-----------|-----------|-----------|
| Net changes in operating assets                           | 707,780   | (106,649) | 601,131   |
| Net cash generated from/(used in)<br>investing activities | (988,172) | 106,649   | (881,523) |

There was not significant impact to the financial performance and ratios in relation to the financial period ended 31 December 2013.