

**AmlInvestment Bank Berhad**  
**and its subsidiaries**  
**(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2014**

	Note	Group		Bank	
		30.09.14	31.03.14	30.09.14	31.03.14
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		1,068,941	873,290	1,039,385	745,837
Deposits and placements with banks and other financial institutions		150,000	735	150,000	-
Financial assets held-for-trading	9	680	659	680	659
Financial investments available-for-sale	10	338,118	586,802	338,118	584,602
Financial investments held-to-maturity	11	75,100	75,100	75,100	75,100
Loans, advances and financing	12	507,033	1,225,899	507,033	1,212,304
Statutory deposit with Bank Negara Malaysia		33,180	20,640	33,180	20,640
Deferred tax assets		2,693	14,164	2,693	14,164
Investments in subsidiaries		-	-	102,941	103,447
Investments in associates		957	1,667	100	100
Other assets	13	299,351	673,398	291,958	504,034
Property and equipment		23,378	27,732	23,314	24,442
Intangible assets		13,797	13,054	1,323	1,714
Assets held for sale		291,227	-	-	-
<b>TOTAL ASSETS</b>		<b>2,804,455</b>	<b>3,513,140</b>	<b>2,565,825</b>	<b>3,287,043</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits and placements of banks and other financial institutions	14	1,845,897	2,351,318	1,845,897	2,351,318
Derivative financial liabilities	8	-	10	-	5
Debt capital		-	77,716	-	-
Other liabilities	15	251,498	599,343	242,916	476,636
Liabilities directly associated with assets held for sale		198,763	-	-	-
<b>TOTAL LIABILITIES</b>		<b>2,296,158</b>	<b>3,028,387</b>	<b>2,088,813</b>	<b>2,827,959</b>
Share capital		200,000	200,000	200,000	200,000
Reserves		308,297	284,753	277,012	259,084
Equity attributable to equity holder of the Bank		508,297	484,753	477,012	459,084
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>2,804,455</b>	<b>3,513,140</b>	<b>2,565,825</b>	<b>3,287,043</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<b>397,440</b>	<b>529,520</b>	<b>394,255</b>	<b>527,722</b>
<b>NET ASSETS PER ORDINARY SHARE (RM)</b>		<b>2.54</b>	<b>2.42</b>	<b>2.39</b>	<b>2.30</b>

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**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2014 (CONTD.)**

	Note	Group		Bank	
		30.09.14	31.03.14	30.09.14	31.03.14
<b>CAPITAL ADEQUACY</b>	25(a)				
<b>Before deducting proposed dividends</b>					
Common Equity Tier 1 ("CET 1") Capital Ratio		26.563%	24.652%	25.518%	21.207%
Tier 1 Capital Ratio		26.563%	24.652%	25.518%	21.207%
Total Capital Ratio		<u>26.563%</u>	<u>24.652%</u>	<u>25.518%</u>	<u>21.207%</u>
<b>After deducting proposed dividends</b>					
CET 1 Capital Ratio		25.783%	24.652%	24.522%	21.207%
Tier 1 Capital Ratio		25.783%	24.652%	24.522%	21.207%
Total Capital Ratio		<u>25.783%</u>	<u>24.652%</u>	<u>24.522%</u>	<u>21.207%</u>

The Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

**AmlInvestment Bank Berhad**  
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**UNAUDITED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Revenue		92,926	103,355	179,308	194,033
Interest income	16	21,581	19,637	41,766	38,656
Interest expense	17	(17,223)	(12,807)	(32,543)	(24,076)
Net interest income		4,358	6,830	9,223	14,580
Net income from Islamic banking business		2,982	2,754	6,520	8,341
Other operating income	18	68,218	80,821	130,732	146,831
Direct costs	19	(16,747)	(20,126)	(33,764)	(43,185)
Share in results of associates		145	143	290	205
Net income		58,956	70,422	113,001	126,772
Other operating expenses	20	(35,517)	(41,957)	(80,142)	(88,308)
Operating Profit		23,439	28,465	32,859	38,464
Writeback of allowances/(allowances) for impairment on loans, advances and financing	21	3,036	(632)	4,006	(1,144)
Impairment writeback on foreclosed properties		-	-	-	100
Impairment loss on financial investments		-	(1)	-	(1)
Writeback of allowances for doubtful sundry receivables- net		1,258	966	1,646	10,354
Writeback of provision/(provision) for commitments and contingencies		359	68	286	(50)
Profit before taxation		28,092	28,866	38,797	47,723
Taxation		(6,117)	(14,935)	(13,789)	(17,591)
Profit for the period attributable to equity holder of the Bank		21,975	13,931	25,008	30,132
<b>EARNINGS PER SHARE (SEN)</b>					
Basic		10.99	6.97	12.50	15.07
Fully diluted		10.99	6.97	12.50	15.07

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

**AmlInvestment Bank Berhad  
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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

<b>Group</b>	<b>Note</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
		<b>30.09.14 RM'000</b>	<b>30.09.13 RM'000</b>	<b>30.09.14 RM'000</b>	<b>30.09.13 RM'000</b>
Profit for the period		21,975	13,931	25,008	30,132
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		296	4,149	(317)	4,602
Net loss on financial investments available-for-sale		(192)	(116)	(485)	(1,718)
Income tax relating to the components of other comprehensive income		46	29	139	429
Other comprehensive (loss)/income for the period, net of tax		150	4,062	(663)	3,313
Total comprehensive income for the period attributable to equity holders of the Bank		22,125	17,993	24,345	33,445

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

**AmlInvestment Bank Berhad**  
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**UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Revenue		67,745	75,241	148,117	150,769
Interest income	16	20,789	18,407	40,191	35,565
Interest expense	17	(16,855)	(12,008)	(31,808)	(22,515)
Net interest income		3,934	6,399	8,383	13,050
Net income from Islamic banking business		2,982	2,754	6,520	8,341
Other operating income	18	43,974	54,080	101,406	106,863
Direct costs	19	(14,907)	(14,657)	(30,247)	(32,471)
Net income		35,983	48,576	86,062	95,783
Other operating expenses	20	(24,735)	(36,062)	(57,037)	(71,516)
Operating Profit		11,248	12,514	29,025	24,267
Writeback of allowances/(allowances) for impairment on loans, advances and financing	21	2,771	(632)	3,891	(1,144)
Impairment writeback on foreclosed properties		-	-	-	100
(Allowances)/writeback of allowances for doubtful sundry receivables- net		(8)	609	(430)	993
Writeback of provision/(provision) for commitments and contingencies		359	68	286	(50)
Profit before taxation		14,370	12,559	32,772	24,166
Taxation		(6,103)	(13,728)	(13,772)	(16,379)
Profit for the period attributable to equity holder of the Bank		8,267	(1,169)	19,000	7,787
<b>EARNINGS PER SHARE (SEN)</b>					
Basic		4.13	(0.58)	9.50	3.89
Fully diluted		4.13	(0.58)	9.50	3.89

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

**AmlInvestment Bank Berhad**  
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**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Profit for the period		8,267	(1,169)	19,000	7,787
Other comprehensive (loss)/income:					
Net loss on financial investments available-for-sale		(192)	(116)	(485)	(1,718)
Income tax relating to the components of other comprehensive income		46	29	139	429
Other comprehensive loss for the period, net of tax		(146)	(87)	(346)	(1,289)
Total comprehensive income/(loss) for the period attributable to equity holders of the Bank		8,121	(1,256)	18,654	6,498

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

**AmlInvestment Bank Berhad**  
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

Group	Attributable to equity holder of the Bank							Total shareholder's equity RM'000
	Non-distributable					Distributable		
	Share capital RM'000	Capital reserve RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	
<b>At 1 April 2013</b>	200,000	2,815	200,000	7,656	3,162	29,988	90,519	534,140
Profit for the period	-	-	-	-	-	-	30,132	30,132
Other comprehensive (loss)/income	-	-	-	-	(1,289)	4,602	-	3,313
Total comprehensive income for the period	-	-	-	-	(1,289)	4,602	30,132	33,445
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(1,035)	(1,035)
<b>At 30 September 2013</b>	<b>200,000</b>	<b>2,815</b>	<b>200,000</b>	<b>7,656</b>	<b>1,873</b>	<b>34,590</b>	<b>119,616</b>	<b>566,550</b>
<b>At 1 April 2014</b>	200,000	2,815	200,000	7,656	1,759	34,517	38,006	484,753
Profit for the period	-	-	-	-	-	-	25,008	25,008
Other comprehensive (loss)/income	-	-	-	-	(346)	(317)	-	(663)
Total comprehensive income for the period	-	-	-	-	(346)	(317)	25,008	24,345
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(801)	(801)
<b>At 30 September 2014</b>	<b>200,000</b>	<b>2,815</b>	<b>200,000</b>	<b>7,656</b>	<b>1,413</b>	<b>34,200</b>	<b>62,213</b>	<b>508,297</b>

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

	<-----Attributable to equity holder of the Bank----->				
	Non-distributable			Distributable	
Bank	Share capital RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Retained earnings RM'000	
<b>At 1 April 2013</b>	200,000	200,000	3,110	118,307	521,417
Profit for the period	-	-	-	7,787	7,787
Other comprehensive loss	-	-	(1,289)	-	(1,289)
Total comprehensive income for the period	-	-	(1,289)	7,787	6,498
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(1,016)	(1,016)
<b>At 30 September 2013</b>	<u>200,000</u>	<u>200,000</u>	<u>1,821</u>	<u>125,078</u>	<u>526,899</u>
<b>At 1 April 2014</b>	200,000	200,000	1,707	57,377	459,084
Profit for the period	-	-	-	19,000	19,000
Other comprehensive loss	-	-	(346)	-	(346)
Total comprehensive income for the period	-	-	(346)	19,000	18,654
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(726)	(726)
<b>At 30 September 2014</b>	<u>200,000</u>	<u>200,000</u>	<u>1,361</u>	<u>75,651</u>	<u>477,012</u>

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

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**UNAUDITED CONDENSED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	<b>Group</b>		<b>Bank</b>	
	<b>30.09.14</b>	<b>30.09.13</b>	<b>30.09.14</b>	<b>30.09.13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	38,797	47,723	32,772	24,166
Adjustments for non-operating and non cash items	(10,432)	(17,062)	(8,387)	(7,310)
Operating profit before working capital changes	28,365	30,661	24,385	16,856
Increase/(decrease) in operating assets	656,940	(123,220)	764,492	33,994
(Decrease)/increase in operating liabilities	(731,880)	328,057	(739,585)	283,956
Cash generated from operations	(46,575)	235,498	49,292	334,806
Taxation paid	(7,650)	(8,722)	(5,846)	(8,497)
Net cash (used in)/generated from operating activities	(54,225)	226,776	43,446	326,309
Net cash generated from investing activities	251,057	58,755	250,102	21,620
Net cash (used in)/generated from financing activities	(518)	71,745	-	-
Net increase in cash and cash equivalents	196,314	357,276	293,548	347,929
Cash and cash equivalents at beginning of period	873,290	570,797	745,837	545,150
Effect of exchange rate changes	(663)	39	-	-
Cash and cash equivalents at end of period	1,068,941	928,112	1,039,385	893,079

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

## EXPLANATORY NOTES :

### 1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Malaysia Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and complies with the International Accounting Standards ("IAS") 34, Interim Financial Reporting.

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2013 which are available upon request from the Bank's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

These condensed consolidated interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group and the Bank. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The significant accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those 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 did not have significant impact on the accounting policies, financial position or performance of the Group and the Bank.

#### 1.1 Standards effective for financial year ending 31 March 2015:

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

##### 1.1a Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10, Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

##### 1.1b 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.

##### 1.1c 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.

##### 1.1d 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 Group and the Bank have not novated their derivatives during the current period. However, these amendments would be considered for future novation.

## 1. BASIS OF PREPARATION (Contd.)

### 1.2 Standards issued but not yet effective

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

#### 1.2a Standards effective for financial periods beginning on or after 1 July 2014:

- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions
- 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"-
- MFRS 14 Regulatory Deferral Accounts
- MFRS 15 Revenue from Contracts with Customers

#### 1.2b Standards effective for dates to be announced by MASB:

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)
- MFRS 9, Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139

#### 1.2c Effect of adoption of standards issued but not yet effective

The impact to the financial statements of the Group and the Bank upon the initial application of the significant MFRSs that have been issued but not yet effective is as described below. The Group and the Bank are assessing the financial effects of their adoption.

##### **Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations**

MFRS 11 is amended such that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in MFRS 3, is required to apply all of the principles on business combinations accounting in MFRS 3 and other MFRSs with the exception of those principles that conflict with the guidance in MFRS 11. Accordingly, a joint operator that is an acquirer of such an

- measure most identifiable assets and liabilities at fair value;
- expense acquisition-related costs (other than debt or equity issuance costs);
- recognise deferred taxes;
- recognising any goodwill or bargain purchase gain;
- perform impairment tests for the cash generating units to which goodwill has been allocated;
- disclose information required relevant for business combinations.

The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business.

##### **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.

## 1. BASIS OF PREPARATION (Contd.)

### 1.2 Standards issued but not yet effective (Contd.)

#### 1.2c Effect of adoption of standards issued but not yet effective (Contd.)

##### **Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation (Contd.)**

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 International Accounting Standards Board (“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).

##### **Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions**

The amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

##### **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, Financial Instruments: Presentation. 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.

## 1. BASIS OF PREPARATION (Contd.)

### 1.2 Standards issued but not yet effective (Contd.)

#### 1.2c 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, Joint Arrangements) 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, Financial Instruments: Recognition and Measurement or MFRS 9, Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132, Financial Instruments: Presentation.

(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.

##### **MFRS 15 Revenue from Contracts with Customers**

The core principle of MFRS 15 is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To apply the core revenue principle, the entity needs to follow five main steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also requires certain disclosures with the objective to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

##### **MFRS 9, Financial Instruments**

MFRS 9, Financial Instruments – MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group’s and the Bank’s financial assets, but will not have an impact on the classification and measurement of the Group’s and the Bank’s financial liabilities. The Group and the Bank will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

## 2. AUDIT QUALIFICATION

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2014.

## 3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

## 4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter.

## 5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter ended 30 September 2014.

## 6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

The Bank has not issued any new shares or debentures during the financial quarter.

There were no share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares by the Bank during the financial quarter.

## 7. DIVIDENDS

In respect of the current financial quarter, the Board of Directors recommend an interim single-tier cash dividend of 6.75 sen per ordinary share on 200,000,000 ordinary shares amounting to RM 13,500,000.

## 8. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	Contract/ Notional Amount RM'000	30.09.14		Contract/ Notional Amount RM'000	31.03.14	
		Fair value			Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivative</b>						
Foreign exchange related contracts:						
Less than one year	4,392	-	-	4,537	-	5
Equity related contracts:						
Less than one year	-	-	-	642	-	5
Total	<u>4,392</u>	<u>-</u>	<u>-</u>	<u>5,179</u>	<u>-</u>	<u>10</u>
<b>Bank</b>						
<b>Trading derivative</b>						
Foreign exchange related contracts:						
Less than one year	1,207	-	-	2,739	-	-
Equity related contracts:						
Less than one year	-	-	-	642	-	5
Total	<u>1,207</u>	<u>-</u>	<u>-</u>	<u>3,381</u>	<u>-</u>	<u>5</u>

## 9. FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
<b>At Fair Value</b>				
Quoted Securities:				
In Malaysia:				
Unit trusts	680	659	680	659
	<u>680</u>	<u>659</u>	<u>680</u>	<u>659</u>

## 10. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
<b>At Fair value</b>				
<b>Money Market Securities:</b>				
Bank Negara Monetary Notes	-	547,165	-	547,165
Government Investment Issues	300,540	-	300,540	-
	<u>300,540</u>	<u>547,165</u>	<u>300,540</u>	<u>547,165</u>
 Unquoted Securities				
Outside Malaysia:				
Private debt securities	25,784	25,642	25,784	25,642
	<u>25,784</u>	<u>25,642</u>	<u>25,784</u>	<u>25,642</u>
 <b>At Cost</b>				
Unquoted Securities:				
In Malaysia:				
Shares	11,788	13,988	11,788	11,788
	<u>11,788</u>	<u>13,988</u>	<u>11,788</u>	<u>11,788</u>
Outside Malaysia:				
Shares	6	7	6	7
	<u>6</u>	<u>7</u>	<u>6</u>	<u>7</u>
	<u>338,118</u>	<u>586,802</u>	<u>338,118</u>	<u>584,602</u>

## 11. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
<b>At Amortised Cost:</b>				
Unquoted Securities				
In Malaysia:				
Private debt securities	75,100	75,100	75,100	75,100
	<u>75,100</u>	<u>75,100</u>	<u>75,100</u>	<u>75,100</u>

## 12. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
<b>At Amortised Cost</b>				
Share margin financing	275,183	304,625	275,183	279,110
Revolving credits	231,305	935,651	231,305	935,651
Staff loans	4,172	4,822	4,172	4,822
Gross loans, advances and financing	510,660	1,245,098	510,660	1,219,583
Less:				
Allowance for impairment on loans, advances and financing:				
Collective allowance	1,316	4,872	1,316	4,872
Individual allowance	2,311	14,327	2,311	2,407
	3,627	19,199	3,627	7,279
Net loans, advances and financing	507,033	1,225,899	507,033	1,212,304

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

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
Domestic :				
Business enterprises:				
Small medium enterprises	57,755	42,480	57,755	42,480
Others	58,937	65,236	58,937	65,236
Individuals	386,364	1,126,234	386,364	1,101,985
Foreign entities	7,604	11,148	7,604	9,882
	510,660	1,245,098	510,660	1,219,583

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

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
In Malaysia	503,548	1,203,846	503,548	1,203,846
Outside Malaysia	7,112	41,252	7,112	15,737
	510,660	1,245,098	510,660	1,219,583

(c) Loans, advances and financing analysed by interest rate sensitivity are as follows:

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
Fixed rate:				
Fixed-rate loans	279,355	309,447	279,355	283,932
Variable rate:				
Cost-plus	231,305	935,651	231,305	935,651
	510,660	1,245,098	510,660	1,219,583

## 12. LOANS, ADVANCES AND FINANCING (CONTD.)

(d) Loans, advances and financing analysed by sectors are as follows:

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
Agriculture	15,542	11,302	15,542	11,302
Manufacturing	21,590	12,838	21,590	12,838
Electricity, gas and water	247	-	247	-
Wholesale and retail trade and hotels and restaurant	-	1,093	-	1,093
Real estate	2,251	18,631	2,251	18,631
Business activities	62,449	51,530	62,449	50,264
Education and health	-	401	-	401
Household, of which:				
Purchase of residential properties	2,848	3,014	2,848	3,014
Purchase of transport vehicles	1,324	1,808	1,324	1,808
Others	390,109	1,142,164	390,109	1,117,915
Others	14,300	2,317	14,300	2,317
	<u>510,660</u>	<u>1,245,098</u>	<u>510,660</u>	<u>1,219,583</u>

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

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
Maturing within one year	506,493	1,240,291	506,493	1,214,776
One to three years	584	616	584	616
Three to five years	703	999	703	999
Over five years	2,880	3,192	2,880	3,192
	<u>510,660</u>	<u>1,245,098</u>	<u>510,660</u>	<u>1,219,583</u>

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

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
Balance at beginning of period/year	21,678	3,854	9,758	3,854
Impaired during the period/year	2	18,484	-	6,564
Reclassification to assets held for sale	(11,290)	-	-	-
Recoveries	(6,777)	(660)	(6,659)	(660)
Amount written off	(1,221)	-	(788)	-
Foreign exchange differences	(81)	-	-	-
Balance at end of period/year	<u>2,311</u>	<u>21,678</u>	<u>2,311</u>	<u>9,758</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>0.45%</u>	<u>1.74%</u>	<u>0.45%</u>	<u>0.80%</u>
Loan loss coverage (excluding collateral values)	<u>156.95%</u>	<u>88.56%</u>	<u>156.95%</u>	<u>74.60%</u>

## 12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
In Malaysia	2,311	9,758	2,311	9,758
Outside Malaysia	-	11,920	-	-
	<u>2,311</u>	<u>21,678</u>	<u>2,311</u>	<u>9,758</u>

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

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
Household, of which:				
Others	-	18,484	-	6,564
Business activities	2,311	3,194	2,311	3,194
	<u>2,311</u>	<u>21,678</u>	<u>2,311</u>	<u>9,758</u>

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

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
<b>Collective allowance</b>				
Balance at beginning of year	4,872	3,664	4,872	3,664
Allowance made/(written back) during the period/year	(3,508)	1,208	(3,508)	1,208
Amount written off	-	-	-	-
Foreign exchange differences	(48)	-	(48)	-
Balance at end of period/year	<u>1,316</u>	<u>4,872</u>	<u>1,316</u>	<u>4,872</u>
% of total loans, advances and financing less individual allowance	<u>0.26%</u>	<u>0.40%</u>	<u>0.26%</u>	<u>0.40%</u>

### Individual allowance

Balance at beginning of year	14,327	2,831	2,407	2,831
Net charge to income statements	577	11,319	692	(424)
Reclassification to assets held for sale	(11,290)	-	-	-
Amount written off	(1,222)	-	(788)	-
Foreign exchange differences	(81)	177	-	-
Balance at end of period/year	<u>2,311</u>	<u>14,327</u>	<u>2,311</u>	<u>2,407</u>

### 13. OTHER ASSETS

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
Trade receivables, net of allowance for doubtful debts	199,526	579,130	196,110	417,222
Other receivables, deposits and prepayments, net of allowance for doubtful debts	31,237	33,684	29,921	25,943
Interest/Dividends receivable	5,326	1,804	5,321	1,794
Income tax recoverable	56,605	50,881	56,605	50,881
Amount due from brokers	3,558	141	-	-
Amount due from:				
Ultimate holding Bank	-	1,269	-	1,269
Subsidiaries	-	-	660	207
Related companies	3,099	6,489	3,341	6,718
	<u>299,351</u>	<u>673,398</u>	<u>291,958</u>	<u>504,034</u>

Trade receivables mainly relate to the stock and share-broking operations of the Bank and its subsidiaries, and represent amount outstanding from purchase contracts net of allowance for impairment. Included in trade receivables of the Group and the Bank are amounts due from brokers amounting to RM109,674,000 (March 2014: RM84,633,000) and RM40,612,000 (March 2014: RM19,044,000) respectively which is settled net of amount due to brokers of RM106,787,000 (March 2014: RM342,704,000) and RM44,544,000 (March 2014: RM274,610,000) respectively in Note 15 under a netting arrangement.

Amounts due from ultimate holding Bank, subsidiaries and other related companies are unsecured, non-interest bearing, are repayable on demand and represent expenses paid on behalf.

### 14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
Licensed banks:				
Related	1,845,897	2,351,318	1,845,897	2,351,318

### 15. OTHER LIABILITIES

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
Trade payables	178,693	507,893	172,293	392,616
Other payables and accruals	40,057	65,870	38,603	59,379
Interest payables	21,151	17,013	21,151	16,777
Provision for commitments and contingencies	724	1,012	724	1,012
Amount due to subsidiaries	-	-	325	507
Amount due to related companies	10,230	6,758	9,520	6,307
Zakat payable	38	38	38	38
Bank Overdraft	-	759	-	-
	<u>251,498</u>	<u>599,343</u>	<u>242,916</u>	<u>476,636</u>

## 15. OTHER LIABILITIES (CONTD.)

Trade payables mainly relate to the stock and share-broking operations of the Bank and its subsidiaries and represent amount payable in outstanding sales contracts. Included in trade payables of the Group and the Bank are amounts due to brokers amounting to RM106,787,000 (March 2014: RM342,704,000) and RM44,544,000 (March 2014: RM274,610,000) respectively which is settled net of amount due from brokers of RM109,674,000 (March 2014: RM84,633,000) and RM40,612,000 (March 2014: RM19,044,000) respectively as disclosed in note 13 under a netting arrangement.

Amount due to subsidiaries and related companies are unsecured, non-interest bearing, are repayable on demand and represent expenses paid on behalf.

## 16. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Short-term funds and deposits with financial institutions	6,479	4,379	9,206	8,325
Financial investments available-for-sale	3,383	422	6,538	822
Securities held-to-maturity	771	788	1,551	1,568
Loans, advances and financing - Interest income other than recoveries from impaired loans	10,065	11,613	20,803	22,286
Others	99	967	189	2,634
Gross interest income	20,797	18,169	38,287	35,635
Accretion of discounts less amortisation of premiums	784	1,468	3,479	3,021
	21,581	19,637	41,766	38,656
Bank	Individual Quarter		Cumulative Quarter	
	30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Short-term funds and deposits with financial institutions	6,036	4,063	8,312	7,548
Financial investments available-for-sale	3,383	422	6,538	822
Securities held-to-maturity	771	788	1,551	1,568
Loans and advances - Interest income other than recoveries from impaired loans	9,785	11,613	20,242	22,286
Others	30	53	69	320
Gross interest income	20,005	16,939	36,712	32,544
Accretion of discounts less amortisation of premiums	784	1,468	3,479	3,021
	20,789	18,407	40,191	35,565

## 17. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.09.14	30.09.13	30.09.14	30.09.13
	RM'000	RM'000	RM'000	RM'000
Deposit of banks and other financial institutions	16,853	12,008	31,806	22,515
Subordinated deposits and term loans	312	-	625	-
Others	58	799	112	1,561
	<u>17,223</u>	<u>12,807</u>	<u>32,543</u>	<u>24,076</u>

Bank	Individual Quarter		Cumulative Quarter	
	30.09.14	30.09.13	30.09.14	30.09.13
	RM'000	RM'000	RM'000	RM'000
Deposit of banks and other financial institutions	16,853	12,008	31,806	22,515

## 18. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.14	30.09.13	30.09.14	30.09.13
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commissions	32,887	38,096	62,944	81,990
Corporate advisory	6,784	19,885	13,771	23,896
Fees on loans and securities	(149)	1,286	3,997	4,834
Guarantee fees	73	107	157	225
Portfolio management fees	143	121	285	232
Underwriting commission	(467)	1,809	6,971	1,810
Wealth management fees	7,872	5,961	19,048	15,058
Other fee and commission income	897	907	2,563	1,820
	<u>48,040</u>	<u>68,172</u>	<u>109,736</u>	<u>129,865</u>

Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	-	38	-	77
Financial investments available-for-sale	175	245	175	1,453
Net foreign exchange (loss)/gain	421	216	123	260
Net (loss)/gain from sale of financial assets held-for-trading	(3)	364	(13)	560
Net gain from sale of financial investments available-for-sale	-	152	-	152
Net loss on revaluation of derivatives	6	(263)	(1)	(557)
Net gain on revaluation of financial assets held-for-trading	(7)	(216)	11	(24)
Portfolio income	-	(1,742)	-	-
	<u>592</u>	<u>(1,206)</u>	<u>295</u>	<u>1,921</u>

Other income:				
Net gain on disposal of property and equipment	-	19	2	80
Non-trading foreign exchange gain	154	131	229	306
Rental income	591	577	1,191	1,155
Others	18,841	13,128	19,279	13,504
	<u>19,586</u>	<u>13,855</u>	<u>20,701</u>	<u>15,045</u>
	<u>68,218</u>	<u>80,821</u>	<u>130,732</u>	<u>146,831</u>

## 18. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Fee and commission income:				
Brokerage fees and commissions	27,642	24,787	52,153	56,076
Corporate advisory	6,784	19,885	13,771	23,896
Fees on loans and securities	(149)	1,286	3,997	4,834
Guarantee fees	73	107	157	225
Portfolio management fees	143	121	285	232
Underwriting commission	(467)	1,757	6,944	1,758
Wealth management fees	7,872	5,961	19,048	15,058
Other fee and commission income	653	600	2,086	1,254
	<u>42,551</u>	<u>54,504</u>	<u>98,441</u>	<u>103,333</u>
Investment and trading income:				
Gross dividend income from:				
Unquoted associated Bank	-	-	1,000	-
Financial assets held-for-trading	-	38	-	77
Financial investments				
available-for-sale	175	245	175	1,453
Net foreign exchange (loss)/gain	418	212	119	253
Net gain from sale of financial assets				
held-for-trading	-	431	3	639
Net gain from sale of financial				
investments available-for-sale	-	152	-	152
Net loss on revaluation of derivatives	6	(263)	(1)	(557)
Net (loss)/gain on revaluation of financial				
assets held-for-trading	(7)	(218)	11	(26)
Portfolio income	-	(1,742)	-	-
Gain from liquidation of a subsidiary	201	-	201	-
	<u>793</u>	<u>(1,145)</u>	<u>1,508</u>	<u>1,991</u>
Other income:				
Net gain on disposal of property and				
equipment	-	-	2	61
Non-trading foreign exchange gain	-	-	-	4
Rental income	591	577	1,191	1,155
Others	39	144	264	319
	<u>630</u>	<u>721</u>	<u>1,457</u>	<u>1,539</u>
	<u>43,974</u>	<u>54,080</u>	<u>101,406</u>	<u>106,863</u>

## 19. DIRECT COSTS

Group	Individual Quarter		Cumulative Quarter	
	30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Dealers incentive	1,421	2,536	4,242	6,413
Brokerage commission	9,665	12,465	17,610	25,288
Others	5,661	5,125	11,912	11,484
	<u>16,747</u>	<u>20,126</u>	<u>33,764</u>	<u>43,185</u>
Bank	Individual Quarter		Cumulative Quarter	
	30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Dealers incentive	1,421	2,536	4,242	6,413
Brokerage commission	7,825	6,995	14,093	14,574
Others	5,661	5,126	11,912	11,484
	<u>14,907</u>	<u>14,657</u>	<u>30,247</u>	<u>32,471</u>

## 20. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.09.14	30.09.13	30.09.14	30.09.13
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	14,900	20,879	39,960	47,926
- Scheme shares and options granted under AMMB Executives' Share Scheme	2,528	3,609	2,711	4,947
- Others	6,024	8,003	13,468	15,571
	<u>23,452</u>	<u>32,491</u>	<u>56,139</u>	<u>68,444</u>
Establishment costs				
- Amortisation of intangible assets	206	223	429	442
- Computerisation costs	1,476	1,703	3,026	3,668
- Depreciation of property and equipment	979	932	1,962	1,874
- Rental	3,163	3,627	6,614	7,141
- Others	1,644	1,713	3,041	3,588
	<u>7,468</u>	<u>8,198</u>	<u>15,072</u>	<u>16,713</u>
Marketing and communication expenses				
- Advertising and marketing	292	229	478	441
- Sales commission	167	267	294	612
- Travel and entertainment	576	829	1,353	1,682
- Others	1,876	1,803	3,259	3,249
	<u>2,911</u>	<u>3,128</u>	<u>5,384</u>	<u>5,984</u>
Administration and general expenses				
- Professional fees	1,025	3,190	1,970	3,693
- Others	2,653	1,126	4,482	3,513
	<u>3,678</u>	<u>4,316</u>	<u>6,452</u>	<u>7,206</u>
Service transfer pricing recovery, net	(1,992)	(6,176)	(2,905)	(10,039)
	<u>35,517</u>	<u>41,957</u>	<u>80,142</u>	<u>88,308</u>

## 20. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	10,793	17,764	31,408	39,692
- Scheme shares and options granted under AMMB Executives' Share Scheme	2,423	3,435	2,641	4,665
- Others	4,814	5,717	9,883	11,532
	<u>18,030</u>	<u>26,916</u>	<u>43,932</u>	<u>55,889</u>
Establishment costs				
- Amortisation of intangible assets	197	218	412	433
- Computerisation costs	6	-	18	53
- Depreciation of property and equipment	722	764	1,460	1,543
- Rental	2,050	2,513	4,377	4,948
- Others	869	986	1,496	2,097
	<u>3,844</u>	<u>4,481</u>	<u>7,763</u>	<u>9,074</u>
Marketing and communication expenses				
- Advertising and marketing	287	209	464	413
- Sales commission	167	267	294	612
- Travel and entertainment	454	632	1,114	1,319
- Others	1,752	1,452	2,908	2,607
	<u>2,660</u>	<u>2,560</u>	<u>4,780</u>	<u>4,951</u>
Administration and general expenses				
- Professional fees	716	3,102	1,462	3,556
- Others	2,129	623	3,491	2,548
	<u>2,845</u>	<u>3,725</u>	<u>4,953</u>	<u>6,104</u>
Service transfer pricing recovery, net	(2,644)	(1,620)	(4,391)	(4,502)
	<u>24,735</u>	<u>36,062</u>	<u>57,037</u>	<u>71,516</u>

## 21. (ALLOWANCE)/WRITEBACK OF ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
(Allowance)/writeback of allowance for impairment on loans, advances and financing:				
Collective allowance	3,512	(808)	3,508	(1,470)
Individual allowance	(476)	176	(577)	326
Impaired loans, advances and financing recovered	-	-	1,075	-
	<u>3,036</u>	<u>(632)</u>	<u>4,006</u>	<u>(1,144)</u>
<b>Bank</b>				
(Allowance)/writeback of allowance for impairment on loans, advances and financing:				
Collective allowance	3,512	(808)	3,508	(1,470)
Individual allowance	(741)	176	(692)	326
Impaired loans, advances and financing recovered	-	-	1,075	-
	<u>2,771</u>	<u>(632)</u>	<u>3,891</u>	<u>(1,144)</u>

## 22. BUSINESS SEGMENT ANALYSIS

<b>30.09.2014 Group</b>	<b>Wholesale Banking RM'000</b>	<b>Operating Segments RM'000</b>	<b>Total RM'000</b>
External revenue	154,196	25,112	179,308
Revenue from other segments	(728)	728	-
Revenue	<u>153,468</u>	<u>25,840</u>	<u>179,308</u>
Income	118,967	(6,256)	112,711
Share in results of associates	-	290	290
Other operating expenses	(79,403)	(739)	(80,142)
<i>of which:</i>			
<i>Depreciation of property and equipment</i>	(1,584)	(378)	(1,962)
<i>Amortisation of intangible assets</i>	(428)	(1)	(429)
Profit/(loss) before provisions	<u>39,564</u>	<u>(6,705)</u>	<u>32,859</u>
Writeback of provisions - net	5,565	373	5,938
Profit/(loss) before taxation	<u>45,129</u>	<u>(6,332)</u>	<u>38,797</u>
Taxation and zakat	(9,537)	(4,252)	(13,789)
Profit/(loss) after taxation	<u>35,592</u>	<u>(10,584)</u>	<u>25,008</u>
<b>Other information:</b>			
Total segment assets	1,097,817	1,706,638	2,804,455
Total segment liabilities	416,615	1,879,543	2,296,158
Cost to income ratio	66.7%	-11.8%	71.1%
Gross loans, advances and financing	506,488	4,172	510,660
Net loans, advances and financing	503,209	3,824	507,033
Impaired loans, advances and financing	2,311	-	2,311
Total deposits	-	1,845,897	1,845,897
Additions to:			
Property and equipment	541	180	721
Intangible assets	99	-	99

## 22. BUSINESS SEGMENT ANALYSIS (CONTD.)

30.09.2013 Group	Wholesale Banking RM'000	Operating Segments RM'000	Total RM'000
External revenue	175,597	18,436	194,033
Revenue from other segments	(2,778)	2,778	-
Revenue	<u>172,819</u>	<u>21,214</u>	<u>194,033</u>
Income	127,993	(1,426)	126,567
Share in results of associates	-	205	205
Other operating expenses	(81,491)	(6,817)	(88,308)
<i>of which:</i>			
<i>Depreciation of property and equipment</i>	(1,523)	(351)	(1,874)
<i>Amortisation of intangible assets</i>	(441)	(1)	(442)
Profit/(loss) before provisions	<u>46,502</u>	<u>(8,038)</u>	<u>38,464</u>
Writeback of provisions - net	9,206	54	9,260
Profit/(loss) before taxation	<u>55,708</u>	<u>(7,984)</u>	<u>47,724</u>
Taxation and zakat	(9,225)	(8,366)	(17,591)
Profit/(loss) after taxation	<u>46,483</u>	<u>(16,350)</u>	<u>30,133</u>
<b>Other information:</b>			
Total segment assets	2,011,988	1,271,869	3,283,857
Total segment liabilities	687,475	2,029,831	2,717,306
Cost to income ratio	63.7%	-478.1%	69.8%
Gross loans, advances and financing	1,118,374	5,526	1,123,900
Net loans, advances and financing	1,110,780	5,480	1,116,260
Impaired loans, advances and financing	3,504	-	3,504
Total deposits	-	1,978,478	1,978,478
Additions to:			
Property and equipment	1,425	9	1,434
Intangible assets	208	-	208

Included in the above is Islamic banking business profit before taxation of RM5.9 million for the Group and the Bank for the period ended 30 September 2014 (RM7.4 million for the Group and the Bank for the period ended 30 September 2013).

The Group's activities are principally conducted in Malaysia except for AmFrasers International Pte. Ltd. and its subsidiaries, activities of which are principally conducted in Singapore, which contributed to a profit before tax of RM9.6 million for the period ended 30 September 2014 (Profit before tax RM 19.1 million for the period ended 30 September 2013).

## 23. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and Bank make various commitments and incur 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 Group's assets.

As at the reporting date, the commitments and contingencies of the Group and the Bank are as follows:

	<b>30.09.14</b>	<b>31.03.14</b>
<b>Group</b>	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	245,808	387,900
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	619	19
Forward purchase commitments	-	-
	<u>246,427</u>	<u>387,919</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	107,197	114,947
Obligations under an on-going underwriting agreement	39,324	21,375
Others	100	100
	<u>146,621</u>	<u>136,422</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts:		
- One year or less	4,392	4,537
Equity related contracts:		
- One year or less	-	642
	<u>4,392</u>	<u>5,179</u>
	<u>397,440</u>	<u>529,520</u>
<b>Bank</b>		
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	245,808	387,900
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	619	19
Forward purchase commitments	-	-
	<u>246,427</u>	<u>387,919</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	107,197	114,947
Obligations under an on-going underwriting agreement	39,324	21,375
Others	100	100
	<u>146,621</u>	<u>136,422</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts:		
- One year or less	1,207	2,739
Equity related contracts:		
- One year or less	-	642
	<u>1,207</u>	<u>3,381</u>
	<u>394,255</u>	<u>527,722</u>

### 23. COMMITMENTS AND CONTINGENCIES (CONTD.)

AmTrustee Berhad ("AmTrustee"), an associated Bank of the Bank was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") for alleged loss and damage amounting to RM27.6 million together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Malaysian Assurance Alliance Berhad ("MAA") for alleged loss and damages amounting to approximately RM19.6 million together with interest and costs ("MAA Suit").

AmTrustee was also served with a copy of a Third Party Notice dated 12 August 2009 by solicitors acting for Meridian. The Third Party Notice was taken against AmTrustee by Meridian to indemnify Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007. AmTrustee's application to strike out the Third Party Notice was allowed by the court. Meridian's appeal against this decision to the Court of Appeal was dismissed. Decision was handed down by the High Court against Meridian in KWAP's claim for a sum of approximately RM7.3 million with interest to the date of judgment and a further interest of 8% on the said sum from the date of judgment to the date of settlement of the judgment sum.

MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of the insurance funds were deposited by Meridian with AmTrustee. The claim by MAA in the MAA Suit is part of the portion of the claim as mentioned in the above Meridian Suit. Just before the trial proceeded, MAA added Meridian as a Co-Defendant in the MAA Suit.

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

Parties have filed several interim applications in the Meridian Suit amongst which was an Application by Meridian to add the Bank to the Meridian Suit as the Co-Defendant and also to increase the alleged loss and damage from RM27.6 million to RM37.0 million.

The High Court dismissed Meridian's application to add the Bank as a party to the Meridian's Suit "Order" but allowed Meridian's application to increase its claim against AmTrustee to approximately RM37.0 million. No appeal was filed by Meridian against this "Order", hence no litigation is pending today against the Bank by Meridian.

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

On 11 April 2013, the court decided as follows ("Decision"):

In the MAA Suit:

- the court dismissed MAA's claim against AmTrustee with costs of RM100,000 and interest at 5% on the cost from the date of the decision to the date of settlement. Meridian on the other hand was found to be fully liable to MAA and was ordered to pay the sum of RM19.6 million with interest from the date of filing of the writ to the date of realization and costs of RM100,000 with interest at 5% on the cost from the date of the decision to the date of settlement.

In the Meridian Suit:

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

This essentially means that Meridian has to pay MAA and KWAP for all the damages claimed by MAA and KWAP and AmTrustee has to pay 40% of that amount that Meridian has paid to MAA and KWAP. Court further awarded Meridian to pay AmTrustee cost of RM20,000.

## 23. COMMITMENTS AND CONTINGENCIES (CONTD.)

Both Meridian and MAA have filed their appeals and AmTrustee has also filed its cross appeals against Meridian's and MAA's appeals.

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

The Court of Appeal had fixed the appeals for further case management on 5 September 2013 for parties to update Court of Appeal on the status of their appeals. On 5 September 2013 the Court of Appeal fixed 29 January 2014 for the parties to file Written Submissions. The Court of Appeal also had fixed the hearing on the appeals and cross appeals on 19 May 2014.

On 19 May 2014, the Court of Appeal heard the appeals by all parties and subsequently, gave its decision as follows ('Court of Appeal Decision'):

In the MAA Suit:

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

In the Meridian Suit:

- Meridian's appeal against the High Court Decision was dismissed;
- AmTrustee's appeal against Meridian's appeal was dismissed.

MAA and AmTrustee had agreed to the stay of execution of the Court of Appeal Decision pending the disposal of AmTrustee's application for leave to appeal to Federal Court ('Leave Application'). As at the end of the reporting period, AmTrustee had filed its notice of motion for the Leave Application at Federal Court. The Federal Court has yet to fix a date to hear AmTrustee's Leave Application.

## 24. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Group and the Bank use 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.

## 24. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

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

(a) Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values)

Financial Assets	< ----- Group ----- >				< ----- Bank ----- >			
	30.09.14		31.03.2014		30.09.14		31.03.2014	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial investments held-to-maturity	75,100	71,635	75,100	69,708	75,100	71,635	75,100	69,708

(b) Financial instruments measured at fair value

30.09.14	< ----- Group ----- >				< ----- Bank ----- >			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets measured at fair value</b>								
Financial assets held-for-trading								
- Equities	680	-	-	680	680	-	-	680
Financial investments available-for-sale								
- Money market securities	-	300,540	-	300,540	-	300,540	-	300,540
- Unquoted private debt securities	-	25,784	-	25,784	-	25,784	-	25,784
	680	326,324	-	327,004	680	326,324	-	327,004
<b>Assets for which fair values are disclosed</b>								
Financial investments held-to-maturity								
- Unquoted private debt securities	-	71,535	100	71,635	-	71,535	100	71,635
31.03.2014	< ----- Group ----- >				< ----- Bank ----- >			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets measured at fair value</b>								
Financial assets held-for-trading								
- Equities	659	-	-	659	659	-	-	659
Financial investments available-for-sale								
- Money market securities	-	547,165	-	547,165	-	547,165	-	547,165
- Unquoted private debt securities	-	25,642	-	25,642	-	25,642	-	25,642
	659	572,807	-	573,466	659	572,807	-	573,466
<b>Assets for which fair values are disclosed</b>								
Financial investments held-to-maturity								
- Unquoted private debt securities	-	69,608	100	69,708	-	69,608	100	69,708
<b>Liabilities measured at fair value</b>								
Derivative financial liabilities	10	-	-	10	5	-	-	5

## 25. CAPITAL ADEQUACY

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

	<b>Group</b>		<b>Bank</b>	
	<b>30.09.14</b>	<b>31.03.14</b>	<b>30.09.14</b>	<b>31.03.14</b>
Before deducting proposed dividends:				
CET 1 Capital Ratio	26.563%	24.652%	25.518%	21.207%
Tier 1 Capital Ratio	26.563%	24.652%	25.518%	21.207%
Total Capital Ratio	26.563%	24.652%	25.518%	21.207%
<hr/>				
After deducting proposed dividend:				
CET 1 Capital Ratio	25.783%	24.652%	24.522%	21.207%
Tier 1 Capital Ratio	25.783%	24.652%	24.522%	21.207%
Total Capital Ratio	25.783%	24.652%	24.522%	21.207%

The capital adequacy ratio of the Group refers to the consolidated capital base as a ratio of the consolidated risk-weighted assets of the Bank and its subsidiaries. The capital adequacy ratio of the Bank refers to the combined capital base as a ratio of the risk-weighted assets of the Bank for the financial quarter.

The minimum regulatory capital adequacy requirements for the risk weighted capital ratios are as follows:

	<b>Calendar Year</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
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%

## 25. CAPITAL ADEQUACY RATIO (CONTD.)

(b) The components of Tier I and Tier II Capital of the Group and the Bank are as follows:

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
<b><u>Common Equity Tier 1 ("CET1") Capital</u></b>				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	56,281	38,006	75,651	57,377
Unrealised gains on available-for-sale ("AFS") financial instruments	1,413	1,760	1,362	1,707
Foreign exchange translation reserve	34,200	34,517	-	-
Statutory reserve fund	200,000	200,000	200,000	200,000
Capital reserve	2,815	2,815	-	-
Merger reserve	7,656	7,656	-	-
Less : Regulatory adjustments applied on CET1 capital				
Goodwill	(11,243)	(11,243)	-	-
Other intangibles	(2,553)	(1,811)	(1,323)	(1,714)
Deferred tax assets	(2,693)	(14,164)	(2,693)	(14,164)
55% of cumulative gains of AFS financial instruments	(777)	(968)	(749)	(939)
Investments in ordinary shares of unconsolidated financial and insurance/takaful entities	(192)	(333)	(20,408)	(20,408)
Deduction in excess of Tier 2 *	(25,234)	(22,891)	(106,101)	(103,190)
<b>CET1 capital</b>	<b>459,673</b>	<b>433,344</b>	<b>345,739</b>	<b>318,669</b>
<b>Tier 1 ("T1") capital</b>	<b>459,673</b>	<b>433,344</b>	<b>345,739</b>	<b>318,669</b>
<b><u>Tier 2 ("T2") capital</u></b>				
Collective impairment provisions and regulatory reserves #	1,316	4,085	1,316	4,085
Less : Regulatory adjustments applied on Tier 2 capital	(1,316)	(4,085)	(1,316)	(4,085)
<b>Tier 2 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>459,673</b>	<b>433,344</b>	<b>345,739</b>	<b>318,669</b>

\*The portion of regulatory adjustments not deducted from Tier 2 Capital (as the Bank does not have enough Tier 2 to satisfy the deduction) is deducted from the next higher level of capital; as per paragraph 31.1 of the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components).

#Excludes collective allowance on impaired loans restricted from Tier 2 capital of the Group and the Bank of RM NIL.(31 March 2014 : RM787,973)

The breakdown of risk-weighted assets of the Group and the Bank in the various risk categories are as follows:

	Group		Bank	
	30.09.14 RM'000	31.03.14 RM'000	30.09.14 RM'000	31.03.14 RM'000
Credit risk	1,154,463	1,290,468	946,208	1,097,505
Market risk	164,615	38,768	68,415	38,766
Operational risk	411,435	428,605	340,254	366,407
	<b>1,730,513</b>	<b>1,757,841</b>	<b>1,354,877</b>	<b>1,502,678</b>

## 26. OPERATIONS OF ISLAMIC BANKING

The statements of financial position as at 30 September 2014 and the results for the period ended 30 September 2014 of the Islamic banking business of the Group and the Bank, included in the financial statements, after elimination of intercompany transactions and balances are summarised as follows:

### STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	Group and Bank	
	30.09.14	31.03.14
	RM'000	RM'000
<b>ASSETS</b>		
Cash and short-term funds	207,204	479,614
Other receivables, deposits and prepayments	17,459	16,687
Deferred tax assets	29	292
Property and equipment	25	29
Intangible assets	1	2
<b>TOTAL ASSETS</b>	<b>224,718</b>	<b>496,624</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>		
Deposits and placements of banks and other financial institutions	-	301,500
Other liabilities	60,528	35,314
Total Liabilities	60,528	336,814
<b>ISLAMIC BANKING FUNDS</b>		
Capital funds	30,000	30,000
Reserves	134,190	129,810
Islamic Banking Funds	164,190	159,810
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>	<b>224,718</b>	<b>496,624</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>77,650</b>	<b>77,650</b>

26. OPERATIONS OF ISLAMIC BANKING (CONTD.)

**UNAUDITED INCOME STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

Group and Bank	Individual Quarter		Cumulative Quarter	
	30.09.14 RM'000	30.09.13 RM'000	30.09.14 RM'000	30.09.13 RM'000
Income derived from investment of depositors' funds and others	566	277	889	597
Total attributable income	566	277	889	597
Income attributable to depositors	-	(2)	(914)	(8)
Profit attributable to the Group and the Bank	566	275	(25)	589
Income derived from investment of Islamic banking funds	2,435	2,504	6,581	7,807
Direct costs	(19)	(25)	(36)	(55)
Total net income	2,982	2,754	6,520	8,341
Other operating expenses	162	(27)	(654)	(973)
Profit before taxation	3,144	2,727	5,866	7,368
Taxation	(791)	(671)	(1,487)	(1,729)
Profit after taxation	2,353	2,056	4,379	5,639

**26. OPERATIONS OF ISLAMIC BANKING (CONTD.)**

**26a. OTHER LIABILITIES**

	<b>Group and Bank</b>	
	<b>30.09.14</b>	<b>31.03.14</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	6,016	559
Other payables and accruals	85	5,455
Amount due to head office	27,244	3,341
Taxation and zakat payable	27,183	25,959
	<u>60,528</u>	<u>35,314</u>

## 27. Credit Exposures Arising From Credit Transactions With Connected Parties

<b>Group and Bank</b>	<b>30.09.14</b>	<b>30.09.13</b>
Outstanding credit exposure with connected parties (RM'000)	28,256	95,925
Percentage of outstanding credit exposure to connected parties as proportion of total credit exposures	4.23%	7.35%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	-	-

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

Based on this guidelines, a connected party refers to the following:

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder and their close relatives;
- (iii) Executive officer, being a member of management having authority and responsibility for planning and directing and/or controlling the activities of the Bank, and their close relatives;
- (iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
- (v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
- (vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposure to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposure such as guarantees, trade-related facilities and loan commitments. It also includes holding of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

## 28. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP AND THE BANK FOR THE PERIOD

The Group reported a pretax profit of RM38.8 million (RM47.7 million for the period ended 30 September 2013) and the Bank reported a pretax profit of RM32.8 million (RM24.2 million for the period ended 30 September 2013), and in respect of the non-Islamic business, are attributable to:

- (i) Lower net interest income of RM9.2 million and RM8.4 million (RM14.6 million and RM13.1 million for the period ended 30 September 2013) for the Group and Bank, respectively due to higher interest expense on deposits of banks and other financial institutions.
- (ii) Lower fee income of RM109.7 million and RM98.4 million (RM129.9 million and RM103.3 million for the period ended 30 September 2013), for the Group and Bank, respectively due to lower brokerage fees and commission and lower corporate advisory fees.
- (iii) Lower investment and trading income of RM0.3 million and RM1.5 million (RM1.9 million and RM2.0 million for the period ended 30 September 2013), for the Group and Bank respectively due to lower dividend income from financial investments available for sale and lower gain from sale of financial assets held for trading and financial investments available for sale.
- (iv) Writeback of allowance for impairment on loan and financing of RM4.0 million for the Group and RM3.9 million for the Bank (Allowance for impairment of RM1.1 million for the period ended 30 September 2013 for the Group and the Bank) due to recovery of impaired loans and significant writeback of collective allowance.

Lower net income from Islamic banking business of RM6.5 million for the Group and the Bank (RM8.3 million for the period ended 30 September 2013 for the Group and the Bank) due to lower fee income.

Shareholder's equity stood at RM0.5 billion (RM0.5 billion as at 31 March 2014) for the Group and the Bank, respectively.

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

## 29. CURRENT PERIOD PROSPECTS

The Malaysian economy registered a strong growth of 6.3% year-on-year in first half 2014 (4.4% year-on-year growth in first half 2013), mainly supported by trade. For full year 2014, the Group expects Malaysia's gross domestic product to grow circa 5.9%.

Moving into 2H2014, trade will continue to support the Malaysian economic growth, benefiting from our major trading partners demand and potential new markets. Growth will further be supported by the domestic activities.

In the banking sector, lending growth continues to be driven from a broader base of both consumer and corporate. Going forward, rising cost from the ongoing rationalisation of subsidy, goods & service tax impact and further upwards pressure on the borrowing costs will continue to weigh on households spending. There will be some pressure on the asset quality.

At AmBank Group, our FY2015 – 2017 strategic agenda are (1) Deliver on focused organic growth; (2) Leverage strategic partnerships and deliver on acquisitions; (3) Continue to optimise efficiency; and (4) Build sustainability. Nevertheless, the business and economic environment has been increasingly challenging, while compliance requirements continue to rise. We will remain dynamic and responsive with key measures to drive growth, supported by ongoing investment to improve capabilities and customer experience.

## 30. VALUATIONS OF PROPERTY AND EQUIPMENT

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

## 31. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Bank for the current financial quarter.