

Company No. 295576-U

Amlslamic Bank Berhad
(Incorporated in Malaysia)

Interim Financial Statements
For the Financial Period
1 April 2014 to
30 September 2014
(In Ringgit Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

		30 September	31 March
	Note	2014	2014
		RM'000	RM'000
ASSETS			
Cash and short-term funds		2,848,763	2,935,528
Deposits and placements with banks and other financial institutions		418,383	1,118,383
Derivative financial assets		5,083	7,699
Financial assets held-for-trading	A8	203,132	64,694
Financial investments available-for-sale	A9	3,116,662	3,854,715
Financial investments held-to-maturity	A10	1,242,795	1,236,055
Financing and advances	A11	24,297,554	24,445,039
Receivables : Investments not quoted in active markets	A12	459,318	106,649
Statutory deposit with Bank Negara Malaysia		899,000	891,000
Other assets	A13	298,199	550,101
Property and equipment		342	380
Intangible assets		26	26
TOTAL ASSETS		33,789,257	35,210,269
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A14	1,801,627	3,261,358
Recourse obligation on financing sold to Cagamas Berhad		2,090,790	2,068,337
Derivative financial liabilities		7,612	7,675
Deposits from customers	A15	25,382,635	25,462,501
Term funding		550,000	550,000
Subordinated Sukuk		1,149,318	1,149,302
Deferred tax liability		8,124	7,255
Other liabilities	A16	473,397	351,142
Provision for zakat		1,779	1,069
TOTAL LIABILITIES		31,465,282	32,858,639
Share capital		462,922	462,922
Reserves		1,861,053	1,888,708
Equity attributable to equity holder of the Bank		2,323,975	2,351,630
TOTAL LIABILITIES AND EQUITY		33,789,257	35,210,269
COMMITMENTS AND CONTINGENCIES	A27	9,099,208	8,389,372
NET ASSETS PER SHARE (RM)		5.02	5.08

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 30 SEPTEMBER 2014**

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A17	438,216	406,345	858,375	806,225
Income derived from investment of shareholder's funds	A18	24,073	26,490	47,101	61,977
Allowance for impairment on financing and advances	A19	(36,045)	(56,946)	(92,544)	(73,753)
Writeback of provision for/ (Provision for) commitments and contingencies		(1,950)	977	5,770	694
Transfer to profit equalisation reserve		(3,765)	(1,802)	(4,604)	(9,011)
Total distributable income		420,529	375,064	814,098	786,132
Income attributable to the depositors	A20	(225,004)	(202,233)	(450,998)	(400,818)
Total net income		195,525	172,831	363,100	385,314
Other operating expenses	A21	(86,433)	(90,064)	(174,762)	(179,864)
Finance cost		(19,326)	(17,051)	(38,441)	(33,917)
Profit before zakat and taxation		89,766	65,716	149,897	171,533
Zakat		(230)	(326)	(711)	(807)
Taxation		(19,871)	(15,081)	(33,008)	(39,251)
Profit for the period		69,665	50,309	116,178	131,475
Earnings per share (sen)					
Basic/Diluted	A22	15.05	10.87	25.10	28.40

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 30 SEPTEMBER 2014**

	Individual Quarter		Cumulative Quarter	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	69,665	50,309	116,178	131,475
Other comprehensive income:				
Items that may be reclassified to the income statement:				
Net change in revaluation of financial investments available-for-sale	6,684	(9,729)	8,780	(8,257)
Income tax relating to the components of other comprehensive income	(1,604)	2,432	(2,353)	2,064
Other comprehensive income/(loss) for the period, net of tax	5,080	(7,297)	6,427	(6,193)
Total comprehensive income for the period	74,745	43,012	122,605	125,282

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 30 SEPTEMBER 2014

	Attributable to Equity Holder of the Bank						Total RM'000
	Non-distributable				Distributable		
	Share Capital RM'000	Share Premium RM'000	Profit equalisation reserve RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Retained Earnings 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	-	-	-	-	-	131,475	131,475
Other comprehensive loss	-	-	-	-	(6,193)	-	(6,193)
Total comprehensive income for the period	-	-	-	-	(6,193)	131,475	125,282
Net utilisation of profit equalisation reserve	-	-	5,542	-	-	(5,542)	-
Transfer of AMMB 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	-	-	5,542	-	-	(5,591)	(49)
At 30 September 2013	462,922	724,185	6,855	424,266	(13,449)	647,393	2,252,172
At 1 April 2014	462,922	724,185	1,260	483,345	(18,442)	698,360	2,351,630
Profit for the period	-	-	-	-	-	116,178	116,178
Other comprehensive income	-	-	-	-	6,427	-	6,427
Total comprehensive income for the period	-	-	-	-	6,427	116,178	122,605
Net utilisation of profit equalisation reserve	-	-	1,341	-	-	(1,341)	-
Transfer of AMMB ESS shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(273)	(273)
Proposed dividend - Ordinary	-	-	-	-	-	(149,987)	(149,987)
Transactions with owner and other equity movements	-	-	1,341	-	-	(151,601)	(150,260)
At 30 September 2014	462,922	724,185	2,601	483,345	(12,015)	662,937	2,323,975

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 30 SEPTEMBER 2014

	30 September 2014	30 September 2013
	RM'000	RM'000
Profit before zakat and taxation	149,897	171,533
Adjustments for non-operating and non-cash items	108,667	83,025
Operating profit before working capital changes	<u>258,564</u>	<u>254,558</u>
Changes in working capital:		
Net changes in operating assets	436,270	1,038,212
Net changes in operating liabilities	(1,393,724)	306,042
Taxation paid	<u>(24,040)</u>	<u>(42,989)</u>
Net cash generated from/(used in) operating activities	<u>(722,930)</u>	<u>1,555,823</u>
Net cash generated from/(used in) investing activities	786,152	(1,389,380)
Net cash generated from/(used in) financing activities	<u>(149,987)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>(86,765)</u>	<u>166,443</u>
Cash and cash equivalents at beginning of the financial year	<u>2,935,528</u>	<u>3,540,872</u>
Cash and cash equivalents at end of the financial period	<u><u>2,848,763</u></u>	<u><u>3,707,315</u></u>

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

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 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 did not have significant impact on the accounting policies, financial position or performance of the Bank and accounting policy a hedge accounting.

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 Accounting

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 MFRSs 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"

b. 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

c. 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 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).

A1. BASIS OF PREPARATION (CONTD.)

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

c. 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 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.

A1. BASIS OF PREPARATION (CONTD.)

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

c. 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.

A1. BASIS OF PREPARATION (CONTD.)

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

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

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 Bank's financial assets, but will not have an impact on the classification and measurement of the Bank's financial liabilities. The Bank will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

A1. BASIS OF PREPARATION (CONTD.)

3. Adoption of accounting policy on Hedge accounting

The Bank makes use of derivative instruments to manage exposures to profit rate, foreign currency and credit risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, the Bank applies hedge accounting for transactions which meet specified criteria. During the current financial quarter, the Bank has undertaken a fair value hedge on the profit rate risk of certain unquoted securities.

At inception of the hedge relationship, the Bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognised in the income statement. For situations where the hedged item is a forecast transaction, the Bank also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statement.

Fair value hedges

The change in the fair value of a hedging derivative is recognised in "other operating income" in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in "other operating income" in the income statement.

For fair value hedges relating to items recorded at amortised cost, any adjustment to carrying value is amortised through the income statement over the remaining term of the hedge using the effective profit rate ("EPR") method. EPR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the income statement.

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

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

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

A7. DIVIDENDS

During the current financial quarter, 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 the respect of the financial year ended 31 March 2014 was paid on 26 August 2014.

In the respect of the current financial year, the Board of Directors declared an interim single-tier cash dividend of 8 sen per ordinary share on 462,922,000 ordinary shares amounting to approximately RM37,033,760.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	30 September 2014 RM'000	31 March 2014 RM'000
At fair value:		
Money Market Instruments:		
Government Investment Issues	82,078	-
Bank Negara Monetary Notes	49,440	-
	<u>131,518</u>	<u>-</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	61,606	54,695
Outside Malaysia:		
Private debt securities	10,008	9,999
	<u>203,132</u>	<u>64,694</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 September 2014 RM'000	31 March 2014 RM'000
At fair value:		
Money Market Instruments:		
Government Investment Issues	202,068	300,050
Islamic Negotiable instruments of deposit	1,444,555	996,795
Bank Negara Monetary Notes	897,580	1,969,876
	<u>2,544,203</u>	<u>3,266,721</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	572,459	587,994
	<u>3,116,662</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 receivable category as the Bank has the intention to hold the securities until maturity.

As at 30 September 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 RM235,000 (31 March 2014: RM262,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	30 September 2014	31 March 2014 (restated)
	RM'000	RM'000
At amortised cost:		
Unquoted Securities:		
In Malaysia:		
Private debt securities	1,242,795	1,236,055
	<u>1,242,795</u>	<u>1,236,055</u>

A11. FINANCING AND ADVANCES

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

30 September 2014

	Bai Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al- Bai (AITAB) RM'000	Bai Al-Inah RM'000	Others RM'000	Total RM'000
Cash lines	-	-	-	-	845,183	-	845,183
Term financing	2,829,670	181,895	8,838	-	3,973,993	40,435	7,034,831
Revolving credit	427,297	236,872	-	-	2,303,857	-	2,968,026
Housing financing	1,189,288	-	27,678	-	-	-	1,216,966
Hire purchase receivables	4	-	-	11,309,856	-	-	11,309,860
Bills receivables	-	-	-	-	-	12,921	12,921
Credit card receivables	-	-	-	-	-	295,725	295,725
Trust receipts	-	93,846	-	-	-	-	93,846
Claims on customers under acceptance credits	-	-	-	-	-	1,064,026	1,064,026
Gross financing and advances*	4,446,259	512,613	36,516	11,309,856	7,123,033	1,413,107	24,841,384
Allowance for impairment on financing and advances							
- Collective allowance							(512,790)
- Individual allowance							(31,040)
Net financing and advances							<u>24,297,554</u>

A11. FINANCING AND ADVANCES (CONTD.)

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

31 March 2014

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

* 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:

	30 September 2014 RM'000	31 March 2014 RM'000
Domestic non-bank financial institutions	5,433	19,029
Domestic business enterprises		
- Small medium enterprises	3,578,531	3,625,381
- Others	6,972,541	7,357,904
Government and statutory bodies	353,916	405,202
Individuals	13,852,386	13,518,426
Other domestic entities	3,189	571
Foreign entities	75,388	72,461
	<u>24,841,384</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:

	30 September 2014 RM'000	31 March 2014 RM'000
Fixed rate		
- Housing financing	250,315	209,307
- Hire purchase receivables	10,239,618	9,883,978
- Other financing	5,567,256	5,398,943
Variable rate		
- Base financing rate plus	3,466,509	3,385,783
- Cost plus	5,317,686	6,120,963
	<u>24,841,384</u>	<u>24,998,974</u>

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 September 2014 RM'000	31 March 2014 RM'000
Agriculture	1,016,472	977,689
Mining and quarrying	122,456	89,001
Manufacturing	2,205,292	2,212,036
Electricity, gas and water	186,225	196,279
Construction	1,571,997	1,955,097
Wholesale and retail trade and hotel and restaurants	776,383	858,708
Transport, storage and communication	812,097	867,477
Finance and insurance	262,812	180,567
Real estate	2,555,437	2,385,628
Business activities	713,592	935,431
Education and health	377,328	433,681
Household of which:	13,925,512	13,588,275
- purchase of residential properties	1,226,532	1,107,496
- purchase of transport vehicles	9,418,771	10,149,052
- others	3,280,208	2,331,727
Others	315,782	319,105
	<u>24,841,384</u>	<u>24,998,974</u>

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

	30 September 2014 RM'000	31 March 2014 RM'000
Maturing within one year	4,497,504	5,058,788
Over one year to three years	3,218,605	2,946,503
Over three years to five years	4,113,336	4,395,796
Over five years	13,011,939	12,597,887
	<u>24,841,384</u>	<u>24,998,974</u>

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 September 2014 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	348,515	268,443
Impaired during the period/year	329,286	460,256
Reclassified as non-impaired	(54,844)	(44,233)
Recoveries	(69,301)	(100,149)
Amount written off	(181,075)	(235,802)
Balance at end of financial period/year	<u>372,581</u>	<u>348,515</u>
Gross impaired financing and advances as % of gross financing and advances	<u>1.5%</u>	<u>1.4%</u>
Financing loss coverage (excluding collateral values)	<u>146.0%</u>	<u>158.9%</u>

A11h. All impaired financing and advances reside in Malaysia.

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

	30 September 2014 RM'000	31 March 2014 RM'000
Agriculture	508	1,395
Mining and quarrying	38	127
Manufacturing	35,545	32,191
Electricity, gas and water	24,696	57
Construction	13,753	12,029
Wholesale and retail trade and hotel and restaurants	9,737	10,680
Transport, storage and communication	5,258	5,480
Finance and insurance	28	614
Real estate	3,150	3,240
Business activities	9,615	6,275
Education and health	5,386	4,734
Household of which :	258,554	271,681
- purchase of residential properties	30,987	37,620
- purchase of transport vehicles	208,145	212,523
- others	19,422	21,538
Others	6,313	12
	<u>372,581</u>	<u>348,515</u>

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 September 2014 RM'000	31 March 2014 RM'000
Collective allowance		
Balance at beginning of financial year	534,465	490,410
Allowance made during the period/year, net	146,392	240,823
Transferred from AmBank *	2,463	-
Amount written off and others	(170,530)	(196,768)
Balance at end of financial period/year	<u>512,790</u>	<u>534,465</u>
Collective allowance as % of gross financing and advances (excluding RPSIA financing) less individual allowance	<u>2.1%</u>	<u>2.2%</u>
Individual allowance		
Balance at beginning of financial year	19,470	14,451
Allowance during the period/year, net	11,690	53,568
Amount written off	(120)	(48,549)
Balance at end of financial period/year	<u>31,040</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

	30 September 2014	31 March 2014 (restated)
	RM'000	RM'000
Unquoted private debt securities:	456,649	106,649
Fair value changes arising from fair value hedge	2,669	-
	<u>459,318</u>	<u>106,649</u>

During the current financial quarter, the Bank has undertaken fair value hedge on the profit rate risk of unquoted securitties of RM350.0 million using profit rate swaps with a related company. The gain/(loss) arising from the fair value hedge is as follows:

	30 September 2014 RM'000
Relating to hedge item	2,669
Relating to hedge instrument	<u>(2,561)</u>
	<u>108</u>

A13. OTHER ASSETS

	30 September 2014 RM'000	31 March 2014 RM'000
Other receivables and prepayments	38,878	41,967
Amount due from related company	-	260,873
Amount due from originators	140,689	118,239
Profit receivable	33,884	32,529
Tax recoverable	11,223	21,676
Deferred charges	73,525	74,817
	<u>298,199</u>	<u>550,101</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2014 RM'000	31 March 2014 RM'000
<u>Non-Mudarabah</u>		
Licensed Islamic banks	-	498,686
Licensed banks	-	249,556
Licensed investment banks	130	138
Other financial institutions	159,414	153,720
Bank Negara Malaysia	35,605	35,805
	<u>195,149</u>	<u>937,905</u>
<u>Mudarabah</u>		
Licensed bank	-	449,982
Licensed investment banks	207,011	479,407
Other financial institutions	1,399,467	1,394,064
	<u>1,606,478</u>	<u>2,323,453</u>
	<u>1,801,627</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

	30 September 2014 RM'000	31 March 2014 RM'000
(i) By type of deposit:		
Savings deposit		
Wadiah	1,840,970	1,841,983
Mudarabah	5,652	6,002
Demand deposit		
Wadiah	3,371,383	3,742,024
Mudarabah	36,036	34,990
Term Deposit :		
General investment account		
Wakalah	979,468	2,375,226
Mudarabah	14,366,465	17,387,110
Commodity Murabahah	4,761,310	-
Negotiable instruments of deposits		
Bai' Bithaman Ajil	21,351	21,017
Structured deposits		
Mudarabah	-	54,149
Total	<u>25,382,635</u>	<u>25,462,501</u>
(ii) The deposits are sourced from the following types of customers:		
Government and other statutory bodies	6,330,227	6,029,372
Business enterprises	12,508,455	14,215,772
Individuals	5,657,410	4,372,805
Others	886,543	844,552
	<u>25,382,635</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	17,016,590	16,135,794
Over six months to one year	2,436,923	2,996,669
Over one year to three years	230,903	272,441
Over three years to five years	444,178	432,598
	<u>20,128,594</u>	<u>19,837,502</u>

A16. OTHER LIABILITIES

	30 September 2014 RM'000	31 March 2014 RM'000
Profit payable	205,128	178,068
Other creditors and accruals	102,433	138,625
Advance rental	3,873	6,001
Profit equalisation reserve	3,180	1,571
Amount due to related companies	139,114	1,438
Provision for commitments and contingencies	19,669	25,439
	<u>473,397</u>	<u>351,142</u>

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

	Individual Quarter		Cumulative Quarter	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Income derived from investment of:				
- General investment deposits	282,330	267,957	577,292	531,619
- Special investment deposits	-	7,022	2,175	14,042
- Other deposits	155,886	131,366	278,908	260,564
	<u>438,216</u>	<u>406,345</u>	<u>858,375</u>	<u>806,225</u>

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

	Individual Quarter		Cumulative Quarter	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	267,325	249,981	543,614	493,582
- Financing income on impaired financing	495	61	985	95
Financial assets held- for-trading	(3)	1,524	161	7,700
Financial investments available-for-sale	5,322	133	13,114	133
Financial investments held-to-maturity	1,605	2,699	1,605	2,863
Others	107	-	225	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total finance income and hibah	274,851	254,398	559,704	504,373
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	1	3	4	9
- Fees on financing, advances and securities	4,433	5,758	9,610	12,044
- Guarantee fees	1,598	2,014	3,777	3,685
- Remittances	14	15	29	33
- Service charges and fees	460	372	939	743
- Underwriting commission	-	15	-	138
- Others	738	808	1,679	1,777
Foreign exchange	309	5,225	1,621	6,566
Gain/(Loss) from sale of financial assets held-for-trading	(1)	(16,721)	9	1,690
Gain/(Loss) on revaluation of financial assets held-for-trading	(2)	15,675	(9)	168
Others	(71)	395	(71)	393
	<hr/>	<hr/>	<hr/>	<hr/>
Total other operating income	7,479	13,559	17,588	27,246
	<hr/>	<hr/>	<hr/>	<hr/>
Total	282,330	267,957	577,292	531,619

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

	Individual Quarter		Cumulative Quarter	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Income derived from investment of specific investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	-	7,022	2,175	14,042
Total finance income and hibah	-	7,022	2,175	14,042

Income derived from investment of other deposits

<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	109,321	76,667	187,162	142,546
- Financing income on impaired financing	201	18	339	27
Financial assets held- for-trading	1,785	1,838	3,213	4,467
Financial investments available-for-sale	2,320	39	4,515	39
Financial investments held-to-maturity	12,318	16,217	25,953	34,740
Short-term funds and deposits and placements with other financial institutions	22,979	32,068	46,115	70,115
Others	2,987	1,178	4,303	1,776
Total finance income and hibah	151,911	128,025	271,600	253,710

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

Income derived from investment of other deposits (Contd.)

	Individual Quarter		Cumulative Quarter	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	-	1	1	3
- Fees on financing, advances and securities	1,850	1,778	3,309	3,478
- Guarantee fees	687	612	1,301	1,064
- Remittances	6	5	10	10
- Service charges and fees	188	114	323	214
- Underwriting commission	-	7	-	40
- Others	313	251	578	513
Foreign exchange	188	1,533	558	1,896
Gain/(Loss) from sale of financial assets held-for-trading	273	(4,779)	774	753
Gain/(Loss) on revaluation of financial assets held-for-trading	495	4,603	479	(332)
Others	(25)	(784)	(25)	(785)
Total other operating income	<u>3,975</u>	<u>3,341</u>	<u>7,308</u>	<u>6,854</u>
Total	<u>155,886</u>	<u>131,366</u>	<u>278,908</u>	<u>260,564</u>

A18. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Individual Quarter		Cumulative Quarter	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	-	3,600	-	22,324
Financial investments available-for-sale	20,992	19,346	41,308	31,942
Total finance income and hibah	20,992	22,946	41,308	54,266
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	626	752	1,278	1,742
- Brokerage fees, commission and rebates	-	7	-	11
- Fees on financing, advances and securities	-	-	1	1
- Remittances	1,410	1,439	2,639	2,852
- Service charges and fees	941	1,340	1,769	2,976
- Others	2	6	4	13
Gain from sale of financial investments available-for-sale	-	-	-	116
Unrealised gain on fair value hedge - net	108	-	108	-
Net loss on derivatives	(6)	-	(6)	-
Total other operating income	3,081	3,544	5,793	7,711
Total	24,073	26,490	47,101	61,977

A19. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Allowance for impairment on financing and advances:				
Individual allowance, net	4,930	23,671	11,690	21,467
Collective allowance	51,807	55,441	146,392	94,568
Impaired financing and advances recovered, net	(20,692)	(22,166)	(65,538)	(42,282)
Total	36,045	56,946	92,544	73,753

A20. INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Individual Quarter		Cumulative Quarter	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Deposit from customers				
- Mudharabah fund	155,765	120,132	299,004	241,516
- Non-Mudharabah fund	35,034	32,875	77,457	65,742
	<u>190,799</u>	<u>153,007</u>	<u>376,461</u>	<u>307,258</u>
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	9,415	17,559	23,299	34,225
- Non-Mudharabah fund	2,351	9,359	6,470	14,517
	<u>11,766</u>	<u>26,918</u>	<u>29,769</u>	<u>48,742</u>
Others	<u>22,439</u>	<u>22,308</u>	<u>44,768</u>	<u>44,818</u>
Total	225,004	202,233	450,998	400,818

A21. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Personnel costs				
– Pension costs - defined contribution plan	225	252	597	645
– Salaries, allowances and bonuses	1,425	1,535	3,748	4,046
– Shares and options granted under AMMB ESS	100	256	(306)	371
– Social security cost	12	11	22	22
– Others	38	136	238	314
	<u>1,800</u>	<u>2,190</u>	<u>4,299</u>	<u>5,398</u>
Establishment costs				
– Amortisation of intangible assets	4	9	8	18
– Cleaning, maintenance and security	7	13	14	23
– Computerisation costs	22	7	80	25
– Depreciation of property and equipment	31	37	61	73
– Rental of premises	150	150	300	300
– Others	120	115	236	230
	<u>334</u>	<u>331</u>	<u>699</u>	<u>669</u>
Marketing and communication expenses				
– Communication, advertising and marketing	1,164	887	2,528	1,908
– Others	18	28	41	56
	<u>1,182</u>	<u>915</u>	<u>2,569</u>	<u>1,964</u>
Administration and general expenses				
– Card operation charges from a related company	5,120	5,404	10,330	5,404
– Others	2,036	384	2,912	2,501
	<u>7,156</u>	<u>5,788</u>	<u>13,242</u>	<u>7,905</u>
Service transfer pricing expenses (net)	<u>75,961</u>	<u>80,840</u>	<u>153,953</u>	<u>163,928</u>
	<u>86,433</u>	<u>90,064</u>	<u>174,762</u>	<u>179,864</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.

	Individual Quarter		Cumulative Quarter	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
Net profit attributable to equity holder of the Bank (RM'000)	69,665	50,309	116,178	131,475
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)	15.05	10.87	25.10	28.40

A23. BUSINESS SEGMENT ANALYSIS

For the period ended 30 September 2014

	Retail banking	Wholesale banking	Operating segments	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	470,576	283,596	151,304	905,476
Revenue from other segments	(159,157)	156,817	2,340	-
	<u>311,419</u>	<u>440,413</u>	<u>153,644</u>	<u>905,476</u>
Net finance income	212,173	113,400	59,769	385,342
Other income	12,997	16,571	1,127	30,695
Income	<u>225,170</u>	<u>129,971</u>	<u>60,896</u>	<u>416,037</u>
Expenses	(136,027)	(29,256)	(9,479)	(174,762)
<i>of which:</i>				
<i>Depreciation of Property and Equipment</i>	-	-	(61)	(61)
<i>Amortisation of Intangible Assets</i>	-	-	(8)	(8)
Profit before provisions	<u>89,143</u>	<u>100,715</u>	<u>51,417</u>	<u>241,275</u>
Net (provisions)/ writeback	<u>(71,234)</u>	<u>20,396</u>	<u>(40,540)</u>	<u>(91,378)</u>
Profit before zakat and taxation	17,909	121,111	10,877	149,897
Zakat and taxation	(4,477)	(30,894)	1,652	(33,719)
Profit for the period	<u>13,432</u>	<u>90,217</u>	<u>12,529</u>	<u>116,178</u>

Other information

Total segment assets	14,737,900	11,492,325	7,559,032	33,789,257
Total segment liabilities	8,820,794	19,146,096	3,498,392	31,465,282
Cost to income ratio	60.4%	22.5%	15.6%	42.0%
Gross financing and advances	14,896,605	9,994,589	(49,810)	24,841,384
Net financing and advances	14,631,992	9,893,127	(227,565)	24,297,554
Impaired financing and advances	292,684	79,897	-	372,581
Deposits	8,720,612	18,116,906	346,744	27,184,262
Additions to :				
Property and Equipment	-	-	23	23
Intangible assets	-	-	9	9

A23. BUSINESS SEGMENT ANALYSIS (CONTD.)

For the period ended 30 September 2013

	Retail banking	Wholesale banking	Operating segments	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	478,439	247,993	141,770	868,202
Revenue from other segments	(161,522)	155,513	6,009	-
	<u>316,917</u>	<u>403,506</u>	<u>147,779</u>	<u>868,202</u>
Net finance income	230,296	125,483	35,876	391,655
Other income	16,766	22,588	2,458	41,812
Net Income	<u>247,062</u>	<u>148,071</u>	<u>38,334</u>	<u>433,467</u>
Expenses	(126,864)	(33,921)	(19,079)	(179,864)
<i>of which:</i>				
<i>Depreciation of Property and Equipment</i>	-	-	(73)	(73)
<i>Amortisation of Intangible Assets</i>	-	-	(18)	(18)
Profit/(Loss) before provisions	<u>120,198</u>	<u>114,150</u>	<u>19,255</u>	<u>253,603</u>
Net provisions	(49,761)	(7,330)	(24,979)	(82,070)
Profit/(Loss) before zakat and taxation	<u>70,437</u>	<u>106,820</u>	<u>(5,724)</u>	<u>171,533</u>
Zakat and taxation	(17,609)	(26,705)	4,256	(40,058)
Profit/(Loss) for the period	<u>52,828</u>	<u>80,115</u>	<u>(1,468)</u>	<u>131,475</u>

Other information

Total segment assets	13,912,921	9,833,269	9,203,010	32,949,200
Total segment liabilities	6,635,975	19,390,497	4,670,556	30,697,028
Cost to income ratio	51.3%	22.9%	49.8%	41.5%
Gross financing and advances	14,121,807	8,781,718	(60,421)	22,843,104
Net financing and advances	13,835,543	8,699,890	(213,617)	22,321,816
Impaired financing and advances	286,486	55,001	-	341,487
Deposits	6,526,786	17,981,578	2,150,660	26,659,024
Additions to :				
Property and Equipment	-	-	34	34
Intangible assets	-	-	4	4

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 30 SEPTEMBER 2014

The Bank recorded a profit before zakat and taxation ("Pre-tax profit") of RM149.9 million for the period ended 30 September 2014 compared to RM171.5 million for the corresponding period in the previous year.

The decrease in Pre-tax profit was mainly due lower income and higher provisioning.

- (i) Lower net finance income of RM385.3 million (September 2013 RM391.7 million). Mainly attributable to net finance margin ("NFM") compression mitigated by funds asset growth.
- (ii) Lower other operating income of RM30.7 million (September 2013 RM41.8 million). Decrease was due to lower fee income by RM4.1 million mainly from dip in financing and services fees coupled with lower trading and investment income by RM7.0 million, mainly from lower foreign exchange gains.
- (iii) Higher allowances for impaired financing and advances of RM92.5 million (September 2013 RM73.7 million) due to higher collective allowance by RM51.8 million mitigated by lower Individual allowance by RM9.8 million and higher recoveries by RM23.2 million.

Gross financing and advances grew by RM2.2 billion to RM24.8 billion (September 2013 RM22.8 billion) mainly driven by growth in corporate financing.

Customer deposits expanded by RM1.9 billion to RM25.4 billion (September 2013 RM23.5 billion) driven by growth in term deposits.

The Bank's total capital ratio remains strong at 14.9% 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 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/financing 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 environment has been increasingly challenging with intensifying competition and rising compliance requirements. We will remain dynamic and responsive with key measures to drive growth, supported by ongoing investment to improve capabilities and customer experience.

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.

	30 September 2014 RM'000	31 March 2014 RM'000
Contingent Liabilities		
Direct credit substitutes	103,083	128,226
Transaction related contingent items	714,551	706,662
Short-term self liquidating trade-related contingencies	80,188	60,205
Obligations under underwriting agreements	-	25,000
	<u>897,822</u>	<u>920,093</u>
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,478,081	4,113,057
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,111,696	1,024,041
Unutilised credit card lines	606,835	613,662
Forward asset purchase	312,385	170,000
	<u>6,508,997</u>	<u>5,920,760</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	1,020,869	1,110,511
Profit rate related contracts		
- Over five years	350,000	-
Equity and commodity related contracts:		
- One year or less	321,520	117,913
- Over one year to five years	-	320,095
	<u>1,692,389</u>	<u>1,548,519</u>
Total	<u>9,099,208</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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2014				
Assets measured at fair value				
Derivative financial assets	-	5,083	-	5,083
Financial assets held-for-trading				
- Money market securities	-	131,518	-	131,518
- Unquoted private debt securities	-	71,614	-	71,614
Financial investments available-for-sale				
- Money market securities	-	2,544,203	-	2,544,203
- Unquoted private debt securities	-	572,459	-	572,459
	<u>-</u>	<u>3,324,877</u>	<u>-</u>	<u>3,324,877</u>
Liabilities measured at fair value				
Derivative financial liabilities	-	7,612	-	7,612
	<u>-</u>	<u>7,612</u>	<u>-</u>	<u>7,612</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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2014				
Financial assets measured at fair value				
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>
Financial liabilities measured at fair value				
Derivative financial liabilities	-	7,675	-	7,675
	<u>-</u>	<u>7,675</u>	<u>-</u>	<u>7,675</u>

A29. CAPITAL ADEQUACY

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

	30 September 2014	31 March 2014
Before deducting proposed dividends:		
Common Equity Tier 1 Capital Ratio	9.303%	9.830%
Tier 1 Capital Ratio	9.303%	9.830%
Total Capital Ratio	15.076%	15.807%
After deducting proposed dividends:		
Common Equity Tier 1 Capital Ratio	9.155%	9.203%
Tier 1 Capital Ratio	9.155%	9.203%
Total Capital Ratio	14.928%	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:

	<u>Transitional arrangements</u>		
	Calender year 2013	Calender year 2014	Calender year 2015 onwards
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:

	30 September 2014 RM'000	31 March 2014 RM'000
<u>Common Equity Tier 1 ("CET1") capital</u>		
Ordinary shares	462,922	462,922
Share premium	724,185	724,185
Retained earnings	664,043	698,125
Available for sale reserve	(12,015)	(18,442)
Statutory reserve	483,345	483,345
Profit equalisation reserve	2,601	1,260
Less : Regulatory adjustments applied on CET1 capital		
- Intangible assets	(26)	(26)
- Profit equalisation reserve	(2,601)	(1,260)
CET1 capital	2,322,454	2,350,109
<u>Additional Tier 1 capital</u>		
Additional Tier 1 capital instruments (subject to gradual phase-out treatment)	-	-
Less : Regulatory adjustments applied on Tier 1 capital	-	-
Tier 1 capital	2,322,454	2,350,109
<u>Tier 2 capital</u>		
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	291,269	279,038
Less : Regulatory adjustments applied on Tier 2 capital	-	-
Tier 2 capital	1,441,269	1,429,038
Total Capital	3,763,723	3,779,147
Credit RWA	23,301,508	22,773,142
Less : Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(450,133)
Total Credit RWA	23,301,508	22,323,009
Market RWA	122,627	68,731
Operational RWA	1,540,321	1,515,669
Total Risk Weighted Assets	24,964,456	23,907,409

A30. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	30 September 2014	31 March 2014
Outstanding credit exposures with connected parties (RM'000)	1,217,167	644,697
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	4.6	2.4
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	-	-

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

A31. 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

	As previously reported RM'000	Restatement RM'000	As restated RM'000
As at 31 March 2014			
Financial investment held-to-maturity	1,335,055	(99,000)	1,236,055
Receivables: Investments not quoted 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

	As previously reported RM'000	Restatement RM'000	As restated RM'000
For the financial quarter ended 30 September 2013			
Income derived from Investment of investment of other depositors			
Financial income and hibah:			
Financial investment held-to-maturity	36,516	(1,776)	34,740
Others	-	1,776	1,776

**For the individual quarter ended
30 September 2013**

Income derived from Investment of investment of other depositors			
Financial income and hibah:			
Financial investment held-to-maturity	17,395	(1,178)	16,217
Others	-	1,178	1,178

(ii) Reconciliation of Cash Flows

Net changes in operating assets	1,137,212	(99,000)	1,038,212
Net cash generated from/(used in) investing activities	(1,488,380)	99,000	(1,389,380)

There was not significant impact to the financial performance and ratios in relation to the financial period ended 30 September 2013.