

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

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

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Group		Bank	
		30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
ASSETS					
Cash and short-term funds		5,180,173	7,129,900	4,696,435	6,675,659
Deposits and placements with banks and other financial institutions		1,928,402	1,922,311	1,928,402	1,922,311
Derivative financial assets		472,780	528,830	472,780	528,830
Financial assets held-for-trading	A8	2,170,874	2,200,378	2,170,874	2,200,378
Financial investments available-for-sale	A9	6,448,763	6,473,868	6,562,685	6,595,768
Financial investments held-to-maturity	A10	2,356,252	2,487,409	2,356,252	2,487,409
Loans and advances	A11	60,239,268	61,588,639	60,070,342	61,410,763
Statutory deposit with Bank Negara Malaysia		2,245,932	2,211,321	2,245,932	2,211,321
Deferred tax assets		64,793	90,488	36,096	51,825
Investment in subsidiaries and other investment		-	-	404,277	404,277
Investment in associates		1,353	3,063	122	122
Other assets	A12	1,688,892	1,852,967	1,683,207	1,847,020
Property and equipment		152,180	151,830	117,593	118,304
Intangible assets		328,836	334,857	325,025	330,672
TOTAL ASSETS		83,278,498	86,975,861	83,070,022	86,784,659
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	A13	1,690,352	2,667,973	1,714,694	2,673,947
Recourse obligation on loans sold to Cagamas Berhad		1,246,247	1,249,926	1,246,247	1,249,926
Derivative financial liabilities		456,710	541,259	456,710	541,259
Deposits from customers	A14	62,436,752	64,945,257	62,497,832	65,005,768
Term funding		3,678,993	4,188,566	3,678,993	4,188,566
Debt capital		3,622,679	3,640,204	3,622,679	3,640,204
Other liabilities	A15	2,522,542	2,356,814	2,511,535	2,356,552
TOTAL LIABILITIES		75,654,275	79,589,999	75,728,690	79,656,222
Share capital		820,364	820,364	820,364	820,364
Reserves		6,803,799	6,565,438	6,520,968	6,308,073
Equity attributable to equity holder of the Bank		7,624,163	7,385,802	7,341,332	7,128,437
Non-controlling interests		60	60	-	-
TOTAL EQUITY		7,624,223	7,385,862	7,341,332	7,128,437
TOTAL LIABILITIES AND EQUITY		83,278,498	86,975,861	83,070,022	86,784,659
COMMITMENTS AND CONTINGENCIES	A29	86,632,233	96,090,249	86,672,181	96,128,842
NET ASSETS PER SHARE (RM)		9.29	9.00	8.95	8.69

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2014.

AmBank (M) Berhad
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**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014**

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2014	30 June 2013 (Restated)	30 June 2014	30 June 2013 (Restated)
Group		RM'000	RM'000	RM'000	RM'000
Operating revenue		1,188,885	1,286,533	1,188,885	1,286,533
Interest income	A16	1,047,452	1,118,045	1,047,452	1,118,045
Interest expense	A17	(562,303)	(581,816)	(562,303)	(581,816)
Net interest income		485,149	536,229	485,149	536,229
Net income from Islamic banking business	A33	1	10	1	10
Other operating income	A18	141,432	168,478	141,432	168,478
Share in results of associates		290	125	290	125
Net income		626,872	704,842	626,872	704,842
Other operating expenses	A19	(311,373)	(298,695)	(311,373)	(298,695)
Operating profit		315,499	406,147	315,499	406,147
(Allowance)/Writeback of allowance for impairment on loans and advances	A20	(25,639)	37,539	(25,639)	37,539
(Provision for)/Writeback of provision for commitments and contingencies		26,577	(7,798)	26,577	(7,798)
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		(2,187)	(139)	(2,187)	(139)
Financial investments	A21	-	891	-	891
Foreclosed properties		(5,558)	(359)	(5,558)	(359)
Other recoveries		436	457	436	457
Profit before taxation		309,128	436,738	309,128	436,738
Taxation		(76,982)	(102,336)	(76,982)	(102,336)
Profit for the period		232,146	334,402	232,146	334,402
Attributable to:					
Equity holder of the Bank		232,146	334,402	232,146	334,402
Non-controlling interests		-	-	-	-
Profit for the period		232,146	334,402	232,146	334,402
Earnings per share (sen)	A22				
Basic/Diluted		28.30	40.76	28.30	40.76

AmBank (M) Berhad
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**UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014**

	Individual Quarter		Cumulative Quarter	
	30 June 2014	30 June 2013 (Restated)	30 June 2014	30 June 2013 (Restated)
	RM'000	RM'000	RM'000	RM'000
Group				
Profit for the period	232,146	334,402	232,146	334,402
Other comprehensive income/(loss)				
Items that are or may be reclassified to the income statement				
Currency translation on:				
- foreign operations	(3,284)	2,868	(3,284)	2,868
- net investment hedge	(1,907)	2,345	(1,907)	2,345
Net gain/(loss) on financial investments available-for-sale	11,140	(4,029)	11,140	(4,029)
Net movement on cash flow hedge	5,303	4,312	5,303	4,312
Income tax relating to the components of other comprehensive income/(loss)	(4,868)	(179)	(4,868)	(179)
Other comprehensive income for the period, net of tax	6,384	5,317	6,384	5,317
Total comprehensive income for the period	238,530	339,719	238,530	339,719
Attributable to:				
Equity holder of the Bank	238,530	339,719	238,530	339,719
Non-controlling interests	-	-	-	-
	238,530	339,719	238,530	339,719

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2014.

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UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Bank					
Operating revenue		1,180,874	1,283,690	1,180,874	1,283,690
Interest income	A16	1,042,281	1,115,766	1,042,281	1,115,766
Interest expense	A17	(562,768)	(582,169)	(562,768)	(582,169)
Net interest income		479,513	533,597	479,513	533,597
Other operating income	A18	138,593	167,924	138,593	167,924
Net income		618,106	701,521	618,106	701,521
Other operating expenses	A19	(339,508)	(298,573)	(339,508)	(298,573)
Operating profit		278,598	402,948	278,598	402,948
(Allowance)/Writeback of allowance for impairment on loans and advances	A20	(25,659)	35,733	(25,659)	35,733
Writeback of provision/(Provision) for commitments and contingencies		26,575	(7,798)	26,575	(7,798)
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		(2,187)	(139)	(2,187)	(139)
Financial investments	A21	-	714	-	714
Foreclosed properties		(5,558)	(359)	(5,558)	(359)
Other recoveries		436	457	436	457
Profit before taxation		272,205	431,556	272,205	431,556
Taxation		(66,280)	(101,778)	(66,280)	(101,778)
Profit for the period		205,925	329,778	205,925	329,778
Earnings per share (sen)	A22				
Basic/Diluted		25.10	40.20	25.10	40.20

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**UNAUDITED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014**

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Bank				
Profit for the period	205,925	329,778	205,925	329,778
Other comprehensive income/(loss)				
Items that are or may be reclassified to the income statement				
Currency translation on:				
- foreign operations	(2,702)	2,011	(2,702)	2,011
- net investment hedge	(1,907)	2,345	(1,907)	2,345
Net loss on financial investments available-for-sale	11,369	(3,250)	11,369	(3,250)
Net movement on cash flow hedge	5,303	4,312	5,303	4,312
Income tax relating to the components of other comprehensive income/(loss)	(4,924)	(373)	(4,924)	(373)
Other comprehensive income for the period, net of tax	7,139	5,045	7,139	5,045
Total comprehensive income for the period	213,064	334,823	213,064	334,823

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2014.

AmBank (M) Berhad
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014

Group	Attributable to equity holder of the Bank				Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000			
At 1 April 2013	820,364	942,844	1,514,864	3,543,813	6,821,885	59	6,821,944
Effect arising from the pooling of interests	-	-	(466,324)	(25,074)	(491,398)	-	(491,398)
Profit for the period	-	-	-	334,402	334,402	-	334,402
Other comprehensive income	-	-	5,317	-	5,317	-	5,317
Total comprehensive income/(loss)	-	-	(461,007)	309,328	(151,679)	-	(151,679)
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	(190)	(190)	-	(190)
Transaction with owner and other equity movements	-	-	-	(190)	(190)	-	(190)
At 30 June 2013	820,364	942,844	1,053,857	3,852,951	6,670,016	59	6,670,075
At 1 April 2014	820,364	942,844	1,015,063	4,607,531	7,385,802	60	7,385,862
Profit for the period	-	-	-	232,146	232,146	-	232,146
Other comprehensive income	-	-	6,384	-	6,384	-	6,384
Total comprehensive income	-	-	6,384	232,146	238,530	-	238,530
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	(169)	(169)	-	(169)
Transaction with owner and other equity movements	-	-	-	(169)	(169)	-	(169)
At 30 June 2014	820,364	942,844	1,021,447	4,839,508	7,624,163	60	7,624,223

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Company No. 8515-D

AmBank (M) Berhad
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014

	Attributable to equity holder of the Bank					Total equity RM'000
	Non-distributable		Distributable			
Bank	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000		
At 1 April 2013	820,364	942,844	1,410,732	3,541,122		6,715,062
Effect arising from the pooling of interests	-	-	(458,501)	(24,420)		(482,921)
Profit for the period	-	-	-	329,778		329,778
Other comprehensive income	-	-	5,045	-		5,045
Total comprehensive income/(loss)	-	-	(453,456)	305,358		(148,098)
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	(190)		(190)
Transaction with owner and other equity movements	-	-	-	(190)		(190)
At 30 June 2013	820,364	942,844	957,276	3,846,290		6,566,774
At 1 April 2014	820,364	942,844	914,550	4,450,679		7,128,437
Profit for the period	-	-	-	205,925		205,925
Other comprehensive income	-	-	7,139	-		7,139
Total comprehensive income	-	-	7,139	205,925		213,064
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	(169)		(169)
Transaction with owner and other equity movements	-	-	-	(169)		(169)
At 30 June 2014	820,364	942,844	921,689	4,656,435		7,341,332

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2014.

AmBank (M) Berhad
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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014**

	Group		Bank	
	30 June 2014	30 June 2013 (Restated)	30 June 2014	30 June 2013 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	309,128	436,738	272,205	431,556
Adjustments for non-operating and non-cash items	27,916	295,392	25,571	295,527
Operating profit before working capital changes	<u>337,044</u>	<u>732,130</u>	<u>297,776</u>	<u>727,083</u>
Changes in working capital:				
Net change in operating assets	1,409,429	(2,478,273)	1,400,245	(2,524,050)
Net change in operating liabilities	(3,768,200)	1,234,251	(3,759,443)	1,184,152
Tax paid	(94,590)	(93,894)	(93,927)	(93,426)
Net cash used in operating activities	<u>(2,116,317)</u>	<u>(605,786)</u>	<u>(2,155,349)</u>	<u>(706,241)</u>
Net cash generated from investing activities	<u>166,692</u>	<u>374,303</u>	<u>176,157</u>	<u>382,535</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,949,625)</u>	<u>(231,483)</u>	<u>(1,979,192)</u>	<u>(323,706)</u>
Cash and cash equivalents at beginning of financial year	7,129,900	7,336,774	6,675,659	7,255,748
Effect of exchange rate changes	<u>(102)</u>	<u>2,073</u>	<u>(32)</u>	<u>38</u>
Cash and cash equivalents at end of financial period	<u>5,180,173</u>	<u>7,107,364</u>	<u>4,696,435</u>	<u>6,932,080</u>

For purposes of Statements 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 Group and the Bank for the year ended 31 March 2014.

EXPLANATORY NOTES

A1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and complies with the International Accounting Standard ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"). The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2014.

The accounting policies and methods of computation applied in these unaudited 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 any 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 Disclosure 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:

1.1.1 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.

1.1.2 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.

1.1.3 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.

1.1.4 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.

1.2 Standards issued but not yet effective

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

1.2.1 Standards effective for financial periods beginning on or after 1 July 2014:

- 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"

EXPLANATORY NOTES (CONTD.)

A1. BASIS OF PREPARATION (CONTD.)

1.2 Standards issued but not yet effective (contd.)

1.2.2 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

1.2.3 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.

(a) 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 3, Business Combinations

The amendment clarifies 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.

(ii) 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.

(iii) 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.

(iv) MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets

The amendment clarifies the accounting for accumulated depreciation or amortisation when an asset is revalued.

(v) 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.

EXPLANATORY NOTES (CONTD.)

A1. BASIS OF PREPARATION (CONTD.)

1.2 Standards issued but not yet effective (contd.)

1.2.3 Effect of adoption of standards issued but not yet effective (contd.)

(b) 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 3, Business Combinations

The amendment clarifies that MFRS 3 excludes from its scope the accounting for the information 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.

(ii) MFRS 13, Fair Value Measurement

The amendments 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.

(c) 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.

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 Group and the Bank are not subject to seasonal or cyclical fluctuation in the current financial quarter.

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

There were no unusual items during the current financial quarter.

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 ended 30 June 2014.

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

During the financial quarter, the Bank repaid Senior Notes totalling RM775.0 million upon maturity on 28 April 2014. On 21 May 2014, the Bank had issued Tranche 5 of Senior Notes amounting to RM400.0 million under the Senior Notes Programme of up to RM7.0 billion in nominal value. The notes bear a coupon of 4.40% per annum and is payable semi annually and is for a tenor of 4 years.

Save as disclosed above, there were no share buy-backs, share cancellations, shares held as treasury shares, resale of treasury shares and repayment of debt and equity securities by the Bank during the financial quarter.

Subsequent to the reporting date, on 3 July 2014, the Bank issued USD400 million Senior Notes under its USD 2 billion Euro Medium Term Note Programme in nominal value (or its equivalent in other currencies) ("the Programme"). The Programme was approved by the Securities Commission under its deemed approval process.

The net proceeds from the Programme will be utilised by the Bank for its working capital, general funding requirements and other corporate purposes. The notes with a tenor of five (5) years, will mature on 3 July 2019 are rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's Ratings Services. The notes bear a coupon of 3.125% per annum and is payable semi annually.

A7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2014 and no dividends were paid in the current financial quarter.

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A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	30 June	31 March
	2014	2014
	RM'000	RM'000
At fair value		
Money Market Instruments:		
Government Investment Issues	81,120	132,086
Islamic Treasury Bills	9,728	-
Malaysian Government Securities	463,875	532,163
Malaysian Treasury Bills	-	9,980
	<u>554,723</u>	<u>674,229</u>
Quoted Securities:		
<i>In Malaysia:</i>		
Shares	150,027	172,164
Unit trusts	16,523	16,315
Warrants	-	6,067
Private debt securities	14,605	23,799
	<u>181,155</u>	<u>218,345</u>
Unquoted Securities:		
<i>In Malaysia:</i>		
Private debt securities	1,339,426	1,198,925
	<u>1,339,426</u>	<u>1,198,925</u>
<i>Outside Malaysia:</i>		
Private debt securities	95,570	108,879
	<u>95,570</u>	<u>108,879</u>
	<u>2,170,874</u>	<u>2,200,378</u>

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A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
At fair value				
Money Market Instruments:				
Bank Negara Monetary Notes	655,368	1,623,934	655,368	1,623,934
Government Investment Issues	945,208	506,613	945,208	506,613
Islamic negotiable instruments of deposit	199,380	249,675	199,380	249,675
Malaysian Government Securities	387,409	390,806	387,409	390,806
Malaysian Treasury Bills	6,624	6,575	6,624	6,575
Negotiable instruments of deposit	900,060	500,000	900,060	500,000
	<u>3,094,049</u>	<u>3,277,603</u>	<u>3,094,049</u>	<u>3,277,603</u>
Quoted Securities:				
<i>In Malaysia:</i>				
Shares	11,265	9,332	11,265	9,332
Unit trusts	173,397	178,902	173,397	178,902
	<u>184,662</u>	<u>188,234</u>	<u>184,662</u>	<u>188,234</u>
<i>Outside Malaysia:</i>				
Shares	195	54	163	17
	<u>195</u>	<u>54</u>	<u>163</u>	<u>17</u>
Unquoted securities:				
<i>In Malaysia:</i>				
Private debt securities	2,820,102	2,658,203	2,935,004	2,781,103
	<u>2,820,102</u>	<u>2,658,203</u>	<u>2,935,004</u>	<u>2,781,103</u>
<i>Outside Malaysia:</i>				
Private debt securities	261,304	261,304	261,304	261,304
	<u>261,304</u>	<u>261,304</u>	<u>261,304</u>	<u>261,304</u>
At cost				
Unquoted securities:				
<i>In Malaysia:</i>				
Shares	87,375	87,375	87,330	87,330
	<u>87,375</u>	<u>87,375</u>	<u>87,330</u>	<u>87,330</u>
<i>Outside Malaysia:</i>				
Shares	1,076	1,095	173	177
	<u>1,076</u>	<u>1,095</u>	<u>173</u>	<u>177</u>
	<u>6,448,763</u>	<u>6,473,868</u>	<u>6,562,685</u>	<u>6,595,768</u>

In the previous financial year, the Bank had reclassified securities from financial investments available-for-sale to other assets as the Bank has the intention to hold the securities until maturity.

As at 30 June 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 RM940,000 (31 March 2014: RM2,133,000).

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A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
At amortised cost				
Money Market Instruments:				
Foreign Treasury Bills	385,282	522,405	385,282	522,405
Unquoted:				
<i>In Malaysia:</i>				
Private debt securities	1,974,614	1,968,648	1,974,614	1,968,648
Less: Accumulated impairment losses	(3,644)	(3,644)	(3,644)	(3,644)
	<u>2,356,252</u>	<u>2,487,409</u>	<u>2,356,252</u>	<u>2,487,409</u>

A11. LOANS AND ADVANCES

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
At amortised cost:				
Overdraft	2,309,684	2,368,259	2,309,684	2,368,259
Term loans	19,034,743	19,554,168	19,034,743	19,554,168
Housing loan receivables	13,494,446	13,336,160	13,275,169	13,108,191
Hire purchase receivables	15,149,044	16,070,755	15,149,044	16,070,755
Bills receivables	782,687	751,522	782,687	751,522
Trust receipts	1,039,481	1,039,791	1,039,481	1,039,791
Claims on customers under acceptance credits	2,573,718	2,658,336	2,573,718	2,658,336
Staff loans	123,293	124,812	123,293	124,812
Card receivables	1,660,410	1,715,671	1,660,410	1,715,671
Revolving credits	5,313,540	5,280,502	5,363,268	5,329,950
Others	164,326	233,637	164,326	233,637
Gross loans and advances	<u>61,645,372</u>	<u>63,133,613</u>	<u>61,475,823</u>	<u>62,955,092</u>
Allowance for impairment on loans and advances:				
- Collective allowance	(1,232,153)	(1,411,219)	(1,231,530)	(1,410,574)
- Individual allowance	(173,951)	(133,755)	(173,951)	(133,755)
Net loans and advances	<u>60,239,268</u>	<u>61,588,639</u>	<u>60,070,342</u>	<u>61,410,763</u>

Notes:

During the financial year ended 31 March 2013, the Bank entered into a Restricted Profit Sharing Investment Account ("RPSIA") arrangement with Amlslamic Bank Berhad ("Amlslamic"). Under the RPSIA contract, the Bank records the amount it provides as financing under the arrangement as deposits and placements with banks and other financial institutions. The financing to external parties made by Amlslamic is recorded by Amlslamic as financing and advances. As losses from the business venture is borne solely by the Bank, the related collective allowance is recorded by the Bank. The contract had expired on 2 May 2014.

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A11. LOANS AND ADVANCES (CONTD.)

(a) Gross loans and advances analysed by type of customer are as follows:

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Domestic banking institutions	176	84	176	84
Domestic non-bank financial institutions	145,717	146,817	227,599	228,966
Domestic business enterprises				
- Small medium enterprises	8,058,431	8,690,918	8,058,431	8,690,918
- Others	20,719,309	20,963,342	20,719,309	20,963,342
Government and statutory bodies	58,428	2,707	58,428	2,707
Individuals	31,492,686	32,157,217	31,273,409	31,929,250
Other domestic entities	7,670	7,467	7,670	7,467
Foreign individuals and entities	1,162,955	1,165,061	1,130,801	1,132,358
	61,645,372	63,133,613	61,475,823	62,955,092

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

	Group		Bank	
	30 June 2013 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
In Malaysia	60,607,181	61,914,997	60,469,786	61,769,178
Outside Malaysia	1,038,191	1,218,616	1,006,037	1,185,914
	61,645,372	63,133,613	61,475,823	62,955,092

(c) Gross loans and advances analysed by interest rate sensitivity are as follows:

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Fixed rate				
- Housing loans	293,405	295,573	74,127	67,605
- Hire purchase receivables	14,987,326	15,890,169	14,987,326	15,890,169
- Other fixed rate loans	6,203,139	6,352,059	6,203,139	6,352,059
Variable rate				
- Base lending rate plus	22,778,911	23,489,235	22,778,911	23,489,235
- Cost plus	16,309,403	16,103,945	16,359,132	16,153,392
- Other variable rates	1,073,188	1,002,632	1,073,188	1,002,632
	61,645,372	63,133,613	61,475,823	62,955,092

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A11. LOANS AND ADVANCES (CONTD.)

(d) Gross loans and advances analysed by sector are as follows:

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Agriculture	2,758,637	2,853,726	2,758,637	2,853,726
Mining and quarrying	2,914,524	2,933,388	2,914,524	2,933,388
Manufacturing	6,029,917	6,017,488	6,029,917	6,017,488
Electricity, gas and water	1,160,853	1,149,400	1,160,853	1,149,400
Construction	2,741,792	2,674,103	2,741,792	2,674,103
Wholesale and retail trade and hotel and restaurants	5,008,925	4,976,769	5,008,925	4,976,769
Transport, storage and communication	1,477,162	2,032,881	1,477,162	2,032,881
Finance and insurance	164,629	478,498	214,357	527,945
Real estate	5,450,269	5,391,105	5,450,269	5,391,105
Business activities	1,139,817	1,090,865	1,139,817	1,090,865
Education and health	768,082	802,120	768,082	802,120
Household of which:	31,983,365	32,649,312	31,764,088	32,421,344
- purchase of residential properties	13,936,118	13,552,315	13,716,841	13,324,347
- purchase of transport vehicles	14,093,469	14,807,290	14,093,469	14,807,290
- others	3,953,778	4,289,707	3,953,778	4,289,707
Others	47,400	83,958	47,400	83,958
	<u>61,645,372</u>	<u>63,133,613</u>	<u>61,475,823</u>	<u>62,955,092</u>

(e) Gross loans and advances analysed by residual contractual maturity are as follows:

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Maturing within one year	12,434,929	12,970,036	12,482,849	13,017,675
Over one year to three years	7,862,079	8,059,064	7,852,160	8,049,145
Over three years to five years	10,217,086	10,354,219	10,204,829	10,341,962
Over five years	31,131,278	31,750,294	30,935,985	31,546,310
	<u>61,645,372</u>	<u>63,133,613</u>	<u>61,475,823</u>	<u>62,955,092</u>

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

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	1,298,511	1,408,172	1,296,626	1,407,195
Impaired during the year/period	509,004	1,250,544	508,517	1,248,860
Reclassified as non-impaired	(188,357)	(263,972)	(188,297)	(263,751)
Recoveries	(166,507)	(501,403)	(165,854)	(500,848)
Amount written off	(168,495)	(594,830)	(168,495)	(594,830)
Balance at end of financial year/period	<u>1,284,156</u>	<u>1,298,511</u>	<u>1,282,497</u>	<u>1,296,626</u>
Gross impaired loans and advances as % of gross loans and advances	<u>2.1%</u>	<u>2.1%</u>	<u>2.1%</u>	<u>2.1%</u>
Loan loss coverage (excluding collateral values)	<u>109.5%</u>	<u>119.0%</u>	<u>109.6%</u>	<u>119.1%</u>

(g) All impaired loans and advances reside in Malaysia.

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A11. LOANS AND ADVANCES (CONTD.)

(h) Impaired loans and advances analysed by sector are as follows:

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Agriculture	16,769	5,990	16,769	5,990
Mining and quarrying	10,198	4,005	10,198	4,005
Manufacturing	188,374	194,861	188,374	194,861
Electricity, gas and water	21,916	24,193	21,916	24,193
Construction	20,198	24,022	20,198	24,022
Wholesale and retail trade and hotel and restaurants	34,536	33,832	34,536	33,832
Transport, storage and communication	55,720	57,136	55,720	57,136
Finance and insurance	1,444	1,155	1,444	1,155
Real estate	82,287	4,680	82,287	4,680
Business activities	14,619	15,042	14,619	15,042
Education and health	8,582	9,082	8,582	9,082
Household of which:	827,830	922,846	826,171	920,961
- purchase of residential properties	442,701	458,010	441,042	456,125
- purchase of transport vehicles	351,500	383,696	351,500	383,696
- others	33,629	81,140	33,629	81,140
Others	1,683	1,667	1,683	1,667
	<u>1,284,156</u>	<u>1,298,511</u>	<u>1,282,497</u>	<u>1,296,626</u>

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

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Collective allowance				
Balance at beginning of financial year	1,411,219	1,492,899	1,410,574	1,492,584
Charge to income statement, net	65,537	360,079	65,557	359,753
Amount transferred to Amlslamic*	(2,463)	-	(2,463)	-
Amount written-off and others	(241,838)	(443,170)	(241,838)	(443,170)
Foreign exchange differences	(302)	1,411	(300)	1,407
Balance at end of financial year/period	<u>1,232,153</u>	<u>1,411,219</u>	<u>1,231,530</u>	<u>1,410,574</u>
Collective allowance as % of gross loans and advances less individual allowance	<u>2.0%</u>	<u>2.2%</u>	<u>2.0%</u>	<u>2.2%</u>
Individual allowance				
Balance at beginning of financial year	133,755	168,840	133,755	168,840
Charge to income statement, net	43,271	151,832	43,271	151,832
Amount written-off	(3,075)	(186,917)	(3,075)	(186,917)
Balance at end of financial year/period	<u>173,951</u>	<u>133,755</u>	<u>173,951</u>	<u>133,755</u>

* Upon expiry of the RPSIA contract on 2 May 2014, the Bank derecognised the collective allowance. Accordingly, Amlslamic now accounts for the collective allowance in its financial statements. The gross exposure and collective allowance relating to the RPSIA financing as at 31 March 2014 for the Group and the Bank was RM450.1 million and RM2.5 million respectively.

The was no individual allowance provided for the RPSIA financing up to the expiry of the RPSIA contract.

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A12. OTHER ASSETS

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Other receivables, deposits and prepayments, net of allowance for impairment	1,130,790	1,225,194	1,125,179	1,218,851
Interest receivable, net of allowance for impairment	150,018	199,946	150,094	200,492
Amount due from originators	240,145	243,396	240,145	243,396
Foreclosed properties, net of allowance for impairment	61,687	66,805	61,537	66,655
Deferred charges	106,252	117,626	106,252	117,626
	1,688,892	1,852,967	1,683,207	1,847,020

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Licensed banks	375,085	1,730,070	375,440	1,730,349
Licensed investment banks	606,334	248,233	606,334	248,233
Other financial Institutions	655,011	627,182	678,998	632,877
Bank Negara Malaysia	53,922	62,488	53,922	62,488
	1,690,352	2,667,973	1,714,694	2,673,947

A14. DEPOSIT FROM CUSTOMERS

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Demand deposits	9,581,951	10,079,582	9,583,361	10,080,927
Savings deposits	3,468,991	3,442,455	3,468,991	3,442,455
Term/Investment deposits	49,358,039	51,389,354	49,417,709	51,448,520
Negotiable instruments of deposits	27,771	33,866	27,771	33,866
	62,436,752	64,945,257	62,497,832	65,005,768

(i) The deposits are sourced from the following type of customers:

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Government and other statutory bodies	4,339,173	4,087,314	4,339,173	4,087,314
Business enterprises	26,603,824	29,047,271	26,664,903	29,107,782
Individuals	29,514,763	30,135,536	29,514,764	30,135,536
Others	1,978,992	1,675,136	1,978,992	1,675,136
	62,436,752	64,945,257	62,497,832	65,005,768

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A14. DEPOSIT FROM CUSTOMERS (CONTD.)

(ii) The maturity structure of term/investment deposits and negotiable instruments of deposits is as follows:

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Due within six months	36,398,395	35,864,748	36,458,065	35,923,914
Over six months to one year	8,842,756	12,071,672	8,842,756	12,071,672
Over one year to three years	3,479,723	2,799,883	3,479,723	2,799,883
Over three years to five years	664,936	686,917	664,936	686,917
	<u>49,385,810</u>	<u>51,423,220</u>	<u>49,445,480</u>	<u>51,482,386</u>

A15. OTHER LIABILITIES

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Other payables and accruals	1,850,263	1,634,280	1,840,398	1,635,104
Interest payable	560,268	565,955	560,300	565,994
Advance rentals	11,856	13,524	11,856	13,519
Provision for commitments and contingencies	98,929	125,550	98,956	125,577
Provision for taxation	1,226	17,505	25	16,358
	<u>2,522,542</u>	<u>2,356,814</u>	<u>2,511,535</u>	<u>2,356,552</u>

A16. INTEREST INCOME

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 (Restated) RM'000	30 June 2014 RM'000	30 June 2013 (Restated) RM'000
Group				
Short-term funds and deposits with financial institutions	47,470	56,524	47,470	56,524
Financial assets held-for-trading	17,051	42,440	17,051	42,440
Financial investments available-for-sale	58,713	38,617	58,713	38,617
Financial investments held-to-maturity	19,552	32,193	19,552	32,193
Loans and advances	898,614	944,993	898,614	944,993
Impaired loans and advances	1,853	505	1,853	505
Others	4,199	2,773	4,199	2,773
	<u>1,047,452</u>	<u>1,118,045</u>	<u>1,047,452</u>	<u>1,118,045</u>
Bank				
Short-term funds and deposits with financial institutions	43,980	56,036	43,980	56,036
Financial assets held-for-trading	17,051	42,440	17,051	42,440
Financial investments available-for-sale	60,261	40,589	60,261	40,589
Financial investments held-to-maturity	19,552	32,176	19,552	32,176
Loans and advances	895,385	941,247	895,385	941,247
Impaired loans and advances	1,853	505	1,853	505
Others	4,199	2,773	4,199	2,773
	<u>1,042,281</u>	<u>1,115,766</u>	<u>1,042,281</u>	<u>1,115,766</u>

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A17. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Group				
Deposits from customers	448,973	459,004	448,973	459,004
Deposits and placements of banks and other financial institutions	10,145	15,996	10,145	15,996
Recourse obligation of loans sold to Cagamas Berhad	10,151	10,166	10,151	10,166
Term funding	34,915	42,037	34,915	42,037
Debt capital	52,070	46,703	52,070	46,703
Others	6,049	7,910	6,049	7,910
	<u>562,303</u>	<u>581,816</u>	<u>562,303</u>	<u>581,816</u>
Bank				
Deposits from customers	449,433	459,362	449,433	459,362
Deposits and placements of banks and other financial institutions	10,147	15,998	10,147	15,998
Recourse obligation of loans sold to Cagamas Berhad	10,151	10,166	10,151	10,166
Term funding	34,915	42,037	34,915	42,037
Debt capital	52,073	46,696	52,073	46,696
Others	6,049	7,910	6,049	7,910
	<u>562,768</u>	<u>582,169</u>	<u>562,768</u>	<u>582,169</u>

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A18. OTHER OPERATING INCOME

	Individual Quarter		Cumulative Quarter	
	30 June 2014	30 June 2013 (Restated)	30 June 2014	30 June 2013 (Restated)
	RM'000	RM'000	RM'000	RM'000
Group				
Fee and commission income:				
Bancassurance commission	6,893	9,299	6,893	9,299
Brokerage fees, commission and rebates	483	430	483	430
Fees on loans, advances and securities	56,353	63,524	56,353	63,524
Guarantee fees	14,060	12,070	14,060	12,070
Underwriting fees	397	-	397	-
Remittances	5,244	5,192	5,244	5,192
Service charges and fees	3,903	4,804	3,903	4,804
Other fee and commission	10,087	9,936	10,087	9,936
	<u>97,420</u>	<u>105,255</u>	<u>97,420</u>	<u>105,255</u>
Investment and trading income:				
Foreign exchange *	20,792	28,855	20,792	28,855
Gross dividend income from:				
Financial assets held-for-trading	362	1,704	362	1,704
Financial investments available-for-sale	8,787	10,105	8,787	10,105
Net (loss)/gain on sale/redemption of:				
Financial assets held-for-trading	(761)	5,581	(761)	5,581
Financial investments available-for-sale	1,586	14,828	1,586	14,828
Financial investments held-to-maturity	-	626	-	626
Net gain/(loss) on revaluation of financial assets held-for-trading	1,016	(35,876)	1,016	(35,876)
Net gain on derivatives	3,906	29,469	3,906	29,469
Others	1,081	(1,739)	1,081	(1,739)
	<u>36,769</u>	<u>53,553</u>	<u>36,769</u>	<u>53,553</u>
Other income:				
Net gain/(loss) on disposal of property and equipment	112	(6)	112	(6)
Net non trading foreign exchange (loss)/gain	(2,276)	126	(2,276)	126
Profit from sale of goods and services	8,188	8,032	8,188	8,032
Rental income	986	1,236	986	1,236
Others	233	282	233	282
	<u>7,243</u>	<u>9,670</u>	<u>7,243</u>	<u>9,670</u>
	<u>141,432</u>	<u>168,478</u>	<u>141,432</u>	<u>168,478</u>

* Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

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A18. OTHER OPERATING INCOME (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 June 2014	30 June 2013 (Restated)	30 June 2014	30 June 2013 (Restated)
	RM'000	RM'000	RM'000	RM'000
Bank				
Fee and commission income:				
Bancassurance commission	6,884	9,286	6,884	9,286
Brokerage fees, commission and rebates	483	430	483	430
Fees on loans, advances and securities	50,796	62,977	50,796	62,977
Guarantee fees	14,060	12,011	14,060	12,011
Underwriting fees	397	-	397	-
Remittances	5,244	5,192	5,244	5,192
Service charges and fees	4,110	5,064	4,110	5,064
Other fee and commission	10,087	9,913	10,087	9,913
	<u>92,061</u>	<u>104,873</u>	<u>92,061</u>	<u>104,873</u>
Investment and trading income:				
Foreign exchange *	20,792	28,855	20,792	28,855
Gross dividend income from:				
Associate	1,000	-	1,000	-
Financial assets held-for-trading	362	1,704	362	1,704
Financial investments available-for-sale	8,787	10,105	8,787	10,105
Net (loss)/gain on sale/redemption of:				
Financial assets held-for-trading	(761)	5,581	(761)	5,581
Financial investments available-for-sale	1,586	14,828	1,586	14,828
Financial investments held-to-maturity	-	626	-	626
Net gain/(loss) on revaluation of financial assets held-for-trading	1,016	(35,876)	1,016	(35,876)
Net gain on derivatives	3,906	29,469	3,906	29,469
Others	3,016	(1,510)	3,016	(1,510)
	<u>39,704</u>	<u>53,782</u>	<u>39,704</u>	<u>53,782</u>
Other income:				
Net loss on disposal of property and equipment	(7)	(6)	(7)	(6)
Net non trading foreign exchange (loss)/gain	(2,272)	108	(2,272)	108
Profit from sale of goods and services	8,188	8,032	8,188	8,032
Rental income	823	968	823	968
Others	96	167	96	167
	<u>6,828</u>	<u>9,269</u>	<u>6,828</u>	<u>9,269</u>
	<u>138,593</u>	<u>167,924</u>	<u>138,593</u>	<u>167,924</u>

* Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

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A19. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 June 2014	30 June 2013 (Restated)	30 June 2014	30 June 2013 (Restated)
	RM'000	RM'000	RM'000	RM'000
Group				
Personnel costs:				
Pension costs - defined contribution plan	29,909	27,669	29,909	27,669
Salaries, allowances and bonuses	191,956	186,223	191,956	186,223
Shares and options granted under ESS	606	3,521	606	3,521
Social security costs	1,278	1,319	1,278	1,319
Others	14,813	19,175	14,813	19,175
	<u>238,562</u>	<u>237,907</u>	<u>238,562</u>	<u>237,907</u>
Establishment costs:				
Amortisation of intangible assets	16,902	11,537	16,902	11,537
Cleaning, maintenance and security	5,548	5,499	5,548	5,499
Computerisation cost	42,259	41,385	42,259	41,385
Depreciation of property and equipment	11,068	11,058	11,068	11,058
Rental of premises	19,785	19,299	19,785	19,299
Others	9,839	9,694	9,839	9,694
	<u>105,401</u>	<u>98,472</u>	<u>105,401</u>	<u>98,472</u>
Marketing and communication expenses:				
Advertising and marketing	6,449	8,326	6,449	8,326
Commission	2,150	2,106	2,150	2,106
Communication	10,523	13,246	10,523	13,246
Others	2,125	2,752	2,125	2,752
	<u>21,247</u>	<u>26,430</u>	<u>21,247</u>	<u>26,430</u>
Administration and general expenses:				
Professional services	18,642	18,577	18,642	18,577
Others	7,933	10,979	7,933	10,979
	<u>26,575</u>	<u>29,556</u>	<u>26,575</u>	<u>29,556</u>
Service transfer pricing recovery - net	(85,044)	(86,259)	(85,044)	(86,259)
Expenses capitalised	(4,463)	(8,171)	(4,463)	(8,171)
Acquisition and business efficiency costs	9,095	760	9,095	760
	<u>311,373</u>	<u>298,695</u>	<u>311,373</u>	<u>298,695</u>

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A19. OTHER OPERATING EXPENSES (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 June 2014	30 June 2013 (Restated)	30 June 2014	30 June 2013 (Restated)
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs:				
Pension costs - defined contribution plan	28,240	27,612	28,240	27,612
Salaries, allowances and bonuses	181,952	185,867	181,952	185,867
Shares and options granted under ESS	521	3,517	521	3,517
Social security costs	1,185	1,316	1,185	1,316
Others	14,458	19,148	14,458	19,148
	<u>226,356</u>	<u>237,460</u>	<u>226,356</u>	<u>237,460</u>
Establishment costs:				
Amortisation of intangible assets	16,499	11,536	16,499	11,536
Cleaning, maintenance and security	5,236	5,367	5,236	5,367
Computerisation cost	42,060	41,381	42,060	41,381
Depreciation of property and equipment	9,797	10,931	9,797	10,931
Rental of premises	18,877	19,670	18,877	19,670
Others	9,525	9,487	9,525	9,487
	<u>101,994</u>	<u>98,372</u>	<u>101,994</u>	<u>98,372</u>
Marketing and communication expenses:				
Advertising and marketing	6,424	8,326	6,424	8,326
Commission	2,148	2,098	2,148	2,098
Communication	9,631	13,230	9,631	13,230
Others	1,806	2,750	1,806	2,750
	<u>20,009</u>	<u>26,404</u>	<u>20,009</u>	<u>26,404</u>
Administration and general expenses:				
Card operation charges	52,661	-	52,661	-
Professional services	18,528	18,505	18,528	18,505
Others	7,483	10,893	7,483	10,893
	<u>78,672</u>	<u>29,398</u>	<u>78,672</u>	<u>29,398</u>
Service transfer pricing recovery - net	(92,155)	(85,650)	(92,155)	(85,650)
Expenses capitalised	(4,463)	(8,171)	(4,463)	(8,171)
Acquisition and business efficiency costs	9,095	760	9,095	760
	<u>339,508</u>	<u>298,573</u>	<u>339,508</u>	<u>298,573</u>

A20. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 (Restated) RM'000	30 June 2014 RM'000	30 June 2013 (Restated) RM'000
Group				
Allowance for impaired loans and advances:				
Individual allowance	43,271	61,193	43,271	61,193
Collective allowance	65,537	143,057	65,537	143,057
Impaired loans and advances recovered, net	(83,169)	(241,789)	(83,169)	(241,789)
	<u>25,639</u>	<u>(37,539)</u>	<u>25,639</u>	<u>(37,539)</u>
Bank				
Allowance for impaired loans and advances:				
Individual allowance	43,271	61,193	43,271	61,193
Collective allowance	65,557	143,016	65,557	143,016
Impaired loans and advances recovered, net	(83,169)	(239,942)	(83,169)	(239,942)
	<u>25,659</u>	<u>(35,733)</u>	<u>25,659</u>	<u>(35,733)</u>

A21. IMPAIRMENT LOSS/(WRITEBACK) ON FINANCIAL INVESTMENTS

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Group				
Financial investments available-for-sale	-	174	-	174
Financial investments held-to-maturity	-	(1,065)	-	(1,065)
	<u>-</u>	<u>(891)</u>	<u>-</u>	<u>(891)</u>
Bank				
Financial investments available-for-sale	-	174	-	174
Financial investments held-to-maturity	-	(888)	-	(888)
	<u>-</u>	<u>(714)</u>	<u>-</u>	<u>(714)</u>

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A22. EARNINGS PER SHARE ("EPS")

(a) 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 the equity holder of the Bank by the adjusted weighted average number of ordinary shares in issue and issuable during the financial period. The Bank does not have any dilutive potential ordinary shares.

	Individual Quarter		Cumulative Quarter	
	30 June 2014	30 June 2013 (Restated)	30 June 2014	30 June 2013 (Restated)
Group				
Net profit attributable to shareholder of the Bank (RM'000)	232,146	334,402	232,146	334,402
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/Diluted earnings per share (sen)	28.30	40.76	28.30	40.76
	Individual Quarter		Cumulative Quarter	
	30 June 2014	30 June 2013 (Restated)	30 June 2014	30 June 2013 (Restated)
Bank				
Net profit attributable to shareholder of the Bank (RM'000)	205,925	329,778	205,925	329,778
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/Diluted earnings per share (sen)	25.10	40.20	25.10	40.20

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A23. BUSINESS SEGMENT ANALYSIS

Group	Wholesale banking RM'000	Retail banking RM'000	Operating Segments RM'000	Total RM'000
30 June 2014				
Operating revenue	1,320,303	569,441	(700,859)	1,188,885
Income	249,394	338,614	38,574	626,582
Share in results of associates	-	-	290	290
Other operating expenses	(57,933)	(162,362)	(91,078)	(311,373)
<i>of which:</i>				
<i>Depreciation of Property and Equipment</i>	(923)	(6,154)	(4,002)	(11,079)
<i>Amortisation of Intangible Assets</i>	(2,305)	(1,945)	(12,693)	(16,943)
Profit before provisions	191,461	176,252	(52,214)	315,499
Provisions net of writebacks	(4,941)	(15,484)	14,054	(6,371)
Profit before taxation	186,520	160,768	(38,160)	309,128
Taxation	(42,375)	(40,199)	5,592	(76,982)
Profit for the year	144,145	120,569	(32,568)	232,146
Other information				
Total segment assets	34,673,368	33,690,665	14,914,465	83,278,498
Total segment liabilities	36,876,683	33,446,375	5,331,217	75,654,275
Cost to income ratio	23.2%	47.9%	236.1%	49.7%
Gross loans and advances	28,185,361	33,505,124	(45,113)	61,645,372
Net loans and advances	27,789,898	32,860,147	(410,777)	60,239,268
Impaired loans and advances	351,480	932,676	-	1,284,156
Deposits	30,461,109	32,817,077	848,918	64,127,104

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A23. BUSINESS SEGMENT ANALYSIS (CONTD.)

Group	Wholesale banking	Retail banking	Operating Segments	Total
30 June 2013 (Restated)	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,363,023	535,026	(611,516)	1,286,533
Income	283,582	317,757	103,378	704,717
Share in results of associates	-	-	125	125
Other operating expenses	(55,289)	(144,997)	(98,409)	(298,695)
<i>of which:</i>				
<i>Depreciation of Property and Equipment</i>	(1,019)	(5,710)	(4,334)	(11,063)
<i>Amortisation of Intangible Assets</i>	(2,388)	(1,738)	(7,411)	(11,537)
Profit before provisions	228,293	172,760	5,094	406,147
Provisions net of writebacks	77,524	(19,228)	(27,705)	30,591
Profit before taxation	305,817	153,532	(22,611)	436,738
Taxation	(72,591)	(38,383)	8,638	(102,336)
Profit for the year	233,226	115,149	(13,973)	334,402

Other information

Total segment assets	37,267,648	33,890,868	14,661,669	85,820,185
Total segment liabilities	40,780,628	31,975,168	6,394,314	79,150,110
Cost to income ratio	19.5%	45.6%	95.2%	42.4%
Gross loans and advances	28,902,548	33,853,202	(105,357)	62,650,393
Net loans and advances	28,514,565	33,107,472	(591,091)	61,030,946
Impaired loans and advances	296,247	989,604	-	1,285,851
Deposits	34,988,081	31,376,141	1,411,476	67,775,698

Note:

- The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.
- During the financial year, the Group 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.
- The comparative figures for Total segment assets and liabilities and Deposits were restated arising from the adoption of MFRS 10, Consolidated Financial Statements as disclosed in the financial statements for the year end 31 March 2014.

A24. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2014

The Group registered a profit before taxation ("pre-tax profit") of RM309.1 million representing a 29.2% decrease compared to the pre-tax profit for the corresponding period last year.

For current financial period, the decrease in pre-tax profit was attributable to allowance charged for impairment on loans and advances of RM25.6 million compared to allowance writeback of RM37.5 million in the corresponding period last year mainly due to lower impaired loan recoveries despite lower impairment charges, with its impaired loan ratio maintained at 2.1%. Net interest income was lower by RM51.1 million or 9.5% from loan and advances. Other operating income was lower by RM27.0 million or 16.1% due to lower fee income from loan and advances, lower net gains on trading activities from securities and from derivatives mitigated by gain on revaluation of securities.

The decrease was mitigated by higher writeback on provision for commitments and contingencies by RM34.4 million.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 16.1% and 15.2% respectively.

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

A25. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2015

The Malaysian economy registered a strong growth of 6.2% year-on-year in first quarter 2014 (5.1% year-on-year growth in fourth quarter 2013), driven by stronger exports and stable domestic demand.

Moving into 2H2014, domestic economic growth is anticipated to moderate on lower contribution from domestic demand, whilst exports will remain healthy from improving demand from our major trading partners, stable prices, pick up in volume growth for selected export products and weak RM/US\$. Inflation is expected to remain above the historical long-term average given the cost-push pressures.

In the banking sector, loans growth is anticipated to moderate in line with economic outlook and measures to address household debt concerns. Asset quality may come under pressure more from rising inflation and interest rates than potential capital flow risk.

For FY2015 – 2017, AmBank Group's strategic agenda is designed to (1) Deliver on focused organic growth; (2) Leverage strategic partnerships and deliver on acquisitions; (3) Continue to optimise efficiency; and (4) Build sustainability.

A26. VALUATION OF PROPERTY AND EQUIPMENT

The Group's and the Bank's property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

A27. 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 items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to take affect substantially the results of the operations of the Group for the current period.

A28. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group for the financial quarter ended 30 June 2014.

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A29. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of business, the Group and the 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 and the Bank's assets.

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

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Contingent Liabilities				
Direct credit substitutes	1,135,115	1,092,935	1,135,115	1,092,935
Transaction related contingent items	4,538,500	4,663,740	4,538,500	4,663,740
Short term self liquidating trade related contingencies	599,759	616,860	599,736	616,831
Obligations under on-going underwriting agreements	408,647	250,000	408,647	250,000
Others	200	200	150	150
	<u>6,682,221</u>	<u>6,623,735</u>	<u>6,682,148</u>	<u>6,623,656</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	13,473,590	13,898,239	13,513,611	13,936,911
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,813,732	5,145,833	4,813,732	5,145,833
Unutilised credit card lines	3,631,494	3,622,016	3,631,494	3,622,016
Forward asset purchase	152,586	105,872	152,586	105,872
	<u>22,071,402</u>	<u>22,771,960</u>	<u>22,111,423</u>	<u>22,810,632</u>
Derivative Financial Instruments				
Foreign exchange related contracts				
- One year or less	14,164,583	22,196,436	14,164,583	22,196,436
- Over one year to five years	2,888,738	3,018,618	2,888,738	3,018,618
- Over five years	816,177	895,569	816,177	895,569
Interest rate related contracts				
- One year or less	5,567,603	4,377,755	5,567,603	4,377,755
- Over one year to five years	27,343,125	28,591,959	27,343,125	28,591,959
- Over five years	5,896,877	6,250,838	5,896,877	6,250,838
Credit related contracts				
- Over one year to five years	303,906	306,519	303,906	306,519
- Over five years	303,364	305,967	303,364	305,967
Equity and commodity related contracts				
- One year or less	583,305	419,790	583,305	419,790
- Over one year to five years	10,932	331,103	10,932	331,103
	<u>57,878,610</u>	<u>66,694,554</u>	<u>57,878,610</u>	<u>66,694,554</u>
Total	<u>86,632,233</u>	<u>96,090,249</u>	<u>86,672,181</u>	<u>96,128,842</u>

Note:

The Bank has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") to meet all the liabilities and financial obligations of its subsidiary, AmInternational (L) Ltd ("AMIL").

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A29. COMMITMENTS AND CONTINGENCIES (CONTD.)

(b) As at the reporting date, the associate of the Group has the following contingent liability:

AmTrustee Berhad ("AmTrustee") 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 approximately 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 filed several interim applications in the Meridian Suit amongst which was an application by Meridian to add another related company of AMMB Group, namely AmInvestment Bank Berhad as Co-Defendant and to increase the alleged loss and damage from approximately RM27.6 million to RM37.0 million.

The High Court dismissed Meridian's application to add AmInvestment Bank Berhad 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 AmInvestment Bank Berhad 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.

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A29. COMMITMENTS AND CONTINGENCIES (CONTD.)

(c) As at the reporting date, the associate of the Group has the following contingent liability (contd.):

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 RM100,000.00 and interest at 5% on the cost from the date of the decision to the date of settlement. Meridian was found to be fully liable to MAA and ordered to pay the sum of approximately RM19.6 million with interest from the date of filing of the writ to the date of realization and costs of RM100,000.00 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 RM20,000.00.

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 decisions 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 Court Decision was dismissed;
- AmTrustee's cross-appeals against MAA's and Meridian's appeals were 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.

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A30. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Group and the Bank measure fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- 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 Group and 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 periods.

Financial assets and liabilities measured using valuation techniques 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 Group'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 Group and the Bank. Therefore, unobservable inputs reflect the Group's and 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 Group's and the Bank's own data.

About 1.3% (31 March 2014 : 1.3%) of the total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

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A30. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

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

	Group				Bank			
	Valuation techniques			Total RM'000	Valuation techniques			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
30 June 2014								
Assets measured at fair value								
Derivative financial assets	10	472,770	-	472,780	10	472,770	-	472,780
Financial assets held-for-trading								
- Money market securities	-	554,723	-	554,723	-	554,723	-	554,723
- Equities	166,550	-	-	166,550	166,550	-	-	166,550
- Quoted private debt securities	14,605	-	-	14,605	14,605	-	-	14,605
- Unquoted private debt securities	-	1,434,996	-	1,434,996	-	1,434,996	-	1,434,996
Financial investments available-for-sale								
- Money market securities	-	3,094,049	-	3,094,049	-	3,094,049	-	3,094,049
- Equities	184,857	-	-	184,857	184,825	-	-	184,825
- Unquoted private debt securities	-	3,081,406	-	3,081,406	-	3,081,406	114,902	3,196,308
	<u>366,022</u>	<u>8,637,944</u>	<u>-</u>	<u>9,003,966</u>	<u>365,990</u>	<u>8,637,944</u>	<u>114,902</u>	<u>9,118,836</u>
Liabilities measured at fair value								
Derivative financial liabilities	17,663	439,047	-	456,710	17,663	439,047	-	456,710
	<u>17,663</u>	<u>439,047</u>	<u>-</u>	<u>456,710</u>	<u>17,663</u>	<u>439,047</u>	<u>-</u>	<u>456,710</u>

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A30. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

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

	Group				Bank			
	Valuation techniques			Total RM'000	Valuation techniques			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
31 March 2014								
Assets measured at fair value								
Derivative financial assets	752	528,078	-	528,830	752	528,078	-	528,830
Financial assets held-for-trading								
- Money market securities	-	674,229	-	674,229	-	674,229	-	674,229
- Equities	194,546	-	-	194,546	194,546	-	-	194,546
- Quoted private debt securities	23,799	-	-	23,799	23,799	-	-	23,799
- Unquoted private debt securities	-	1,307,804	-	1,307,804	-	1,307,804	-	1,307,804
Financial investments available-for-sale								
- Money market securities	-	3,277,603	-	3,277,603	-	3,277,603	-	3,277,603
- Equities	188,288	-	-	188,288	188,251	-	-	188,251
- Unquoted private debt securities	-	2,919,090	417	2,919,507	-	2,919,090	123,317	3,042,407
	<u>407,385</u>	<u>8,706,804</u>	<u>417</u>	<u>9,114,606</u>	<u>407,348</u>	<u>8,706,804</u>	<u>123,317</u>	<u>9,237,469</u>
Liabilities measured at fair value								
Derivative financial liabilities	33,165	508,094	-	541,259	33,165	508,094	-	541,259
	<u>33,165</u>	<u>508,094</u>	<u>-</u>	<u>541,259</u>	<u>33,165</u>	<u>508,094</u>	<u>-</u>	<u>541,259</u>

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

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A30. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)**Movements In Level 3 financial instruments measured at fair value**

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting period. The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Financial investments available-for-sale:				
Balance at beginning of financial year	417	435	123,317	159,732
Total gains/(losses) recognised in:				
- income statement:				
- other operating income	364	1,856	364	1,856
- impairment loss	-	(18)	-	(18)
- other comprehensive income	-	-	225	(2,558)
Settlements	(781)	(1,856)	(9,004)	(35,695)
Balance at end of financial year/period	<u>-</u>	<u>417</u>	<u>114,902</u>	<u>123,317</u>

Total gains or losses included in the income statement and statement of comprehensive income for financial instruments held at the end of reporting period:

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Financial investments available-for-sale:				
Total gains/(losses) included in:				
- impairment loss on financial investments	-	(18)	-	(18)
- other comprehensive income	-	-	225	(2,558)

There were no transfers between Level 2 and Level 3 during the current financial period and previous financial year for the Group and the Bank.

Impact on fair value of Level 3 financial instruments measured at fair value arising from changes to key assumptions.

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

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A31. CAPITAL ADEQUACY

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

	Group		Bank	
	30 June 2014	31 March 2014	30 June 2014	31 March 2014
Before deducting proposed dividends				
Common Equity Tier 1 Capital Ratio	10.327%	9.864%	9.888%	9.453%
Tier 1 Capital Ratio	12.377%	11.832%	11.936%	11.418%
Total Capital Ratio	16.373%	15.711%	15.535%	14.916%
After deducting proposed dividends				
Common Equity Tier 1 Capital Ratio	10.007%	9.557%	9.568%	9.146%
Tier 1 Capital Ratio	12.057%	11.525%	11.617%	11.112%
Total Capital Ratio	16.053%	15.404%	15.215%	14.609%

The Group and the Bank have 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 ratios are set out as follows:

	<u>Transitional arrangements</u>		
	<u>Calendar year 2013</u>	<u>Calendar year 2014</u>	<u>Calendar year 2015 onwards</u>
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%

The capital adequacy ratios of the Bank refers to the combined capital base as a ratio of the combined risk weighted assets ("RWA") of the Bank and its wholly-owned offshore banking subsidiary, AMIL.

(b) The capital adequacy ratios of AMIL are as follows:

	AMIL	
	30 June 2014	31 March 2014
Core capital ratio	90.366%	86.773%
Risk-weighted capital ratio	90.621%	87.019%

The capital adequacy ratios of AMIL for capital compliance on a standalone basis as reported by the subsidiary are computed in accordance with the BNM guidelines of RWCAF based on the Basel II capital accord.

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A31. CAPITAL ADEQUACY (CONTD.)

(c) The components of CET 1, Additional Tier 1, Tier 2 and Total Capital of the Group and the Bank are as follows:

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
CET 1 Capital				
Ordinary shares	820,364	820,364	820,364	820,364
Share premium	942,844	942,844	942,844	942,844
Retained earnings	4,390,956	4,607,531	4,192,090	4,408,666
Available-for-sale reserve	(63,590)	(71,094)	(64,567)	(72,241)
Foreign currency translation reserve	(7,180)	(1,990)	(7,180)	(1,990)
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	104,149	104,149	48,516	48,516
Cash flow hedging reserve	7,099	3,029	7,099	3,029
Less: Regulatory adjustments applied on CET1 Capital				
Intangible assets	(328,836)	(334,857)	(325,031)	(330,679)
Deferred tax assets	(64,794)	(90,488)	(36,096)	(51,825)
Cash flow hedging reserve	(7,099)	(3,029)	(7,099)	(3,029)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(271)	(613)	(67,722)	(67,722)
Total CET1 Capital	6,774,611	6,956,815	6,484,187	6,676,902
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,388,080	1,388,080	1,388,080	1,388,080
Total Tier 1 Capital	8,162,691	8,344,895	7,872,267	8,064,982
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	400,000	400,000	400,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,557,800	1,557,800	1,557,800	1,557,800
Collective allowance and regulatory reserves	748,253	780,174	751,586	783,541
Less : Regulatory adjustments applied on Tier 2 Capital	(1,082)	(2,450)	(270,888)	(270,888)
Total Tier 2 capital	2,704,971	2,735,524	2,438,498	2,470,453
Total Capital	10,867,662	11,080,419	10,310,765	10,535,435

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

	Group		Bank	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Credit RWA	59,860,222	62,413,888	60,126,849	62,683,302
Market RWA	2,645,387	2,839,123	2,645,387	2,839,123
Operational RWA	5,098,297	5,128,626	4,899,780	4,965,805
Large exposure risk RWA for equity holdings	94,715	143,864	94,715	143,864
Total RWA	67,698,621	70,525,501	67,766,731	70,632,094

A32. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES

a) Adoption of MFRS 10, Consolidated Financial Statements ("MFRS 10")

Prior to the financial year ended 31 March 2014, the Bank had accounted for a collective investment scheme ("CIS"), AmCash Premium as financial investment available-for-sale in accordance with MFRS 139, Financial Instruments: Recognition and Measurement. At the date of initial application of MFRS 10 (1 April 2013), the Group and the Bank reassessed its investment based on the new requirements of MFRS 10 and have concluded that the Bank has control over the CIS.

Accordingly, the Group has consolidated the financial statements of the CIS for the financial year ended 31 March 2014. The assets, liabilities and equity of the collective investment scheme have also been retrospectively consolidated in the financial statements of the Group.

b) Certain comparatives were restated to conform to the change in presentation during the last quarter of financial year ended 31 March 2014. There was no significant impact to the financial performance and ratios in relation to the financial period ended 30 June 2013.

The financial effects arising from the above are as follows:

(i) Reconciliation of income statement and statement of comprehensive income

	As previously reported RM'000	Effect of adoption of MFRS 10 RM'000	Other restatements RM'000	As restated RM'000
Group				
Income statement for the quarter ended 30 June 2013				
Operating revenue	1,289,146	(236)	(2,377)	1,286,533
Interest income	1,118,281	(236)	-	1,118,045
Interest expense	(582,052)	236	-	(581,816)
Other operating income	170,855	-	(2,377)	168,478
Other operating expenses	(301,069)	-	2,374	(298,695)
Bank				
Income statement for the quarter ended 30 June 2013				
Operating revenue	1,286,074	-	(2,384)	1,283,690
Interest income	1,116,002	(236)	-	1,115,766
Other operating income	170,072	236	(2,384)	167,924
Other operating expenses	(300,957)	-	2,384	(298,573)

(ii) Reconciliation of condensed statements of cash flows

Group

30 June 2013

Profit before taxation	436,741	(3)	-	436,738
Net change of operating assets	(2,478,276)	3	-	(2,478,273)
Net change in operating liabilities	1,234,244	7	-	1,234,251
Cash and cash equivalents at beginning of financial year	7,336,760	14	-	7,336,774
Cash and cash equivalents at end of financial period	7,107,343	21	-	7,107,364

A33. ISLAMIC BANKING BUSINESS

The Islamic banking business of the Group is attributable to its wholly-owned offshore banking subsidiary, AMIL. The subsidiary is not actively involved in Islamic banking business and has only interbank placement. During the financial period, the funds from interbank placement was reallocated to conventional banking operations upon maturity.

The statement of financial position as at 30 June 2014 and the results for the financial period ended 30 June 2014 of the Islamic Banking Business of the Group included in the financial statements are summarised as follows:

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	30 June 2014 RM'000	31 March 2014 RM'000
ASSETS			
Cash and short-term funds		2	5,593
Other assets		-	454
TOTAL ASSETS		<u>2</u>	<u>6,047</u>
LIABILITY AND ISLAMIC BANKING FUNDS			
Other liabilities		1	-
TOTAL LIABILITY		<u>1</u>	<u>-</u>
Capital funds		2,839	2,839
Reserves		(2,838)	3,208
TOTAL ISLAMIC BANKING FUNDS		<u>1</u>	<u>6,047</u>
TOTAL LIABILITY AND ISLAMIC BANKING FUNDS		<u>2</u>	<u>6,047</u>

**UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014**

	30 June 2014 RM'000	30 June 2013 RM'000
Income derived from Islamic Banking Funds, representing total comprehensive income for the period	1	10
	<u>1</u>	<u>10</u>