

Company No. 295576-U

Amlslamic Bank Berhad
(Incorporated in Malaysia)

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

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

		30 June 2014 RM'000	31 March 2014 RM'000
	Note		
ASSETS			
Cash and short-term funds		1,615,828	2,935,528
Deposits and placements with banks and other financial institutions		568,383	1,118,383
Derivative financial assets		9,343	7,699
Financial assets held-for-trading	A8	182,979	64,694
Financial investments available-for-sale	A9	3,873,413	3,854,715
Financial investments held-to-maturity	A10	1,338,392	1,335,055
Financing and advances	A11	24,205,564	24,445,039
Statutory deposit with Bank Negara Malaysia		868,000	891,000
Other assets	A12	766,516	557,750
Property and equipment		367	380
Intangible assets		24	26
TOTAL ASSETS		33,428,809	35,210,269
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A13	1,759,164	3,261,358
Recourse obligation on financing sold to Cagamas Berhad		2,066,785	2,068,337
Derivative financial liabilities		9,322	7,675
Deposits from customers	A14	25,164,876	25,462,501
Term funding		550,000	550,000
Subordinated Sukuk		1,149,283	1,149,302
Deferred tax liability		11,401	7,255
Other liabilities	A15	317,032	351,142
Provision for zakat		1,550	1,069
TOTAL LIABILITIES		31,029,413	32,858,639
Share capital		462,922	462,922
Reserves		1,936,474	1,888,708
Equity attributable to equity holder of the Bank		2,399,396	2,351,630
TOTAL LIABILITIES AND EQUITY		33,428,809	35,210,269
COMMITMENTS AND CONTINGENCIES	A26	7,796,591	8,389,372
NET ASSETS PER SHARE (RM)		5.18	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 JUNE 2014**

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2014	30 June 2013	30 June 2014	30 June 2013
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A16	420,159	399,880	420,159	399,880
Income derived from investment of shareholder's funds	A17	23,028	35,487	23,028	35,487
Allowance for impairment on financing and advances	A18	(56,499)	(16,807)	(56,499)	(16,807)
Writeback of provision for/ (Provision for) commitments and contingencies		7,720	(283)	7,720	(283)
Transfer to profit equalisation reserve		(839)	(7,209)	(839)	(7,209)
Total distributable income		393,569	411,068	393,569	411,068
Income attributable to the depositors	A19	(225,994)	(198,585)	(225,994)	(198,585)
Total net income		167,575	212,483	167,575	212,483
Other operating expenses	A20	(88,329)	(89,800)	(88,329)	(89,800)
Finance cost		(19,115)	(16,866)	(19,115)	(16,866)
Profit before zakat and taxation		60,131	105,817	60,131	105,817
Zakat		(482)	(481)	(482)	(481)
Taxation		(13,137)	(24,170)	(13,137)	(24,170)
Profit for the period		46,512	81,166	46,512	81,166
Earnings per share (sen)					
Basic/Diluted	A21	10.05	17.53	10.05	17.53

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 JUNE 2014**

	Individual Quarter		Cumulative Quarter	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	46,512	81,166	46,512	81,166
Other comprehensive income:				
Items that may be reclassified to the income statement:				
Net change in revaluation of financial investments available-for-sale	2,096	1,472	2,096	1,472
Income tax relating to the components of other comprehensive income	(749)	(368)	(749)	(368)
Other comprehensive income/(loss) for the period, net of tax	1,347	1,104	1,347	1,104
Total comprehensive income for the period	47,859	82,270	47,859	82,270

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 JUNE 2014**

	Attributable to Equity Holder of the Bank				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000	
At 1 April 2013	462,922	724,185	418,323	521,509	2,126,939
Profit for the period	-	-	-	81,166	81,166
Other comprehensive income	-	-	1,104	-	1,104
Total comprehensive income for the period	-	-	1,104	81,166	82,270
Net utilisation of profit equalisation reserve	-	-	6,087	(6,087)	-
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested	-	-	-	(24)	(24)
Transactions with owner and other equity movements	-	-	6,087	(6,111)	(24)
At 30 June 2013	462,922	724,185	425,514	596,564	2,209,185
At 1 April 2014	462,922	724,185	466,163	698,360	2,351,630
Profit for the period	-	-	-	46,512	46,512
Other comprehensive income	-	-	1,347	-	1,347
Total comprehensive income for the period	-	-	1,347	46,512	47,859
Net utilisation of profit equalisation reserve	-	-	277	(277)	-
Transfer of AMMB ESS shares recharged - difference on purchase price of shares vested	-	-	-	(93)	(93)
Transactions with owner and other equity movements	-	-	277	(370)	(93)
At 30 June 2014	462,922	724,185	467,787	744,502	2,399,396

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 JUNE 2014

	30 June 2014	30 June 2013
	RM'000	RM'000
Profit before zakat and taxation	60,131	105,817
Adjustments for non-operating and non-cash items	69,516	23,165
Operating profit before working capital changes	<u>129,647</u>	<u>128,982</u>
Changes in working capital:		
Net changes in operating assets	381,430	1,833,533
Net changes in operating liabilities	(1,828,599)	(1,115,875)
Taxation paid	<u>(6,293)</u>	<u>(22,109)</u>
Net cash generated from/(used in) operating activities	<u>(1,323,815)</u>	824,531
Net cash generated from/(used in) investing activities	4,115	<u>(416,459)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,319,700)</u>	408,072
Cash and cash equivalents at beginning of the financial year	2,935,528	3,540,872
Cash and cash equivalents at end of the financial period	<u>1,615,828</u>	<u>3,948,944</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 issued by the International Accounting Standards Board ("IASB"). The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Bank for the financial year ended 31 March 2014.

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 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 Bank.

Changes in accounting policies and disclosures

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 have not novated their derivatives during the current period. However, these amendments would be considered for future novation.

A1. BASIS OF PREPARATION (CONTD.)

2. Standards issued but not yet effective

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

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

- Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions
- Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2010-2012 Cycle”
- Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2011-2013 Cycle”

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

Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions

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

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

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

(i) MFRS 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.

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:

- (ii) 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.
- (iii) 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.
- (iv) 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.

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 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.

A1. BASIS OF PREPARATION (CONTD.)

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

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.

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.

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.

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.

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.

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.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	30 June 2014 RM'000	31 March 2014 RM'000
At fair value:		
Money Market Instruments:		
Malaysian Islamic Treasury bills	9,728	-
Government Investment Issues	101,779	-
	<u>111,507</u>	<u>-</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	61,487	54,695
Outside Malaysia:		
Private debt securities	9,985	9,999
	<u>182,979</u>	<u>64,694</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 June 2014 RM'000	31 March 2014 RM'000
At fair value:		
Money Market Instruments:		
Government Investment Issues	400,016	300,050
Islamic Negotiable instruments of deposit	1,823,041	996,795
Bank Negara Monetary Notes	1,077,087	1,969,876
	<u>3,300,144</u>	<u>3,266,721</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	573,269	587,994
	<u>3,873,413</u>	<u>3,854,715</u>

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

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 RM116,000 (31 March 2014: RM262,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	30 June 2014 RM'000	31 March 2014 RM'000
At amortised cost:		
Unquoted Securities:		
In Malaysia:		
Private debt securities	<u>1,338,392</u>	<u>1,335,055</u>
	<u>1,338,392</u>	<u>1,335,055</u>

A11. FINANCING AND ADVANCES

A11a. Financing and advances by types and Shariah contracts as follows:

30 June 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	-	-	-	-	802,216	-	802,216
Term financing	2,867,161	97,015	8,937	-	3,999,323	40,436	7,012,872
Revolving credit	524,754	251,627	-	-	2,292,771	-	3,069,152
Housing financing	1,136,467	-	26,260	-	-	-	1,162,727
Hire purchase receivables	4	-	-	11,100,791	-	-	11,100,795
Bills receivables	-	-	-	-	-	687	687
Credit card receivables	-	-	-	-	-	302,754	302,754
Trust receipts	-	98,408	-	-	-	-	98,408
Claims on customers under acceptance credits	-	-	-	-	-	1,210,496	1,210,496
Gross financing and advances*	4,528,386	447,050	35,197	11,100,791	7,094,310	1,554,373	24,760,107
Allowance for impairment on financing and advances							
- Collective allowance							(528,384)
- Individual allowance							(26,159)
Net financing and advances							<u>24,205,564</u>

A11. FINANCING AND ADVANCES (CONTD.)

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

31 Mar 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 June 2014 RM'000	31 March 2014 RM'000
Domestic non-bank financial institutions	7,259	19,029
Domestic business enterprises		
- Small medium enterprises	3,502,854	3,625,381
- Others	7,227,535	7,357,904
Government and statutory bodies	357,618	405,202
Individuals	13,586,879	13,518,426
Other domestic entities	2,848	571
Foreign entities	75,114	72,461
	<u>24,760,107</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 June 2014 RM'000	31 March 2014 RM'000
Fixed rate		
- Housing financing	208,121	209,307
- Hire purchase receivables	9,959,078	9,883,978
- Other financing	5,625,734	5,398,943
Variable rate		
- Base financing rate plus	3,457,634	3,385,783
- Cost plus	5,509,540	6,120,963
	<u>24,760,107</u>	<u>24,998,974</u>

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 June 2014 RM'000	31 March 2014 RM'000
Agriculture	1,079,983	977,689
Mining and quarrying	88,654	89,001
Manufacturing	2,289,255	2,212,036
Electricity, gas and water	185,916	196,279
Construction	1,581,014	1,955,097
Wholesale and retail trade and hotel and restaurants	831,277	858,708
Transport, storage and communication	822,697	867,477
Finance and insurance	119,210	180,567
Real estate	2,454,726	2,385,628
Business activities	945,434	935,431
Education and health	373,415	433,681
Household of which :	13,659,475	13,588,275
- purchase of residential properties	1,203,217	1,107,496
- purchase of transport vehicles	9,943,298	10,149,052
- others	2,512,960	2,331,727
Others	329,051	319,105
	24,760,107	24,998,974

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

	30 June 2014 RM'000	31 March 2014 RM'000
Maturing within one year	4,372,080	5,058,788
Over one year to three years	2,774,069	2,946,503
Over three years to five years	4,567,479	4,395,796
Over five years	13,046,479	12,597,887
	24,760,107	24,998,974

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 June 2014 RM'000	31 March 2014 RM'000
Balance at beginning of financial year	348,515	268,443
Impaired during the period/year	179,329	460,256
Reclassified as non-impaired	(54,665)	(44,233)
Recoveries	(49,482)	(100,149)
Amount written off	(80,025)	(235,802)
Balance at end of financial period/year	<u>343,672</u>	<u>348,515</u>
Gross impaired financing and advances as % of gross financing and advances	<u>1.4%</u>	<u>1.4%</u>
Financing loss coverage (excluding collateral values)	<u>161.4%</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 June 2014 RM'000	31 March 2014 RM'000
Agriculture	1,417	1,395
Mining and quarrying	37	127
Manufacturing	35,965	32,191
Electricity, gas and water	21,243	57
Construction	13,901	12,029
Wholesale and retail trade and hotel and restaurants	7,988	10,680
Transport, storage and communication	5,481	5,480
Finance and insurance	129	614
Real estate	3,263	3,240
Business activities	3,655	6,275
Education and health	3,830	4,734
Household of which :	246,671	271,681
- purchase of residential properties	32,855	37,620
- purchase of transport vehicles	201,666	212,523
- others	12,150	21,538
Others	90	12
	<u>343,672</u>	<u>348,515</u>

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 June 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	94,585	240,823
Transferred from AmBank *	2,463	-
Amount written off and others	(103,129)	(196,768)
Balance at end of financial period/year	<u>528,384</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	10,514	53,568
Amount written off	(3,825)	(48,549)
Balance at end of financial period/year	<u>26,159</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. OTHER ASSETS

	30 June 2014 RM'000	31 March 2014 RM'000
Other receivables and prepayments	50,007	49,616
Amount due from related company	466,247	260,873
Amount due from originators	116,687	118,239
Profit receivable	42,110	32,529
Tax recoverable	18,227	21,676
Deferred charges	73,238	74,817
	<u>766,516</u>	<u>557,750</u>

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2014 RM'000	31 March 2014 RM'000
<u>Non-Mudharabah</u>		
Licensed Islamic banks	-	498,686
Licensed banks	199,410	249,556
Licensed investment banks	99,865	138
Other financial institutions	155,814	153,720
Bank Negara Malaysia	36,709	35,805
	<u>491,798</u>	<u>937,905</u>
<u>Mudharabah</u>		
Licensed bank	-	449,982
Licensed investment banks	179,583	479,407
Other financial institutions	1,087,783	1,394,064
	<u>1,267,366</u>	<u>2,323,453</u>
	<u>1,759,164</u>	<u>3,261,358</u>

The Mudharabah deposits from a licensed bank includes the RPSIA placed by AmBank on 28 December 2012 for tenure of 490 days. These deposits are used to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudharabah between two parties, that is, investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne solely by the investor.

A14. DEPOSITS FROM CUSTOMERS

	30 June 2014 RM'000	31 March 2014 RM'000
(i) By type of deposit:		
Savings deposit		
Wadiah	1,879,840	1,841,983
Mudarabah	6,321	6,002
Demand deposit		
Wadiah	4,185,003	3,742,024
Mudarabah	37,458	34,990
Term Deposit		
Wakalah	1,727,832	2,375,226
Negotiable instruments of deposits		
Bai' Bithaman Ajil	21,182	21,017
General investment deposits		
Mudarabah	17,253,305	17,387,110
Structured deposits		
Mudarabah	53,935	54,149
Total	<u>25,164,876</u>	<u>25,462,501</u>
(ii) The deposits are sourced from the following types of customers:		
Government and other statutory bodies	5,869,543	6,029,372
Business enterprises	13,760,119	14,215,772
Individuals	4,665,151	4,372,805
Others	870,063	844,552
	<u>25,164,876</u>	<u>25,462,501</u>
(iii) The maturity structure of negotiable instruments of deposits, term deposits, general investment deposits and structured deposits are as follows:		
Due within six months	16,606,157	16,135,794
Over six months to one year	1,656,441	2,996,669
Over one year to three years	362,134	272,441
Over three years to five years	431,522	432,598
	<u>19,056,254</u>	<u>19,837,502</u>

A15. OTHER LIABILITIES

	30 June 2014 RM'000	31 March 2014 RM'000
Profit payable	202,587	178,068
Other creditors and accruals	89,152	138,625
Advance rental	5,556	6,001
Profit equalisation reserve	1,908	1,571
Amount due to related companies	110	1,438
Provision for commitments and contingencies	17,719	25,439
	<u>317,032</u>	<u>351,142</u>

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

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Income derived from investment of:				
- General investment deposits	294,962	263,662	294,962	263,662
- Special investment deposits	2,175	7,020	2,175	7,020
- Other deposits	123,022	129,198	123,022	129,198
	<u>420,159</u>	<u>399,880</u>	<u>420,159</u>	<u>399,880</u>

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

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	276,289	243,601	276,289	243,601
- Financing income on impaired financing	490	34	490	34
Financial assets held- for-trading	164	6,176	164	6,176
Financial investments available-for-sale	7,792	-	7,792	-
Financial investments held-to-maturity	-	164	-	164
Others	118	-	118	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total finance income and hibah	284,853	249,975	284,853	249,975
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	3	6	3	6
- Fees on financing, advances and securities	5,177	6,286	5,177	6,286
- Guarantee fees	2,179	1,671	2,179	1,671
- Remittances	15	18	15	18
- Service charges and fees	479	371	479	371
- Underwriting commission	-	123	-	123
- Others	941	969	941	969
Foreign exchange	1,312	1,341	1,312	1,341
Gain from sale of financial assets held-for-trading	10	18,411	10	18,411
Loss on revaluation of financial assets held-for-trading	(7)	(15,507)	(7)	(15,507)
Others	-	(2)	-	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other operating income	10,109	13,687	10,109	13,687
	<hr/>	<hr/>	<hr/>	<hr/>
Total	294,962	263,662	294,962	263,662
	<hr/>	<hr/>	<hr/>	<hr/>

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

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Income derived from investment of specific investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	2,175	7,020	2,175	7,020
Total finance income and hibah	2,175	7,020	2,175	7,020
Income derived from investment of other deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	77,841	65,879	77,841	65,879
- Financing income on impaired financing	138	9	138	9
Financial assets held-for-trading	1,428	2,629	1,428	2,629
Financial investments available-for-sale	2,195	-	2,195	-
Financial investments held-to-maturity	14,918	19,121	14,918	19,121
Short-term funds and deposits and placements with other financial institutions	23,136	38,047	23,136	38,047
Others	33	-	33	-
Total finance income and hibah	119,689	125,685	119,689	125,685

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

Income derived from investment of other deposits (Contd.)

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	1	2	1	2
- Fees on financing, advances and securities	1,459	1,700	1,459	1,700
- Guarantee fees	614	452	614	452
- Remittances	4	5	4	5
- Service charges and fees	135	100	135	100
- Underwriting commission	-	33	-	33
- Others	265	262	265	262
Foreign exchange	370	363	370	363
Gain from sale of financial assets held-for-trading	501	5,532	501	5,532
Loss on revaluation of financial assets held-for-trading	(16)	(4,935)	(16)	(4,935)
Others	-	(1)	-	(1)
Total other operating income	<u>3,333</u>	<u>3,513</u>	<u>3,333</u>	<u>3,513</u>
Total	<u>123,022</u>	<u>129,198</u>	<u>123,022</u>	<u>129,198</u>

A17. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	-	18,724	-	18,724
Financial investments available-for-sale	20,316	12,596	20,316	12,596
Total finance income and hibah	20,316	31,320	20,316	31,320
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	652	990	652	990
- Brokerage fees, commission and rebates	-	4	-	4
- Fees on financing, advances and securities	1	1	1	1
- Remittances	1,229	1,413	1,229	1,413
- Service charges and fees	828	1,636	828	1,636
- Others	2	7	2	7
Gain from sale of financial investments available-for-sale	-	116	-	116
Total other operating income	2,712	4,167	2,712	4,167
Total	23,028	35,487	23,028	35,487

A18. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Allowance for impairment on financing and advances:				
Individual allowance, net	6,760	(2,204)	6,760	(2,204)
Collective allowance	94,585	39,127	94,585	39,127
Impaired financing and advances recovered, net	<u>(44,846)</u>	<u>(20,116)</u>	<u>(44,846)</u>	<u>(20,116)</u>
Total	<u>56,499</u>	<u>16,807</u>	<u>56,499</u>	<u>16,807</u>

A19. INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Deposit from customers				
- Mudharabah fund	143,239	121,384	143,239	121,384
- Non-Mudharabah fund	<u>42,423</u>	<u>32,867</u>	<u>42,423</u>	<u>32,867</u>
	<u>185,662</u>	<u>154,251</u>	<u>185,662</u>	<u>154,251</u>
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	13,884	16,666	13,884	16,666
- Non-Mudharabah fund	<u>4,119</u>	<u>5,158</u>	<u>4,119</u>	<u>5,158</u>
	<u>18,003</u>	<u>21,824</u>	<u>18,003</u>	<u>21,824</u>
Others	<u>22,329</u>	<u>22,510</u>	<u>22,329</u>	<u>22,510</u>
Total	<u>225,994</u>	<u>198,585</u>	<u>225,994</u>	<u>198,585</u>

A20. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Personnel costs				
– Pension costs - defined contribution plan	372	393	372	393
– Salaries, allowances and bonuses	2,323	2,511	2,323	2,511
– Shares and options granted under AMMB ESS	(406)	115	(406)	115
– Social security cost	10	11	10	11
– Others	200	178	200	178
	<u>2,499</u>	<u>3,208</u>	<u>2,499</u>	<u>3,208</u>
Establishment costs				
– Amortisation of intangible assets	4	9	4	9
– Cleaning, maintenance and security	7	10	7	10
– Computerisation costs	58	18	58	18
– Depreciation of property and equipment	30	36	30	36
– Rental of premises	150	150	150	150
– Others	116	115	116	115
	<u>365</u>	<u>338</u>	<u>365</u>	<u>338</u>
Marketing and communication expenses				
– Communication, advertising and marketing	1,364	1,021	1,364	1,021
– Others	23	28	23	28
	<u>1,387</u>	<u>1,049</u>	<u>1,387</u>	<u>1,049</u>
Administration and general expenses				
– Card operation charges from a related company	5,210	-	5,210	-
– Professional services	610	786	610	786
– Others	266	1,331	266	1,331
	<u>6,086</u>	<u>2,117</u>	<u>6,086</u>	<u>2,117</u>
Service transfer pricing expenses (net)	<u>77,992</u>	<u>83,088</u>	<u>77,992</u>	<u>83,088</u>
	<u>88,329</u>	<u>89,800</u>	<u>88,329</u>	<u>89,800</u>

A21. EARNINGS PER SHARE (EPS)

Basic/Diluted

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

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

	Individual Quarter		Cumulative Quarter	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Net profit attributable to equity holder of the Bank (RM'000)	46,512	81,166	46,512	81,166
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)	10.05	17.53	10.05	17.53

A22. BUSINESS SEGMENT ANALYSIS

For the period ended 30 June 2014

	Retail banking	Wholesale banking	Operating segments	Total
	RM'000	RM'000	RM'000	RM'000
Operating revenue	152,941	220,434	69,812	443,187
Income	113,175	65,094	19,809	198,078
Expenses	(60,892)	(8,670)	(18,767)	(88,329)
<i>of which:</i>				
<i>Depreciation of Property and Equipment</i>	-	-	(30)	(30)
<i>Amortisation of Intangible Assets</i>	-	-	(4)	(4)
Profit before provisions	52,283	56,424	1,042	109,749
Net (provisions)/ writeback	(36,049)	27,800	(41,369)	(49,618)
Profit/(Loss) before zakat and taxation	16,234	84,224	(40,327)	60,131
Zakat and taxation	(4,059)	(21,056)	11,496	(13,619)
Profit/(Loss) for the year	12,175	63,168	(28,831)	46,512

Other information

Total segment assets	14,516,792	11,246,968	7,665,049	33,428,809
Total segment liabilities	7,322,133	20,548,149	3,159,131	31,029,413
Cost to income ratio	53.8%	13.3%	94.7%	44.6%
Gross financing and advances	14,686,826	10,141,532	(68,251)	24,760,107
Net financing and advances	14,411,331	10,043,831	(249,598)	24,205,564
Impaired financing and advances	279,371	64,301	-	343,672
Deposits	7,223,043	19,082,715	618,282	26,924,040

A22. BUSINESS SEGMENT ANALYSIS (CONTD.)

For the period ended 30 June 2013

	Retail banking	Business banking	Operating segments	Total
	RM'000	RM'000	RM'000	RM'000
Operating revenue	159,085	203,249	73,033	435,367
Income	123,961	75,997	19,958	219,916
Expenses	(56,526)	(12,001)	(21,273)	(89,800)
<i>of which:</i>				
<i>Depreciation of Property and Equipment</i>	-	-	(36)	(36)
<i>Amortisation of Intangible Assets</i>	-	-	(9)	(9)
Profit/(Loss) before provisions	67,435	63,996	(1,315)	130,116
Net (provisions)/ writeback	(11,245)	5,099	(18,153)	(24,299)
Profit/(Loss) before zakat and taxation	56,190	69,095	(19,468)	105,817
Zakat and taxation	(14,047)	(17,274)	6,670	(24,651)
Profit/(Loss) for the year	42,143	51,821	(12,798)	81,166

Other information

Total segment assets	13,895,010	10,184,648	7,400,486	31,480,144
Total segment liabilities	6,555,522	18,345,997	4,369,440	29,270,959
Cost to income ratio	45.6%	15.8%	106.6%	40.8%
Gross financing and advances	14,090,773	8,169,760	(60,472)	22,200,061
Net financing and advances	13,814,865	8,108,270	(208,096)	21,715,039
Impaired financing and advances	266,050	52,267	0	318,317
Deposits	6,443,659	17,113,754	1,251,318	24,808,731

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 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.
3. Operating revenue of the Bank comprise financing income and hibah and other operating income.

A23a. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2014

The Bank recorded a profit before zakat and taxation ("Pre-tax profit") of RM60.1 million for the period ended 30 June 2014 compared to RM105.8 million for the corresponding period in the previous year.

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

The higher allowance from impaired financing and advances was due to higher collective allowances, mitigated by higher recoveries from financing written-off. The lower other operating income was mainly due to lower fee income from financing and lower gain on disposal of securities, mitigated by lower revaluation loss on financial assets held-for-trading.

The decrease in net financing income is mainly due to higher income attributable to depositors and lower income of RM8.6 million or 11.0% decrease from securities and deposits and placements with bank and other financial institutions, mitigated by higher financing income of RM21.7 million or 6.5% increase attributable to growth in financing.

The Bank's total capital ratio remains strong at 14.8% as at the end of the current financial period.

A23b. PROSPECTS FOR THE 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.

A24. VALUATION OF PROPERTY AND EQUIPMENT

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

A25. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events subsequent to the reporting date.

A26. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Bank's assets.

	30 June 2014 RM'000	31 March 2014 RM'000
Contingent Liabilities		
Direct credit substitutes	120,050	128,226
Transaction related contingent items	720,030	706,662
Short-term self liquidating trade-related contingencies	77,088	60,205
Obligations under underwriting agreements	-	25,000
	<u>917,168</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	3,852,365	4,113,057
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	997,244	1,024,041
Unutilised credit card lines	616,675	613,662
Forward asset purchase	-	170,000
	<u>5,466,284</u>	<u>5,920,760</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	983,053	1,110,511
Equity and commodity related contracts:		
- One year or less	115,334	117,913
- Over one year to five years	314,752	320,095
	<u>1,413,139</u>	<u>1,548,519</u>
Total	<u>7,796,591</u>	<u>8,389,372</u>

A27. 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 periods.

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.

A27. 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 June 2014				
Assets measured at fair value				
Derivative financial assets	-	9,343	-	9,343
Financial assets held-for-trading				
- Money market securities	-	111,507	-	111,507
- Unquoted private debt securities	-	71,472	-	71,472
Financial investments available-for-sale				
- Money market securities	-	3,300,144	-	3,300,144
- Unquoted private debt securities	-	573,269	-	573,269
	<u>-</u>	<u>4,065,735</u>	<u>-</u>	<u>4,065,735</u>
Liabilities measured at fair value				
Derivative financial liabilities	-	9,322	-	9,322
	<u>-</u>	<u>9,322</u>	<u>-</u>	<u>9,322</u>

A27. 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>

A28. CAPITAL ADEQUACY

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

	30 June 2014	31 March 2014
Before deducting proposed dividends:		
Common Equity Tier 1	9.541%	9.830%
Tier 1 Capital Ratio	9.541%	9.830%
Total Capital Ratio	15.374%	15.807%
After deducting proposed dividends:		
Common Equity Tier 1	8.933%	9.203%
Tier 1 Capital Ratio	8.933%	9.203%
Total Capital Ratio	14.766%	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:

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

A28. 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 June 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	548,138	698,125
Available for sale reserve	(17,095)	(18,442)
Statutory reserve	483,345	483,345
Profit equalisation reserve	1,537	1,260
Less : Regulatory adjustments applied on CET1 capital		
- Intangible assets	(24)	(26)
- Profit equalisation reserve	(1,537)	(1,260)
CET1 capital	2,201,471	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	2,201,471	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	287,493	279,038
Less : Regulatory adjustments applied on Tier 2 capital	-	-
Tier 2 capital	1,437,493	1,429,038
Total Capital	3,638,964	3,779,147
Credit RWA	22,999,442	22,773,142
Less : Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(450,133)
Total Credit RWA	22,999,442	22,323,009
Market RWA	120,369	68,731
Operational RWA	1,525,070	1,515,669
Total Risk Weighted Assets	24,644,881	23,907,409