

Company No. 295576-U

Amlslamic Bank Berhad
(Incorporated in Malaysia)

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

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

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

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

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

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

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

	Attributable to Equity Holder of the Bank						Total RM'000
	Non-distributable				Distributable		
	Share Capital RM'000	Share Premium RM'000	Profit equalisation reserve RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Retained Earnings RM'000	
At 1 April 2013	462,922	724,185	1,313	424,266	(7,256)	521,509	2,126,939
Profit for the period	-	-	-	-	-	171,661	171,661
Other comprehensive loss	-	-	-	-	(7,341)	-	(7,341)
Total comprehensive income/(loss) for the period	-	-	-	-	(7,341)	171,661	164,320
Net utilisation of profit equalisation reserve	-	-	840	-	-	(840)	-
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(49)	(49)
Transactions with owner and other equity movements	-	-	840	-	-	(889)	(49)
At 31 December 2013	462,922	724,185	2,153	424,266	(14,597)	692,281	2,291,210
At 1 April 2014	462,922	724,185	1,260	483,345	(18,442)	698,360	2,351,630
Profit for the period	-	-	-	-	-	177,519	177,519
Other comprehensive income	-	-	-	-	4,855	-	4,855
Total comprehensive income for the period	-	-	-	-	4,855	177,519	182,374
Net utilisation of profit equalisation reserve	-	-	7,400	-	-	(7,400)	-
Transfer of AMMB ESS shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(273)	(273)
Proposed dividend - Ordinary	-	-	-	-	-	(149,987)	(149,987)
Proposed dividend - Interim	-	-	-	-	-	(37,034)	(37,034)
Transactions with owner and other equity movements	-	-	7,400	-	-	(194,694)	(187,294)
At 31 December 2014	462,922	724,185	8,660	483,345	(13,587)	681,185	2,346,710

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

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

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

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

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

Explanatory Notes

A1. BASIS OF PREPARATION

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

The significant accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2014 except for the adoption of the following financial reporting standards which became effective for the Bank on 1 April 2014. The adoption of these financial reporting standards did not have any significant impact on the financial statements of the Bank.

1. Standards effective for financial year ending 31 March 2015:

- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge

The nature of the new standards is described below:

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

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

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

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

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

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

A1. BASIS OF PREPARATION (CONTD.)

2. Standards issued but not yet effective

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

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

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

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

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

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

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

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

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

A1. BASIS OF PREPARATION (CONTD.)

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

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

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

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

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

A1. BASIS OF PREPARATION (CONTD.)

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

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

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

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

- (i) **MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards**
The amendment relates to the IASB’s Basis for Conclusions which clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

- (ii) **MFRS 3 Business Combinations**
The amendment clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangements for their interests in the joint arrangement.

- (iii) **MFRS 13, Fair Value Measurement**
The amendment clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9 regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

- (iv) **MFRS 140 Investment Property**
The amendment clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both standards independently of each other.

A1. BASIS OF PREPARATION (CONTD.)

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

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

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

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

(i) Amendments to MFRS 5

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

(ii) Amendments to MFRS 7

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

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

(iii) Amendment to MFRS 119

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

(iv) Amendment to MFRS 134

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

A1. BASIS OF PREPARATION (CONTD.)

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

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

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

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

MFRS 15 Revenue from Contracts with Customers

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

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2014 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

There were no unusual items during the current financial quarter and period.

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter and period.

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

On 5 November 2014, the Bank had issued Tranche 2 of the Senior Sukuk amounting to RM100.0 million under its programme of up to RM3.0 billion in nominal value. The Senior Sukuk bears profit rate at 4.4% per annum and has a tenor of 5 years.

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

A7. DIVIDENDS

During the current financial period:

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

A8. FINANCIAL ASSETS HELD-FOR-TRADING

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

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

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

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

In the previous financial year, the Bank reclassified securities out of financial investments available-for-sale category to the financing and receivables category as the Bank has the intention to hold the securities until maturity.

As at 31 December 2014, the fair value gain that would have been recognised in other comprehensive income for the current period if the securities had not been reclassified amounted to RM355,000 (31 March 2014: RM262,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

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

A11. FINANCING AND ADVANCES

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

31 December 2014

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

A11. FINANCING AND ADVANCES (CONTD.)

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

31 March 2014

	Bai Bithaman 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							24,445,039

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

A11. FINANCING AND ADVANCES (CONTD.)

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

	31 December 2014 RM'000	31 March 2014 RM'000
Domestic non-bank financial institutions	331,746	189,237
Domestic business enterprises		
- Small medium enterprises	4,080,307	3,803,320
- Others	7,195,882	6,916,523
Government and statutory bodies	337,022	405,206
Individuals	13,731,751	13,540,139
Other domestic entities	56,309	66,272
Foreign entities	87,330	78,277
	<u>25,820,347</u>	<u>24,998,974</u>

A11c. All financing and advances reside in Malaysia.

A11d. Gross financing and advances analysed by profit rate sensitivity are as follows:

	31 December 2014 RM'000	31 March 2014 RM'000
Fixed rate		
- Housing financing	258,746	228,350
- Hire purchase receivables	10,103,735	9,883,677
- Other financing	3,202,469	3,374,584
Variable rate		
- Base financing rate plus	5,132,109	5,201,765
- Cost plus	6,900,123	6,120,971
- Other variable rate	223,165	189,627
	<u>25,820,347</u>	<u>24,998,974</u>

A11. FINANCING AND ADVANCES (CONTD.)

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

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

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

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

A11. FINANCING AND ADVANCES (CONTD.)

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

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

A11h. All impaired financing and advances reside in Malaysia.

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

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

A11. FINANCING AND ADVANCES (CONTD.)

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

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

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

A12. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

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

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

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

A13. OTHER ASSETS

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

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

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

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

A15. DEPOSITS FROM CUSTOMERS

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

A16. OTHER LIABILITIES

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

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

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

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

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

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

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

Income derived from investment of other deposits

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

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

Income derived from investment of other deposits (Contd.)

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

A18. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

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

A19. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

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

A20. INCOME ATTRIBUTABLE TO THE DEPOSITORS

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

A21. OTHER OPERATING EXPENSES

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

A22. EARNINGS PER SHARE (EPS)

Basic/Diluted

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

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

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
Net profit attributable to equity holder of the Bank (RM'000)	61,341	40,186	177,519	171,661
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	462,922	462,922	462,922	462,922
Basic/Diluted earnings per share (sen)	13.25	8.68	38.35	37.08

A23. BUSINESS SEGMENT ANALYSIS

For the period ended 31 December 2014

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

Other information

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

A23. BUSINESS SEGMENT ANALYSIS (CONTD.)

For the period ended 31 December 2013

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

Other information

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

Note:

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

A24a. PERFORMANCE REVIEW FOR THE PERIOD ENDED 31 DECEMBER 2014

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

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

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

offset by:

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

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

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

The Bank's total capital ratio remains strong at 14.4% as at the end of the current financial period.

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

A24b. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2015

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

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

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

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

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

A25. VALUATION OF PROPERTY AND EQUIPMENT

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

A26. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events subsequent to the reporting date.

A27. COMMITMENTS AND CONTINGENCIES

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

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

A28. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3 : techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Bank's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Bank. Therefore, unobservable inputs reflect the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Bank's own data.

A28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

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

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

A28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

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

	Level 1 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>

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

A29. CAPITAL ADEQUACY

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

	31 December 2014	31 March 2014
Before deducting proposed dividends:		
Common Equity Tier 1 Capital Ratio	8.780%	9.830%
Tier 1 Capital Ratio	8.780%	9.830%
Total Capital Ratio	14.362%	15.807%
After deducting proposed dividends:		
Common Equity Tier 1 Capital Ratio	8.780%	9.203%
Tier 1 Capital Ratio	8.780%	9.203%
Total Capital Ratio	14.362%	15.180%

The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, the capital adequacy ratios are computed in accordance with BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which is based on the Basel III capital accord. The minimum regulatory capital adequacy requirements are set out as follows:

	<u>Transitional arrangements</u>		
	Calender year 2013	Calender year 2014	Calender year 2015 onwards
Common Equity Tier 1 ("CET 1")			
Capital Ratio	3.5%	4.0%	4.5%
Tier 1 Capital Ratio	4.5%	5.5%	6.0%
Total Capital Ratio	8.0%	8.0%	8.0%

A29. CAPITAL ADEQUACY (CONTD.)

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

	31 December 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	627,010	698,125
Available for sale reserve	(13,587)	(18,442)
Statutory reserve	483,345	483,345
Profit equalisation reserve	8,660	1,260
Less : Regulatory adjustments applied on CET1 capital		
- Intangible assets	(22)	(26)
- Profit equalisation reserve	(8,660)	(1,260)
CET1 capital	2,283,853	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	2,283,853	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	301,701	279,038
Less : Regulatory adjustments applied on Tier 2 capital	-	-
Tier 2 capital	1,451,701	1,429,038
Total Capital	3,735,554	3,779,147
Credit RWA	24,136,117	22,773,142
Less : Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(450,133)
Total Credit RWA	24,136,117	22,323,009
Market RWA	330,218	68,731
Operational RWA	1,544,320	1,515,669
Total Risk Weighted Assets	26,010,655	23,907,409

A30. RESTATEMENT OF COMPARATIVE INFORMATION

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

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

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

A31. RESTATEMENT OF COMPARATIVE INFORMATION (CONTD.)

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

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

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

(ii) Reconciliation of Cash Flows

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

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