AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Note	Group 30.09.14 RM'000	Group 31.03.14 (Restated) RM'000
ASSETS			
Cash and short-term funds		8,995,159	10,287,346
Securities purchased under resale agreements		14,987	-
Deposits and placements with banks and other financial institutions		1,095,454	1,063,122
Derivative financial assets	A28	600,078	528,810
Financial assets held-for-trading	A8	3,962,024	3,836,161
Financial investments available-for-sale	A9	9,907,039	11,640,846
Financial investments held-to-maturity	A10	3,489,779	3,798,565
Loans, advances and financing	A11	84,741,655	87,170,577
Receivables: investments not quoted in active markets		521,499	168,830
Statutory deposits with Bank Negara Malaysia	A12	3,143,934	3,122,961
Deferred tax assets		67,865	127,121
Investment in associates and joint ventures		611,795	252,475
Other assets	A13	2,451,502	3,014,546
Reinsurance, retakaful assets and other insurance receivables		400,972	473,012
Investment properties		7,713	7,713
Property and equipment		339,522	351,468
Intangible assets		3,345,287	3,383,662
Assets held for sale		438,956	3,126,042
TOTAL ASSETS		124,135,220	132,353,257
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A14	2,819,318	4,120,923
Securities sold under repurchase agreements		10,205	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,333,238	3,318,263
Derivative financial liabilities	A28	528,054	541,224
Deposits from customers	A15	85,346,371	89,698,878
Term funding		6,602,636	6,644,641
Debt capital		4,756,766	4,766,198
Redeemable cumulative convertible preference share		194,509	193,137
Deferred tax liabilities		110,570	116,870
Other liabilities	A16	2,907,772	3,455,336
Insurance, takaful contract liabilities and other insurance payables		2,511,174	2,568,031
Liabilities directly associated with assets held for sale		201,028	2,835,367
Total Liabilities		109,321,641	118,258,868
Share capital		3,014,185	3,014,185
Reserves		10,807,365	10,128,756
Equity attributable to equity holders of the Company		13,821,550	13,142,941
Non-controlling interests		992,029	951,448
Total Equity		14,813,579	14,094,389
TOTAL LIABILITIES AND EQUITY		124,135,220	132,353,257
COMMITMENTS AND CONTINGENCIES	A27	109,036,322	103,478,931

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014 (CONT'D.)

	Note	Group 30.09.14 RM'000	Group 31.03.14 RM'000
CAPITAL ADEQUACY RATIOS	A30		
Before deducting proposed dividends:			
Common Equity Tier 1 ("CET1") Capital ratio		10.706%	10.126%
Tier 1 Capital ratio		12.183%	11.569%
Total Capital ratio		16.587%	15.899%
After deducting proposed dividends:			
CET1 Capital ratio		10.260%	9.745%
Tier 1 Capital ratio		11.737%	11.188%
Total Capital ratio		16.141%	15.517%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		4.59	4.36

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014.

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

		Individual Quarter		Cumulative Quarter	
Group	**Note**	**30.09.14 RM'000**	**30.09.13 RM'000**	**30.09.14 RM'000**	**30.09.13 RM'000**
Operating revenue	A23	2,210,802	2,379,247	4,793,708	4,761,498
Interest income	A17	1,095,154	1,155,848	2,176,838	2,318,376
Interest expense	A18	(583,062)	(603,189)	(1,161,765)	(1,194,512)
Net interest income		512,092	552,659	1,015,073	1,123,864
Net income from Islamic banking business		222,894	226,405	429,835	462,416
Income from insurance business		376,137	531,454	795,799	1,049,095
Insurance claims and commissions		(259,544)	(389,328)	(564,101)	(784,474)
Net income from insurance business	A19	116,593	142,126	231,698	264,621
Other operating income	A20	268,869	253,815	905,287	512,478
Share in results of associates and joint ventures		7,339	4,528	8,368	9,204
Net income		1,127,787	1,179,533	2,590,261	2,372,583
Other operating expenses	A21	(491,227)	(555,235)	(1,041,930)	(1,123,772)
Acquisition and business efficiency expenses		(3,502)	(6,476)	(76,344)	(6,476)
Operating profit		633,058	617,822	1,471,987	1,242,335
(Allowances)/Writeback for impairment on loans and financing	A22	(4,729)	10,638	(85,798)	31,035
Net impairment (loss)/writeback on:					
Financial investments		(2,408)	(1,194)	2,592	(1,376)
Doubtful sundry receivables		3,649	(32,561)	(28,829)	(24,339)
Foreclosed properties		(76)	(6,116)	(5,634)	(6,375)
Intangible assets		-	(1,865)	(125)	(1,865)
(Provision made)/Writeback of provision for commitments and contingencies		(4,481)	15,522	(2,557)	7,323
Transfer to profit equalisation reserve		(3,766)	(1,802)	(4,604)	(9,011)
Profit before taxation and zakat		621,247	600,444	1,347,032	1,237,727
Taxation and zakat	B5	(140,509)	(138,710)	(298,444)	(292,385)
Profit for the period		**480,738**	**461,734**	**1,048,588**	**945,342**
Attributable to:					
Equity holders of the Company		445,819	440,857	982,759	902,839
Non-controlling interests		34,919	20,877	65,829	42,503
Profit for the period		480,738	461,734	1,048,588	945,342
EARNINGS PER SHARE (SEN)	B11				
Basic		14.81	14.66	32.67	30.04
Fully diluted		14.81	14.64	32.65	29.95

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014.

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

		Individual Quarter		Cumulative Quarter	
Group	**Note**	**30.09.14 RM'000**	**30.09.13 RM'000**	**30.09.14 RM'000**	**30.09.13 RM'000**
Profit for the period		480,738	461,734	1,048,588	945,342
Other comprehensive income/(loss):					
Items that may be reclassified to income statement					
Exchange differences on translation of					
- foreign operations		5,634	3,196	(1,181)	7,053
- net investment hedge		2,417	3,448	509	5,793
Net movement on cash flow hedge		(321)	2,048	4,982	6,360
Net movement on financial investments available-for-sale		36,022	(83,608)	24,120	(76,950)
		43,752	(74,916)	28,430	(57,744)
Income tax relating to the components of other comprehensive income/(loss)		(6,955)	20,592	(5,395)	19,015
Other comprehensive income/(loss) for the period, net of tax		36,797	(54,324)	23,035	(38,729)
Total comprehensive income for the period		517,535	407,410	1,071,623	906,613
Total comprehensive income for the period attributable to:					
Equity holders of the Company		484,578	393,108	1,017,482	867,973
Non-controlling interests		32,957	14,302	54,141	38,640
		517,535	407,410	1,071,623	906,613

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014.

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

	Attributable to Equity Holders of the Company													
		Non-Distributable									Distributable			
										Retained Earnings				
Group	**Ordinary share capital RM'000**	**Share premium RM'000**	**Statutory reserve RM'000**	**Profit equalisation reserve RM'000**	**Available-for-sale reserve RM'000**	**Cash flow hedging reserve RM'000**	**Foreign currency translation reserve RM'000**	**Executives' share scheme reserve RM'000**	**Shares held in trust for ESS RM'000**	**Non-participating funds RM'000**	**RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total Equity RM'000**
At 1 April 2013	3,014,185	2,537,372	1,879,770	1,313	29,061	(12,644)	(6,122)	83,196	(74,938)	110,364	4,506,179	12,067,736	873,594	12,941,330
Profit for the period	-	-	-	-	-		-	-	-	-	902,839	902,839	42,503	945,342
Other comprehensive income, net	-	-	-	-	(52,533)	4,769	12,898	-	-	-	-	(34,866)	(3,863)	(38,729)
Total comprehensive income for the period	-	-	-	-	(52,533)	4,769	12,898	-	-	-	902,839	867,973	38,640	906,613
Purchase of shares pursuant to Executives' Share Scheme ("ESS")	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment under ESS, net	-	-	-	-	-	-	-	22,579	-	-	-	22,579		22,579
ESS shares vested to employees of subsidiaries	-	-						(36,866)	50,822	-	-	13,956	-	13,956
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	(1,574)	(1,574)	(41)	(1,615)
Net utilisation of profit equalisation reserve	-	-	-	5,542	-	-	-	-	-	-	(5,542)	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	27,477	(36,636)	(9,159)	-	(9,159)
Dividend paid	-	-	-	-	-	-	-	-	-	-	(452,128)	(452,128)	-	(452,128)
Transactions with owners and other equity movements	-	-	-	5,542	-	-	-	(14,287)	50,822	27,477	(495,880)	(426,326)	(41)	(426,367)
At 30 September 2013	3,014,185	2,537,372	1,879,770	6,855	(23,472)	(7,875)	6,776	68,909	(24,116)	137,841	4,913,138	12,509,383	912,193	13,421,576

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

	Attributable to Equity Holders of the Company													
		Non-Distributable									Distributable			
										Retained Earnings				
Group	**Ordinary share capital RM'000**	**Share premium RM'000**	**Statutory reserve RM'000**	**Profit equalisation reserve RM'000**	**Available-for-sale reserve RM'000**	**Cash flow hedging reserve RM'000**	**Foreign currency translation reserve RM'000**	**Executives' share scheme reserve RM'000**	**Shares held in trust for ESS RM'000**	**Non-participating funds RM'000**	**RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total Equity RM'000**
At 1 April 2014	3,014,185	2,537,372	1,938,849	1,260	(41,687)	3,030	8,213	79,456	(58,434)	132,993	5,527,704	13,142,941	951,448	14,094,389
Profit for the period	-	-	-	-	-		-	-	-	-	982,759	982,759	65,829	1,048,588
Other comprehensive loss, net	-	-	-	-	31,544	3,827	(648)	-	-	-	-	34,723	(11,688)	23,035
Total comprehensive income/(loss) for the period	-	-	-	-	31,544	3,827	(648)	-	-	-	982,759	1,017,482	54,141	1,071,623
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	-	-	-	-	-	(35,184)		-	(35,184)	-	(35,184)
Share-based payment under ESS, net	-	-						15,151	-	-	-	15,151	-	15,151
ESS shares vested to employees of subsidiaries	-	-						(38,256)	43,861	-	-	5,605	-	5,605
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-		-	-	(2,071)	(2,071)	(75)	(2,146)
Net utilisation of profit equalisation reserve	-	-	-	1,341	-	-	-	-	-	-	(1,341)	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	10,482	747	11,229	-	11,229
Redemption of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	-	-	-	-	(2,543)	(2,543)
Arising from disposal of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	(142,618)	318,412	175,794	-	175,794
Dividends paid	-	-	-	-	-	-	-	-	-	-	(509,397)	(509,397)	(10,942)	(520,339)
Transactions with owners and other equity movements	-	-	-	1,341	-	-	-	(23,105)	8,677	(132,136)	(193,650)	(338,873)	(13,560)	(352,433)
At 30 September 2014	3,014,185	2,537,372	1,938,849	2,601	(10,143)	6,857	7,565	56,351	(49,757)	857	6,316,813	13,821,550	992,029	14,813,579

^ Represents the purchase of 5,050,100 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an avarage price of RM6.97 per share.

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

Group	**30.09.14 RM'000**	**30.09.13 RM'000**
Profit before taxation and zakat	1,347,032	1,237,727
Add/(Less) adjustments for:		
Accretion of discount less amortisation of premium	(73,914)	(115,255)
Allowance/(Writeback of allowance) for losses on loans, advances and financing	85,798	(31,035)
Dividend income from investments	(26,103)	(37,914)
Net gain on redemption of financial investments held-to-maturity	-	(7,459)
Net gain on revaluation of derivatives	(22,866)	(56,680)
Net (gain)/loss on revaluation of financial assets held-for-trading	(26,725)	50,605
Net gain on sale of financial investments available-for-sale	(38,846)	(32,007)
Net (gain)/loss on sale of financial assets held-for-trading	8,789	19,945
Other non-operating and non-cash items	(396,864)	131,098
Operating profit before working capital changes	856,301	1,159,025
Decrease/(Increase) in operating assets:		
Securities purchased under resale agreements	(14,987)	44,834
Deposits and placements with banks and other financial institutions	(48,757)	1,034,673
Financial assets held-for-trading	(109,186)	1,913,732
Loans, advances and financing	2,327,443	(989,970)
Receivables: investments not quoted in active markets	(350,000)	-
Statutory deposits with Bank Negara Malaysia	(20,973)	(124,120)
Other assets	555,671	295,898
Reinsurance, retakaful assets and other insurance receivables	72,040	38,295
Increase/(Decrease) in operating liabilities:		
Deposits and placements of banks and other financial institutions	(603,728)	337,157
Obligations on securities sold under repurchase agreements	10,205	-
Recourse obligation on loans and financing sold to Cagamas Berhad	14,975	(9,611)
Deposits from customers	(5,050,384)	3,393,853
Term funding	(42,005)	639,229
Bills and acceptances payable	-	(1,880,103)
Other liabilities	(686,582)	(1,396,253)
Insurance, takaful contract liabilities and other insurance payables	(56,857)	31,388
Cash (used in)/generated from operations	(3,146,824)	4,488,027
Taxation and zakat paid	(287,802)	(348,512)
Net cash used in operating activities	(3,434,626)	4,139,515
Cash flows from investing activities		
Arising from purchase of shares for ESS by the appointed trustee	(35,184)	-
Dividends received from other investments	26,366	35,133
ESS shares vested to eligible employees	43,861	50,822
Net cash inflow from disposal of equity interests in subsidiaries	661,193	-
Proceeds from disposal of property and equipment	65	847
Purchase of financial investments - net	2,161,345	(1,126,765)
Purchase of property and equipment and intangible assets	(57,365)	(106,265)
Return of surplus funds from associate	-	61
Transfer of ESS shares recharged difference on purchase price for shares vested	(2,071)	(1,574)
Net cash generated from/(used in) investing activities	2,798,210	(1,147,741)
Dividends paid by Company to its shareholders	(509,397)	(452,128)
Dividends paid to non-controlling interests by subsidiaries	(10,942)	-
Proceeds from issuance of shares by subsidiaries to non-controlling interests	(2,543)	-
Net cash (used in) financing activities	(522,882)	(452,128)
Net decrease in cash and cash equivalents	(1,159,298)	2,539,646
Cash and cash equivalents at beginning of financial year	10,286,587	11,780,148
Effect of exchange rate changes	1,504	5,801
Cash and cash equivalents at end of period	9,128,793	14,325,595

For the purpose of statements of cash flows, cash and cash equivalents consist of cash and short-term funds net of bank overdrafts. Cash and cash equivalents included in the statements of cash flows comprise the following financial position amounts:

Group	**30.09.14 RM'000**	**30.09.13 RM'000**
Cash and short-term funds	8,995,159	14,327,631
Bank overdrafts	-	(2,036)
Reclassified to assets held for sale	133,634	-
Cash and cash equivalents	9,128,793	14,325,595

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014.

AMMB HOLDINGS BERHAD
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EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia. These financial statements also comply with IAS 34, Interim Financial Reporting.

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Company for the financial year ended 31 March 2014 which are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

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

The significant accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2014 except for the adoption of the following financial reporting standards, which did not have any significant impact on the accounting policies, financial position or performance of the Group and the Company.

Standards effective for financial year ending 31 March 2015:

- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21: Levies

The nature of the new standards is described below:

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10, Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

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.

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.

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group have not novated their derivatives during the current period. However, these amendments would be considered for future novation.

IC Interpretation 21: Levies
IC 21 is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., MFRS 112, Income Taxes) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.

A1. BASIS OF PREPARATION (CONT'D.)

Standards issued but not yet effective
The following are MFRSs issued by MASB that will be effective for the Group and the Company in future years. The Group and the Company intend to adopt the relevant standards when they become effective.

Standards effective for financial periods beginning on or after 1 July 2014:
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
- Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010-2012 Cycle"
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011-2013 Cycle"
- MFRS 14 Regulatory Deferral Accounts
- MFRS 15 Revenue from Contracts with Customers

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

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 Group and the Company are assessing the financial effects of their adoption.

Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
MFRS 11 is amended such that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in MFRS 3, is required to apply all of the principles on business combinations accounting in MFRS 3 and other MFRSs with the exception of those principles that conflict with the guidance in MFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to:
- measure most identifiable assets and liabilities at fair value;
- expense acquisition-related costs (other than debt or equity issuance costs);
- recognise deferred taxes;
- recognising any goodwill or bargain purchase gain;
- perform impairment tests for the cash generating units to which goodwill has been allocated;
- disclose information required relevant for business combinations.

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

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments to MFRS 116 clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

The amendments to MFRS 138 introduce a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in MFRS 116. However, the International Accounting Standards Board ("IASB") states that there are limited circumstances when the presumption can be overcome:
- The intangible asset is expressed as a measure of revenue (the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold); and
- it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated (the consumption of the intangible asset is directly linked to the revenue generated from using the asset).

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
MFRS 141 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates.

A1. BASIS OF PREPARATION (CONT'D.)

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants (Cont'd.)
The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in MFRS 116 because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of MFRS 116, instead of MFRS 141. The produce growing on bearer plants will remain within the scope of MFRS 141.

Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions
The amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010-2012 Cycle"
The Annual Improvements to MFRSs 2010 – 2012 Cycle consist of the following amendments:

(i) MFRS 2, Share-based Payment
The amendment clarifies the definition of "vesting conditions" by separately defining "performance condition" and "service condition" to ensure consistent classification of conditions attached to a share-based payment.

(ii) MFRS 3, Business Combinations
The amendment clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132, Financial Instruments: Presentation. In addition, contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in the statement of profit or loss.

(iii) MFRS 8, Operating Segments
The amendment requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segment and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. In addition, a reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

(iv) MFRS 13, Fair Value Measurement
The amendment relates to the IASB's Basis for Conclusions which clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

(v) MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets
The amendment clarifies the accounting for the accumulated depreciation or amortisation when an asset is revalued.

(vi) MFRS 124, Related Party Disclosures
The amendment extends the definition of "related party" to include an entity, or any member of a group of which it is a party, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011-2013 Cycle"
The Annual Improvements to MFRSs 2011 – 2013 Cycle consist of the following amendments:

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

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

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

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

A1. BASIS OF PREPARATION (CONT'D.)

MFRS 14 Regulatory Deferral Accounts
The objective of this interim Standard is to enhance the comparability of financial reporting by entities with rate-regulated activities until the IASB completes its comprehensive project on rate regulation.

The requirements of some national accounting standard-setting bodies permit or require entities that are subject to certain types of rate regulation to capitalise and defer expenditures (or income) that would otherwise be recognised as expenses (or income) in the statement of profit or loss and other comprehensive income by non-rate-regulated entities. These amounts are often referred to as “regulatory deferral” (or “variance”) accounts. There is currently no Standard in IFRS that specifically addresses the accounting for rate-regulated activities.

The IASB recognises that discontinuing the recognition of regulatory deferral account balances before the completion of the comprehensive Rate-regulated Activities project could be a significant barrier to the adoption of IFRS for those entities for which regulatory deferral account balances represent a significant proportion of net assets. The IASB has, therefore, issued IFRS 14 to allow those entities that currently recognise regulatory deferral account balances in accordance with their previous GAAP to continue to do so when making the transition to IFRS.

MFRS 15 Revenue from Contracts with Customers
The core principle of MFRS 15 is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To apply the core revenue principle, the entity needs to follow five main steps:
- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group are 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 the prior financial years that have a material effect on the financial period ended 30 September 2014.

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

The following are changes in debt and equity securities in the Group during the financial period:

During the current quarter, the Company repaid Senior Notes totalling RM700.0 million upon maturity.

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

During the current quarter, on 3 July 2014, AmBank issued USD400 million Senior Notes under its USD2 billion Euro Medium Term Note Programme in nominal value (or its equivalent in other currencies) ("the Programme"). The Programme was approved by the Securities Commission under its deemed approval process.

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

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

A7. DIVIDENDS PAID

During the financial period ended 30 September 2014, a final single tier dividend of 16.9% for the financial year ended 31 March 2014 amounting to RM509,397,243 was paid on 12 September 2014 to shareholders whose names appear in the record of Depositors on 29 August 2014.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	-	9,980
Malaysian Government Securities	259,129	532,163
Government Investment Issues	308,766	132,086
Cagamas bonds	55,998	-
Bank Negara Monetary Notes	449,163	-
	1,073,056	674,229
Quoted Securities:		
In Malaysia:		
Shares	147,327	172,165
Unit trusts	24,609	35,874
Warrants	-	6,067
Private debt securities	39,229	23,799
Outside Malaysia:		
Shares	103,268	-
	314,433	237,905
Unquoted Securities:		
In Malaysia:		
Private debt securities	2,438,218	2,805,150
Outside Malaysia:		
Private debt securities	136,317	118,877
	2,574,535	2,924,027
Total	3,962,024	3,836,161

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	-	6,575
Malaysian Government Securities	383,200	390,806
Government Investment Issues	1,007,131	806,663
Bank Negara Monetary Notes	1,703,424	4,140,975
Negotiable instruments of deposits	800,390	519,881
Islamic negotiable instruments of deposit	1,444,555	996,914
	5,338,700	6,861,814
Quoted Securities:		
In Malaysia:		
Shares	9,540	40,893
Unit trusts	570,372	581,707
Outside Malaysia:		
Shares	37,161	29,149
	617,073	651,749
Unquoted Securities:		
In Malaysia:		
Unit trusts	31,786	454,498
Private debt securities	3,506,666	3,252,612
Outside Malaysia:		
Unit trusts	314	2,953
Private debt securities	287,754	286,946
	3,826,520	3,997,009
At Cost		
Unquoted Securities:		
In Malaysia:		
Shares	119,643	121,852
Outside Malaysia:		
Shares	5,103	8,422
	124,746	130,274
Total	9,907,039	11,640,846

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

As at 30 September 2014, the fair value gain that would have been recognised in other comprehensive income for the current period if the securities had not been reclassified amounted to RM2,141,000 (31 March 2014: RM2,395,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
At Amortised Cost		
Money Market Instruments:		
Foreign Treasury Bills	196,798	522,405
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,298,979	3,279,804
	3,495,777	3,802,209
Accumulated impairment losses	(5,998)	(3,644)
Total	3,489,779	3,798,565

A11. LOANS, ADVANCES AND FINANCING

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
At Amortised Cost:		
Loans and financing:		
Term loans	25,968,596	26,925,029
Revolving credit	9,279,744	9,491,102
Housing loans/financing	14,854,308	14,433,902
Staff loans	132,118	134,678
Hire-purchase receivables	25,666,956	27,160,304
Credit card receivables	1,918,001	2,027,373
Overdraft	3,136,115	3,207,162
Claims on customers under acceptance credits	3,561,573	3,783,885
Trust receipts	1,192,197	1,139,161
Bills receivables	664,207	752,279
Others	186,868	233,638
Gross loans, advances and financing	86,560,683	89,288,513
Allowance for impairment on loans, advances and financing:		
Collective allowance	(1,636,181)	(1,950,384)
Individual allowance	(182,847)	(167,552)
	(1,819,028)	(2,117,936)
Net loans, advances and financing	84,741,655	87,170,577

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Domestic banking institutions	4,756	84
Domestic non-bank financial institutions	361,656	165,846
Domestic business enterprises:		
Small and medium enterprises	11,449,107	12,358,779
Others	27,292,726	28,386,482
Government and statutory bodies	413,931	407,909
Individuals	45,876,033	46,823,358
Other domestic entities	10,237	8,040
Foreign individuals and entities	1,152,237	1,138,015
	86,560,683	89,288,513

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

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
In Malaysia	85,599,224	88,131,863
Outside Malaysia	961,459	1,156,650
	86,560,683	89,288,513

(c) Gross loans, advances and financing analysed by interest rate/rate of return sensitivity are as follows:

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Fixed rate:		
Housing loans/financing	542,566	521,160
Hire purchase receivables	24,461,918	25,775,955
Other fixed rate loans/financing	12,252,481	12,063,843
	37,256,965	38,360,958
Variable rate:		
Base lending/financing rate plus	25,936,333	26,842,317
Cost plus	22,251,402	23,082,607
Other variable rates	1,115,983	1,002,631
	49,303,718	50,927,555
	86,560,683	89,288,513

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Agriculture	4,054,271	3,842,717
Mining and quarrying	3,043,170	3,022,389
Manufacturing	8,015,695	8,242,362
Electricity, gas and water	1,137,034	1,345,679
Construction	4,101,392	4,629,200
Wholesale and retail trade and hotels and restaurants	5,584,346	5,836,570
Transport, storage and communication	2,209,800	2,900,357
Finance and insurance	651,989	548,410
Real estate	8,036,018	7,795,364
Business activities	1,783,806	2,077,828
Education and health	1,176,873	1,236,202
Household of which:	46,414,490	47,406,055
Purchase of residential properties	15,315,418	14,667,091
Purchase of transport vehicles	22,381,813	24,958,929
Others	8,717,259	7,780,035
Others	351,799	405,380
	86,560,683	89,288,513

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

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Maturing within one year	14,919,799	19,158,852
Over one year to three years	12,417,696	11,014,209
Over three years to five years	13,328,715	14,760,511
Over five years	45,894,473	44,354,941
	86,560,683	89,288,513

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

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Gross		
Balance at beginning of financial year	1,662,141	1,680,471
Impaired during the period/year	1,155,478	1,722,721
Reclassified as non-impaired	(265,049)	(308,206)
Reclassified as assets held for sale	(11,290)	-
Recoveries	(357,851)	(602,212)
Amount written off	(636,914)	(830,633)
Exchange differences	(81)	-
Balance at end of financial period/year	1,546,434	1,662,141
Gross impaired loans, advances and financing as % of gross loans, advances and financing	1.8%	1.9%
Loan loss coverage excluding collateral values	117.6%	127.4%

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
In Malaysia	1,546,434	1,650,221
Outside Malaysia	-	11,920
	1,546,434	1,662,141

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

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Agriculture	14,993	7,384
Mining and quarrying	8,452	4,132
Manufacturing	210,638	227,053
Electricity, gas and water	25,179	24,249
Construction	29,650	36,051
Wholesale and retail trade and hotels and restaurants	46,268	44,512
Transport, storage and communication	53,215	62,617
Finance and insurance	1,620	1,769
Real estate	80,520	7,920
Business activities	25,936	24,512
Education and health	13,421	13,816
Household of which:	1,028,714	1,206,447
Purchase of residential properties	416,139	495,630
Purchase of transport vehicles	549,423	596,219
Others	63,152	114,598
Others	7,828	1,679
	1,546,434	1,662,141

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

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Collective allowance		
Balance at beginning of financial year	1,950,384	1,986,361
Allowance made during the financial period/year, net	293,793	602,488
Reclassified as assets held for sale	(19)	-
Amount written off and others	(607,865)	(639,880)
Exchange fluctuation adjustments	(112)	1,415
Balance at end of financial period/year	1,636,181	1,950,384
Collective allowance as % of gross loans, advances and financing less individual allowance	1.9%	2.2%
Individual allowance		
Balance at beginning of financial year	167,552	186,556
Allowance made during the financial period/year, net	34,765	216,720
Reclassified as assets held for sale	(11,290)	-
Amount written off	(8,180)	(235,724)
Balance at end of financial period/year	182,847	167,552

A12. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-interest/profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as set percentages of total eligible liabilities.

A13. OTHER ASSETS

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Trade receivables, net of allowance for impairment	223,157	752,453
Other receivables, deposits and prepayments, net of allowance for impairment	1,491,967	1,553,510
Interest receivable, net of allowance for impairment	242,467	227,268
Fee receivable, net of allowance for impairment	45,283	44,444
Amount due from Originators	377,467	361,635
Amount due from agents, brokers and reinsurers	9,495	8,431
Foreclosed properties, net of allowance for impairment	61,666	66,805
	2,451,502	3,014,546

Amount due from Originators represents housing loans and personal loans/financing acquired from originators for onward sale to Cagamas Berhad with recourse.

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Deposits from:		
Licensed banks	343,406	2,228,756
Licensed investment banks	-	5,281
Bank Negara Malaysia	604,258	98,293
Other financial institutions	1,871,654	1,788,593
	2,819,318	4,120,923

A15. DEPOSITS FROM CUSTOMERS

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Demand deposits	11,888,142	13,450,532
Savings deposits	5,229,197	5,290,440
Term/Investment deposits	68,180,954	70,903,023
Negotiable instruments of deposits	48,078	54,883
	85,346,371	89,698,878

The deposits are sourced from the following types of customers:

Business enterprises	37,199,209	42,554,162
Individuals	34,720,943	34,508,342
Government and statutory bodies	10,651,434	10,116,686
Others	2,774,785	2,519,688
	85,346,371	89,698,878

A16. OTHER LIABILITIES

	Group	
	30.09.14	31.03.14
	RM'000	RM'000
Trade payables	202,831	659,944
Other payables and accruals	1,734,673	1,838,615
Interest payable	801,593	736,777
Lease deposits and advance rentals	13,860	19,526
Provision for commitments and contingencies	145,116	174,965
Bank overdraft	-	759
Profit equalisation reserve	3,180	1,571
Provision for taxation	6,519	23,179
	2,907,772	3,455,336

A17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.14	30.09.13	30.09.14	30.09.13
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	41,901	59,551	83,731	114,474
Financial assets held-for-trading	30,691	33,506	54,096	76,420
Financial investments available-for-sale	67,698	46,699	140,430	92,957
Financial investments held-to-maturity	24,084	53,415	51,237	108,894
Loans and advances	924,412	957,396	1,834,053	1,914,647
Impaired loans and advances	2,036	1,092	3,889	1,597
Others	4,332	4,189	9,402	9,387
	1,095,154	1,155,848	2,176,838	2,318,376

A18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.09.14	30.09.13	30.09.14	30.09.13
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	442,942	468,443	890,585	925,605
Deposit and placements of banks and other financial institutions	9,611	7,835	17,397	19,198
Senior notes	51,890	48,145	95,474	94,257
Credit-Linked Notes	4,200	4,296	8,355	10,618
Recourse obligation on loans sold to Cagamas Berhad	10,251	10,266	20,402	20,432
Term loans	7,218	6,522	14,792	13,496
Subordinated term loans and notes	10,709	5,476	21,207	11,160
Medium term notes	20,875	20,875	41,523	41,523
Hybrid and Innovative Tier 1 capital securities	20,479	20,635	40,980	40,606
Others	4,887	10,696	11,050	17,617
	583,062	603,189	1,161,765	1,194,512

A19. NET INCOME FROM INSURANCE BUSINESS

Group	**Individual Quarter**		**Cumulative Quarter**	
	30.09.14	**30.09.13**	**30.09.14**	**30.09.13**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income from Insurance Business:				
Premium income from general insurance business	376,137	396,505	750,353	778,621
Premium income from life and family takaful insurance business	-	134,949	45,446	270,474
	376,137	531,454	795,799	1,049,095
Insurance Claims and Commissions:				
Insurance commission [1]	36,450	50,590	42,882	98,206
General insurance claims	223,094	251,274	465,033	491,191
Life and family takaful insurance claims	-	87,464	56,186	195,077
	259,544	389,328	564,101	784,474
Total income from insurance business, net	116,593	142,126	231,698	264,621

[1] Net of bancassurance commission paid/payable to subsidiaries of the Group of RM12,733,000 (30 September 2013: RM18,501,000) eliminated upon consolidation.

A20. OTHER OPERATING INCOME

Group	**Individual Quarter**		**Cumulative Quarter**	
	30.09.14	**30.09.13**	**30.09.14**	**30.09.13**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fee and commission income:				
Fees on loans and securities	55,894	66,024	108,044	133,299
Corporate advisory	6,724	19,855	13,679	24,632
Guarantee fees	13,845	12,623	27,990	24,811
Underwriting commission	(468)	1,810	7,768	1,810
Portfolio management fees	9,242	8,860	18,211	17,026
Unit trust management fees	26,705	25,943	52,984	50,682
Property trust management fees	1,563	1,574	3,131	3,157
Brokerage fees and commission	20,096	21,292	37,793	46,461
Wealth management fees	5,491	4,229	13,504	10,861
Other fee and commission income	27,263	19,799	48,442	43,770
	166,355	182,009	331,546	356,509
Investment and trading income:				
Net loss from sale of financial assets held-for-trading	(7,688)	(29,231)	(9,572)	(22,388)
Net gain from sale of financial investments available-for-sale	7,796	14,901	38,846	31,897
Net gain on redemption of financial investments held-to-maturity	-	6,674	-	7,459
Net gain/(loss) on revaluation of financial assets held-for-trading	21,534	(19,953)	26,375	(50,054)
Net foreign exchange gain [2]	11,967	24,607	32,366	53,522
Net gain on derivatives	18,859	27,504	22,758	56,680
Gain on disposal of equity interests in subsidiaries	-	-	389,975	-
Gross dividend income from:				
Financial assets held-for-trading	2,730	2,615	3,305	4,862
Financial investments available-for-sale	10,405	16,867	22,798	33,055
Others	83	30	1,164	30
	65,686	44,014	528,015	115,063

A20. OTHER OPERATING INCOME (CONT'D.)

Group	Individual Quarter 30.09.14 RM'000	Individual Quarter 30.09.13 RM'000	Cumulative Quarter 30.09.14 RM'000	Cumulative Quarter 30.09.13 RM'000
Other income:				
Net non-trading foreign exchange gain/(loss)	6,148	(1,140)	3,624	(1,201)
Net gain/(loss) on disposal of property and equipmen	(25)	132	(1)	375
Rental income	1,204	1,879	2,689	3,843
Profit from sale of goods and services	8,794	6,764	16,982	14,797
Others	20,707	20,157	22,432	23,092
	36,828	27,792	45,726	40,906
	268,869	253,815	905,287	512,478

[2] Foreign exchange gain includes gains and losses from spot and forward contracts and other currency derivatives.

A21. OTHER OPERATING EXPENSES

Group	Individual Quarter 30.09.14 RM'000	Individual Quarter 30.09.13 RM'000	Cumulative Quarter 30.09.14 RM'000	Cumulative Quarter 30.09.13 RM'000
Personnel costs:				
Salaries, allowances and bonuses	213,408	245,881	475,745	509,670
Shares/options granted under Executives' Share Scheme	13,649	16,117	14,424	21,764
Others	57,442	72,645	125,961	143,804
	284,499	334,643	616,130	675,238
Establishment costs:				
Depreciation of property and equipment	14,861	16,031	30,222	32,764
Amortisation of intangible assets	21,306	22,508	42,937	49,998
Computerisation costs	46,463	45,187	100,857	91,486
Rental of premises	25,498	25,578	50,573	50,661
Cleaning, maintenance and security	6,763	7,460	13,587	14,387
Others	11,368	10,456	22,854	22,441
	126,259	127,220	261,030	261,737
Marketing and communication expenses:				
Sales commission	2,712	2,667	4,987	5,883
Advertising, promotional and other marketing activities	9,891	16,239	21,012	31,339
Telephone charges	7,122	5,302	11,486	10,356
Postage	4,242	4,009	8,106	8,897
Travel and entertainment	4,858	6,205	9,874	13,194
Others	5,993	9,194	13,513	18,355
	34,818	43,616	68,978	88,024
Administration and general expenses:				
Professional services	25,659	34,508	61,869	62,863
Donations	170	397	266	5,495
Administration and management expenses	1,504	1,230	2,851	2,156
Others	20,751	23,892	37,702	46,701
	48,084	60,027	102,688	117,215
Expenses capitalised	(2,433)	(10,271)	(6,896)	(18,442)
	491,227	555,235	1,041,930	1,123,772

A22. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

Group	**Individual Quarter**		**Cumulative Quarter**	
	30.09.14	**30.09.13**	**30.09.14**	**30.09.13**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Allowance for impaired loans, advances and financing:				
Individual allowance, net	(15,368)	80,897	34,765	139,736
Collective allowance, net	133,767	82,373	293,793	265,048
Impaired loans, advances and financing:				
Recovered, net	(113,670)	(173,908)	(242,760)	(435,819)
	4,729	(10,638)	85,798	(31,035)

A23. BUSINESS SEGMENT ANALYSIS

Group **For the financial quarter ended 30 September 2014**	**Wholesale banking RM'000**	**Retail banking RM'000**	**Insurance RM'000**	**Operating Segments RM'000**	**Total RM'000**
External revenue	1,391,092	1,411,370	915,583	1,075,663	4,793,708
Revenue from other segments	230,821	29,757	2,169	(262,747)	-
Total operating revenue	1,621,913	1,441,127	917,752	812,916	4,793,708
Net interest income	500,093	747,688	61,309	103,034	1,412,124
Other income	356,368	140,869	270,135	402,397	1,169,769
Income	856,461	888,557	331,444	505,431	2,581,893
Share in results of associates and joint ventures	-	2,006	676	5,686	8,368
Other operating expenses	(307,386)	(455,940)	(142,681)	(212,267)	(1,118,274)
of which:					
Depreciation of Property and Equipment	(3,900)	(12,439)	(5,358)	(10,206)	(31,903)
Amortisation of Intangible Assets	(5,257)	(8,251)	(3,476)	(26,129)	(43,113)
Profit/(Loss) before provisions	549,075	434,623	189,439	298,850	1,471,987
(Provisions)/Writeback of provisions	64,270	(125,443)	4,602	(68,384)	(124,955)
Profit before taxation and zakat	613,345	309,180	194,041	230,466	1,347,032
Taxation and zakat	(142,709)	(76,844)	(45,763)	(33,128)	(298,444)
Profit for the period	470,636	232,336	148,278	197,338	1,048,588
Other information					
Total segment assets	47,910,128	48,046,143	5,225,838	22,953,111	124,135,220
Total segment liabilities	54,803,137	41,717,639	3,225,522	9,575,343	109,321,641
Cost to income ratio	35.9%	51.3%	43.0%	42.0%	43.3%
Gross loans/financing	38,961,109	47,738,153	13,503	(152,082)	86,560,683
Net loans/financing	38,495,031	46,913,001	13,503	(679,880)	84,741,655
Impaired loans, advances and financing	380,691	1,165,743	-	-	1,546,434
Total deposits	47,564,183	40,976,763	-	(375,257)	88,165,689
Additions to:					
Property and equipment	1,053	12,090	10,281	5,339	28,763
Intangible assets	5,581	1,302	3,116	18,603	28,602

A23. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group **For the financial quarter ended 30 September 2013**	**Wholesale banking RM'000**	**Retail banking RM'000**	**Insurance RM'000**	**Operating Segments RM'000**	**Total RM'000**
External revenue	1,478,826	1,538,594	1,169,021	575,057	4,761,498
Revenue from other segments	223,314	(47,132)	7,310	(183,492)	-
Total operating revenue	1,702,140	1,491,462	1,176,331	391,565	4,761,498
Net interest income	551,010	818,850	61,309	109,462	1,540,631
Other income	386,219	155,374	305,608	(24,453)	822,748
Income	937,229	974,224	366,917	85,009	2,363,379
Share in results of associates and joint ventures	-	2,427	-	6,777	9,204
Other operating expenses	(314,172)	(468,885)	(209,409)	(137,782)	(1,130,248)
of which:					
Depreciation of Property and Equipment	(4,179)	(13,426)	(7,724)	(8,407)	(33,736)
Amortisation of Intangible Assets	(6,271)	(8,382)	(20,014)	(15,424)	(50,091)
Profit/(Loss) before provisions	623,057	507,766	157,508	(45,996)	1,242,335
(Provisions)/Writeback of provisions	116,203	(55,088)	(2,148)	(63,575)	(4,608)
Profit before taxation and zakat	739,260	452,678	155,360	(109,571)	1,237,727
Taxation and zakat	(171,043)	(111,819)	(48,352)	38,829	(292,385)
Profit for the period	568,217	340,859	107,008	(70,742)	945,342
Other information					
Total segment assets	45,906,598	48,436,282	8,357,358	26,769,934	129,470,172
Total segment liabilities	60,467,337	39,700,069	6,040,587	9,840,601	116,048,594
Cost to income ratio	33.5%	48.1%	57.1%	162.1%	47.8%
Gross loans/financing	37,356,788	48,422,553	133,838	(148,488)	85,764,691
Net loans/financing	36,822,486	47,411,699	132,685	(759,533)	83,607,337
Impaired loans, advances and financing	382,764	1,287,532	-	-	1,670,296
Total deposits	52,265,291	38,741,351	-	707,301	91,713,943
Additions to:					
Property and equipment	6,603	13,282	8,344	2,690	30,919
Intangible assets	6,796	1,528	1,185	65,837	75,346

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for AmFraser International Pte. Ltd. and its subsidiaries, PT. AmCapital Indonesia, AmCapital (B) Sdn Bhd, AmSecurities (H.K.) Limited and AmTrade Services Limited, activities of which are principally conducted in Singapore, Indonesia, Brunei and Hong Kong respectively. These activities are not significant in relation to the Group's activities in Malaysia.

During the financial year, the Group had restructured non-retail business divisions to Wholesale Banking to improve client centricity, efficiency and productivity. Wholesale Banking Division for the current financial period is a consolidation of five (5) divisions. As a result of this internal organisation, there is a change in business segment reporting for the comparative period.

A24. VALUATION OF PROPERTY AND EQUIPMENT

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

A25. EVENTS SUBSEQUENT TO REPORTING DATE

There were no other significant events subsequent to reporting date.

A26. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

There were no material changes in the composition of the Group and the Company for the current financial quarter other than as disclosed in Note B6, item 2.

A27. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmBank (M) Berhad, AmInvestment Bank Berhad, AmIslamic Bank Berhad and AmInternational (L) Ltd, make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

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

Group	**30.09.14**	**31.03.14**
	Principal/ Notional Amount RM'000	**Principal/ Notional Amount RM'000**
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	17,498,203	17,895,665
over one year	5,454,514	6,169,893
Unutilised credit card lines	4,135,153	4,235,678
Forward asset purchases	534,387	275,872
	27,622,257	28,577,108
Contingent Liabilities		
Direct credit substitutes	1,281,015	1,336,108
Transaction related contingent items	5,166,116	5,370,402
Obligations under underwriting agreements	289,324	296,375
Short term self liquidating trade related contingencies	719,528	677,065
	7,455,983	7,679,950
Derivative Financial Instruments		
Interest/Profit rate related contracts:	41,186,094	39,220,552
One year or less	6,421,415	4,377,756
Over one year to five years	28,261,240	28,591,959
Over five years	6,503,439	6,250,837
Foreign exchange related contracts:	31,487,495	26,637,299
One year or less	27,144,841	22,723,112
Over one year to five years	3,115,346	3,018,618
Over five years	1,227,308	895,569
Credit related contracts:	613,878	612,486
One year or less	-	-
Over one year to five years	307,216	306,519
Over five years	306,662	305,967
Equity and commodity related contracts:	670,615	751,536
One year or less	597,834	420,433
Over one year to five years	72,781	331,103
Over five years	-	-
	73,958,082	67,221,873
	109,036,322	103,478,931

A27. COMMITMENTS AND CONTINGENCIES (CONT'D.)

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

(a) The Company has given unsecured guarantees amounting to RM150,000,000 (31 March 2014: RM150,000,000) on behalf of a subsidiary for the payment and discharge of all monies due on trading accounts maintained by customers with the said subsidiary.

(b) The Company has given a continuing undertaking totalling SGD40,000,000 (31 March 2014: SGD40,000,000) to the Monetary Authority of Singapore on behalf of AmFraser Securities Pte Ltd to meet its liabilities and financial obligations and requirements.

(c) AmBank (M) Berhad has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") on behalf of AmInternational (L) Ltd ("AMIL"), AmBank's offshore banking subsidiary, to meet all its liabilities and financial obligations and requirements.

(d) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its joint venture (formerly, a subsidiary), AmLife Insurance Berhad ("AmLife"), for the performance and discharge by AmLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmLife's investment-linked product called AmAsia Link-Capital Guaranteed Fund.

(e) AmTrustee Berhad ("AmTrustee") was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") for alleged loss and damage amounting to RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Malaysian Assurance Alliance Berhad ("MAA") for alleged loss and damages amounting to RM19,602,119.23 together with interest and costs ("MAA Suit"). MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of the insurance funds were deposited by Meridian with AmTrustee. The claim by MAA in the MAA Suit is part of the portion of the claim as mentioned in the above Meridian Suit. Just before the trial proceeded, MAA added Meridian as a Co-Defendant in the MAA Suit.

Proceedings at High Court

AmTrustee was also served on 2 September 2009 with a copy of a Third Party Notice dated 12 August 2009 by solicitors acting for Meridian. The Third Party Notice was taken against AmTrustee by Meridian to indemnify Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007. AmTrustee filed an application to strike out the Third Party Notice. The court allowed AmTrustee's application. Meridian appealed against this decision to the Court of Appeal and the Court of Appeal dismissed the appeal on 1 November 2010 ("Order"). With this Order, AmTrustee is no longer involved in KWAP's claim against Meridian. Decision was handed down by the High Court against Meridian in KWAP's claim on 5 May 2012 for a sum of RM7,254,050.42 with interest on the said sum from the date of the misappropriation of the said sum to the date of judgment and a further interest of 8% on the said sum from the date of judgment to the date of settlement of the judgment sum.

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

Parties filed several interim applications in the Meridian Suit amongst which was an application by Meridian to:-
- add another subsidiary of the Banking Group, namely AmInvestment Bank Berhad as Co-Defendant; and
- to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84.

The High Court dismissed Meridian's application to add AmInvestment Bank Berhad as a party to the Meridian's Suit "Order" but allowed Meridian's application to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84. No appeal was filed by Meridian against this "Order", hence no litigation is pending today against AmInvestment Bank Berhad by Meridian.

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

Trial proceeded on 3rd to 5th of December 2012 and on 10th and 13th December 2012 and continued on 18th to 20th February 2013. Matter was fixed for decision and or clarification on 11 April 2013.

A27. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(e) **High Court Decision**
After clarification of the matter on 11 April 2013 the court decided as follows ("Decision "):

In the MAA Suit:
- the court dismissed MAA's claim against AmTrustee with costs of RM100,000.00 and interest at 5% on the cost from the date of the decision to the date of settlement. Meridian on the other hand was found to be fully liable to MAA and was ordered to pay the sum of RM19,602,119.23 with interest from the date of filing of the writ to the date of realization and costs of RM100,000.00 with interest at 5% on the cost from the date of the decision to the date of settlement.

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

This essentially means that Meridian has to pay MAA and KWAP for all the damages claimed by MAA and KWAP and AmTrustee has to pay 40% of that amount that Meridian has paid to MAA and KWAP. Court further awarded Meridian to pay AmTrustee cost of RM20,000.00.

Proceedings at Court of Appeal
Both Meridian and MAA to date have filed their appeals (against the Decision on 8 May 2013 and 9 May 2013 respectively). The appeals were called up for Case Management on 20 June 2013, wherein parties were directed to take steps prior to the actual hearing of the appeals and is now refixed for further Case Management on 6 August 2013.

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

On 6 August 2013, the Court of Appeal ordered MAA and Meridian to file their Supplementary Record of Appeal by 23 August 2013 and AmTrustee to file its notice of cross-appeals by 2 September 2013.

On 23 August 2013, MAA and Meridian filed their Supplementary Record of Appeal on 23 August 2013 and AmTrustee filed its notice of cross-appeals on 30 August 2013.

Altogether, there will be 6 appeals by the parties in the Court of Appeal:
MAA Suit: (i) MAA's appeal against the Decision in the MAA Suit;
(ii) Meridian's appeal against the Decision in the MAA Suit;
(iii) AmTrustee's cross-appeal against MAA's appeal in the MAA Suit;
(iv) AmTrustee's cross-appeal against Meridian's appeal in the MAA Suit;
Meridian's Suit: (v) Meridian's appeal against the Decision in the Meridian Suit;
(vi) AmTrustee's appeal against Meridian's appeal in the Meridian Suit.

The Court of Appeal has fixed the appeals for further case management on 5 September 2013 for parties to update Court of Appeal on the status of their appeals. On 5 September 2013 the Court of Appeal fixed 29 January 2014 for the parties to file Written Submissions. The Court of Appeal also had fixed the hearing on the appeals and cross appeals on 14 February 2014.

On 22 November 2013, the Court of Appeal notified that hearing for the appeals is now re-scheduled to 21 April 2014.

On 13 January 2014, the Court of Appeal informed that:
(i) the originally fixed appeal hearing date of 21 April 2014 was vacated;
(ii) all parties shall file their written submission for the appeals by 5 May 2014;
(iii) the appeals by MAA, Meridian and AmTrustee in the MAA Suit and Meridian Suit, together with Meridian's appeal in the KWAP-V-Meridian case, will now be heard on 19 May 2014.

Court of Appeal Decision
On 19 May 2014, the Court of Appeal heard the appeals by all parties on 19 May 2014. On 20 May 2014, the Court of Appeal gave its decision as follows ('Court of Appeal Decision'):

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

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

A27. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(e) **Court of Appeal Decision (Cont'd.)**

On 28 May 2014, MAA and AmTrustee had agreed to the stay of execution of the Court of Appeal Decision pending the disposal of AmTrustee's application for leave to appeal to Federal Court ('Leave Application').

Proceedings at Federal Court

On 17 June 2014, AmTrustee filed its notice of motion for the Leave Application at Federal Court. As of now, the Federal Court has yet to fix a date to hear AmTrustee's Leave Application.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	30.09.14			31.03.14		
	Contract/ Notional	Fair Value		Contract/ Notional	Fair Value	
Group	**Amount RM'000**	**Assets RM'000**	**Liabilities RM'000**	**Amount RM'000**	**Assets RM'000**	**Liabilities RM'000**
Trading derivatives						
Interest rate related contracts:	35,734,073	170,786	173,600	35,920,551	198,168	202,109
- One year or less	4,851,414	3,906	3,903	3,517,756	3,947	3,863
- Over one year to three years	10,950,523	30,863	35,645	10,339,174	28,549	34,991
- Over three years	19,932,136	136,017	134,052	22,063,621	165,672	163,255
Foreign exchange related contracts:	31,487,495	383,488	321,439	26,637,298	292,908	284,524
- One year or less	27,144,841	179,042	131,686	22,723,111	84,513	86,592
- Over one year to three years	3,006,160	118,387	117,228	3,014,221	118,543	119,854
- Over three years	1,336,494	86,059	72,525	899,966	89,852	78,078
Credit related derivative contracts:	613,878	20,934	2,205	612,486	23,804	4,322
- One year or less	-	-	-	-	-	-
- Over one year to three years	307,216	4,639	-	306,519	4,651	-
- Over three years	306,662	16,295	2,205	305,967	19,153	4,322
Equity and commodity related contracts:	670,616	13,787	21,924	751,538	5,408	45,129
- One year or less	597,835	10,765	18,902	420,433	4,927	44,649
- Over one year to three years	10,936	1	1	331,105	481	480
- Over three years	61,845	3,021	3,021	-	-	-
	68,506,062	588,995	519,168	63,921,873	520,288	536,084
Hedging derivatives						
Interest rate related contracts, Interest rate swaps:						
Cash flow hedge	3,790,000	11,083	1,845	3,300,000	8,522	5,140
- One year or less	1,570,000	229	497	860,000	-	2,785
- Over one year to three years	730,000	4,147	-	720,000	1,167	1,742
- Over three years	1,490,000	6,707	1,348	1,720,000	7,355	613
Fair value hedge	1,662,020	-	7,041	-	-	-
- One year or less	-	-	-	-	-	-
- Over one year to three year	-	-	-	-	-	-
- Over three years	1,662,020	-	7,041	-	-	-
	5,452,020	11,083	8,886	3,300,000	8,522	5,140
Total	73,958,082	600,078	528,054	67,221,873	528,810	541,224

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivative is one of the financial instruments engaged by the Group both for client solutions generating revenue for future as well as to manage the Group's own market risk exposure.

The principal foreign exchange rate contracts used are forward foreign exchange contracts, cross currency swaps and foreign exchange options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. A foreign exchange option is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified amount of one currency for another currency at a nominated strike rate during a certain period of time or on a specific date.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Purpose of engaging in financial derivatives (Cont'd.)

An Interest Rate Option (“IRO”) is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified underlying interest rate related asset e.g. the KLIBOR index at a nominated strike rate during a certain period of time or on a specific date. Basic IRO includes interest rate cap and interest rate floor.

The principal interest rate contracts used are interest rate futures, interest rate swaps and forward rate agreements. Forward rate agreements are contracts for the payment of the difference between a specified interest rate and a reference rate on a notional deposit at a future settlement date. There is no exchange of principal. An interest rate futures contract is an exchange traded contract whose value is based on the difference between a specific interest rate and a reference rate on a notional deposit or fixed income security at a future settlement date. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

The principal equity contracts used are equity option, equity futures and equity swaps. An equity option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) an equity at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). An equity futures contract is an exchange traded contract to buy specific quantities of an equity at a specified price with delivery set at a specified time in the future. Equity Swaps are one of the most basic equity derivative products and are usually traded over-the-counter ("OTC") with financial institutions and corporates. It is a contractual agreement between parties to exchange two streams of payments, one based on a predetermined index or equity price, and the other based on a reference interest rate (ie KLIBOR or LIBOR). The underlying reference for Equity Swaps is usually to an index, a basket of stocks or a single underlying stock.

The Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest rate, equity and foreign exchange rate exposures. Derivative transactions generate income for the Group from the buy-sell spreads. The Group also takes conservative exposures, within acceptable limits, to carry an inventory of these instruments in order to provide market liquidity and to earn potential gains on fluctuations in the value of these instruments.

As part of the asset and liability exposure management, the Group uses derivatives to manage the Group’s market risk exposure. As the value of these financial derivatives are principally driven by interest rate and foreign exchange rate factors, the Group uses them to reduce the overall interest rate and foreign exchange rate exposures of the Group. These are performed by entering into an exposure in derivatives that produces opposite value movements vis-à-vis exposures generated by other non-derivative activities of the Group. The Group manages these risks on a portfolio basis. Hence, exposures on derivatives are aggregated or netted against similar exposures arising from other financial instruments engaged by the Group.

Risk associated with financial derivatives

As derivatives are contracts that transfer risks, they expose the holder to the same type of market and credit risk as other financial instruments, and the Group manages these risks in a consistent manner under the overall risk management framework.

Market risk of derivatives used for trading purposes

Market risk arising from the above interest rate-related, foreign exchange-related and equity-related derivative contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

The contractual amounts of these contracts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk, Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical measure that estimates the potential changes in portfolio value that may occur, brought about by daily changes in market rates over a specified holding period at a specific confidence level under normal market condition.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

General disclosure for derivatives and counterparty credit risk

Market related credit risk is present in market instruments (derivatives and forward contracts), and comprises counterparty risk (default at the end of contract) and pre-settlement risk (default at any time during the life of contract). Market related credit risk requires a different method in calculating the pre-settlement risk because actual and potential market movements impact the Group's exposure. The markets covered by this treatment for transactions entered by the Group include interest rates, foreign exchange, credit default swaps and equities.

Exposure to the counterparty risk is governed by setting a credit limit to manage such exposure. This limit is governed under the Group Risk Appetite Framework approved by the Board.

Other than credit limit setting, the Group's primary tool to mitigate counterparty credit risk by having collateral arrangement with the counterparty. Standard market documentation governs the amount of collateral required and the re-margining frequency between counterparties. Some of the standard market documentation has link between the amount of collateral required and external ratings, as well as minimum transfer amounts. This means that if the Group's or a counterparty's external rating were downgraded, the Group or the counterparty would likely to be required to place additional collateral. The amount required to be placed would depend upon the underlying instruments and the state of the markets, so would be different at each re-margining interval.

Liquidity risk of derivatives

Two types of liquidity risk are associated with derivatives: market liquidity risk and funding risk.

Market liquidity risk arises when a position cannot be sold or closed out quickly or risk be eliminated by entering into an offsetting position. In general, an over-the counter ("OTC") market tends to offer less liquidity than an exchange market due to the customized nature of some OTC contracts. OTC contracts include foreign exchange contracts, cross currency swaps, interest rate swaps and FX options while interest rate futures, equity futures and equity options are examples of exchange traded derivatives. The liquidity risk of a position can be estimated by the notional amount of contracts held and the market value of the contract position. Both the OTC and exchange markets have liquid and illiquid contracts.

Funding risk is the risk of derivative activities placing an adverse funding and cash flow pressure on the Group, arising from the need to post collateral (i.e. like a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (note: if collateral isn't posted, the counterparty can close out their position and claim such mark-to-market loss from the Group. This would also result in the Group no longer being hedged).

Generally, the Group measures and monitors funding risk through the cash flow gap analysis according to specified time interval. The Group's access to deposits and funding markets is dependent on its credit rating. A downgrading in the credit rating could adversely affect its access to liquidity, as well as the competitive position, and could increase the cost of funding.

The primary objective of funding risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due under normal market condition and on contingency basis.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value upon inception in the statement of financial position, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Group enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading, fair value changes are recognised in the income statement. For derivative transactions that meet the specific criteria for hedge accounting, the Group applies either fair value, cash flow or net investment hedge accounting.

At the time a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period. For actual effectiveness to be achieved, the changes in fair value or cash flows of the hedging instrument and the hedged item must offset each other in the range of 80% to 125%.

The Group discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

(i) Fair value hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect income statement. For qualifying fair value hedges, the changes in fair value of the hedging instrument and the hedged item relating to the hedged risk are recognised in the income statement. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the income statement over the expected life of the hedged item.

(ii) Cash flow hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect income statement. For qualifying cash flow hedges, the effective portion of the change in fair value of the hedging instrument is taken to equity as a cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statements. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

A29. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

For assets and liabilities that are recognised on a recurring basis, the Group 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 Group's own models whereby the majority of assumptions are market observable.

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

In the previous financial year, less than 0.01% of the total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

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

Group

30.09.14	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Derivative financial assets	222	599,856	-	600,078
Financial assets held-for-trading				
- Money market securities	-	1,073,056	-	1,073,056
- Equities	275,204	-	-	275,204
- Quoted private debt securities	39,229	-	-	39,229
- Unquoted private debt securities	-	2,574,535	-	2,574,535
Financial investments available-for-sale				
- Money market securities	-	5,338,700	-	5,338,700
- Equities	617,073	32,100	-	649,173
- Unquoted private debt securities	-	3,794,420	-	3,794,420
	931,728	13,412,667	-	14,344,395
Derivative financial liabilities	7,829	520,225	-	528,054

A29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

Group

31.03.14	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Derivative financial assets	752	528,058	-	528,810
Financial assets held-for-trading				
- Money market securities	-	674,229	-	674,229
- Equities	214,106	-	-	214,106
- Quoted private debt securities	23,799	-	-	23,799
- Unquoted private debt securities	-	2,924,027	-	2,924,027
Financial investments available-for-sale				
- Money market securities	-	6,861,814	-	6,861,814
- Equities	651,749	457,451	-	1,109,200
- Unquoted private debt securities	-	3,539,141	417	3,539,558
	890,406	14,984,720	417	15,875,543
Derivative financial liabilities	33,175	508,049	-	541,224

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

Movements in Level 3 financial instruments measured at fair value

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

Group	Financial investments available -for-sale **30.09.14 RM'000**	Financial investments available -for-sale **31.03.14 RM'000**
Balance at beginning of financial year	417	435
Total gains/(losses) recognised in:		
- income statement:		
- other operating income	310	1,856
- impairment writeback/(loss)	-	(18)
Settlements	(727)	(1,856)
Balance at end of financial period/year	-	417

Total gains or losses included in the income statement for financial instruments held at the end of the financial period/year:

Group	Financial investments available -for-sale **30.09.14 RM'000**	Financial investments available -for-sale **31.03.14 RM'000**
Total gains/(losses) included in:		
- impairment writeback/(loss) on financial investments	-	18

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

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

A30. CAPITAL ADEQUACY RATIOS

(a) The capital adequacy ratios of our regulated banking subsidiaries and a pro-forma Group view are as follows:

	30.09.14			
	AmBank	**AmIslamic Bank**	**AmInvestment Bank**	**Group ***
Before deducting proposed dividends:				
CET1 Capital ratio	10.453%	9.303%	25.518%	10.706%
Tier 1 Capital ratio	12.513%	9.303%	25.518%	12.183%
Total Capital ratio	16.480%	15.076%	25.518%	16.587%
After deducting proposed dividends:				
CET1 Capital ratio	9.905%	9.155%	24.522%	10.260%
Tier 1 Capital ratio	11.965%	9.155%	24.522%	11.737%
Total Capital ratio	15.932%	14.928%	24.522%	16.141%

	31.03.14			
	AmBank	**AmIslamic Bank**	**AmInvestment Bank**	**Group ***
Before deducting proposed dividends:				
CET1 Capital ratio	9.453%	9.830%	21.207%	10.126%
Tier 1 Capital ratio	11.418%	9.830%	21.207%	11.569%
Total Capital ratio	14.916%	15.807%	21.207%	15.899%
After deducting proposed dividends:				
CET1 Capital ratio	9.146%	9.203%	21.207%	9.745%
Tier 1 Capital ratio	11.112%	9.203%	21.207%	11.188%
Total Capital ratio	14.609%	15.180%	21.207%	15.517%

Notes:

- The Group 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 as follows:

	Transitional arrangements		
	Calendar Year		
	2013	**2014**	**2015 onwards**
CET1 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%

- Group* figures presented in this Report represent an **aggregation** of the consolidated capital positions and risk weighted assets ("RWA") of our regulated banking institutions. The consolidated positions of each entity are published at www.ambankgroup.com.

- The capital position and RWA of AmBank refers to the combined capital base and RWA of AmBank (M) Bhd and its wholly-owned offshore banking subsidiary, AmInternational (L) Ltd ("AMIL")

A30. CAPITAL MANAGEMENT (CONT'D.)

(b) The aggregated components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group are as follows:

	30.09.14			
	AmBank RM'000	**AmIslamic Bank RM'000**	**AmInvestment Bank RM'000**	**Group * RM'000**
CET1 Capital				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	4,655,181	664,043	75,651	5,574,370
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	(38,019)	(12,015)	1,362	(48,296)
Foreign exchange translation reserve	(47)	-	-	34,153
Statutory reserve	980,969	483,345	200,000	1,664,314
Profit equalisation reserve	-	2,601	-	2,601
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	111,805
Cash flow hedging reserve	6,855	-	-	6,855
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(11,243)
Intangible assets	(314,357)	(26)	(1,323)	(320,347)
Deferred tax assets	(45,588)	-	(2,693)	(68,071)
Profit equalisation reserve	-	(2,601)	-	(2,601)
Cash flow hedging reserve	(6,855)	-	-	(6,855)
55% of cumulative gains of AFS financial instruments	-	-	(749)	(777)
Investment in ordinary shares of unconsolidated financial and insurance/ takaful entities	(7,722)	-	(20,408)	(521)
Deduction in excess of Tier 2 capital**	-	-	(106,101)	(25,234)
CET1 Capital	**7,042,141**	**2,322,454**	**345,739**	**10,063,283**
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,388,080	-	-	1,388,080
Tier 1 Capital	**8,430,221**	**2,322,454**	**345,739**	**11,451,363**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	350,000	-	750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,557,800	800,000	-	2,357,800
Collective allowance and regulatory reserves	745,523	291,269	1,316	1,034,245
Less: Regulatory adjustments applied on Tier 2 Capital	(30,888)	-	(1,316)	(2,631)
Tier 2 Capital	**2,672,435**	**1,441,269**	**-**	**4,139,414**
Total Capital	**11,102,656**	**3,763,723**	**345,739**	**15,590,777**
Credit RWA	59,641,879	23,301,508	946,208	83,788,810
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	-	-	-
Total Credit RWA	59,641,879	23,301,508	946,208	83,788,810
Market RWA	2,842,149	122,627	68,415	3,129,391
Operational RWA	4,815,212	1,540,321	340,254	7,002,330
Large exposure risk RWA for equity holdings	72,938	-	-	72,938
Total Risk Weighted Assets	**67,372,178**	**24,964,456**	**1,354,877**	**93,993,469**

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

A30. CAPITAL MANAGEMENT (CONT'D.)

(b) The aggregated components of CET1 Capital, Additional Tier 1 Capital, Tier 2 Capital and Total Capital of the Group are as follows:

	31.03.14			
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	Group * RM'000
CET1 Capital				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	4,408,666	698,125	57,377	5,343,662
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	(72,241)	(18,442)	1,707	(87,776)
Foreign exchange translation reserve	(1,990)	-	-	32,527
Statutory reserve	980,969	483,345	200,000	1,664,314
Profit equalisation reserve	-	1,260	-	1,260
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	111,805
Cash flow hedging reserve	3,029	-	-	3,029
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(11,243)
Intangible assets	(330,679)	(26)	(1,714)	(336,694)
Deferred tax assets	(51,825)	-	(14,164)	(104,652)
Profit equalisation reserve	-	(1,260)	-	(1,260)
Cash flow hedging reserve	(3,029)	-	-	(3,029)
55% of cumulative gains of AFS financial instruments	-	-	(939)	(968)
Investment in ordinary shares of unconsolidated financial and insurance/ takaful entities	(67,722)	-	(20,408)	(946)
Deduction in excess of Tier 2 Capital**	-	-	(103,190)	(22,891)
CET1 Capital	**6,676,902**	**2,350,109**	**318,669**	**9,740,268**
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,388,080	-	-	1,388,080
Tier 1 Capital	**8,064,982**	**2,350,109**	**318,669**	**11,128,348**
Tier 2 Capital				
Tier 2 Capital instruments meeting all relevant criteria for inclusion	400,000	350,000	-	750,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,557,800	800,000	-	2,357,800
Collective allowance and regulatory reserves	783,541	279,038	4,085	1,063,297
Less: Regulatory adjustments applied on Tier 2 capital	(270,888)	-	(4,085)	(6,535)
Tier 2 Capital	**2,470,453**	**1,429,038**	**-**	**4,164,562**
Total Capital	**10,535,435**	**3,779,147**	**318,669**	**15,292,910**
Credit RWA	62,683,302	22,773,142	1,097,505	86,477,498
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(450,133)	-	(450,133)
Total Credit RWA	62,683,302	22,323,009	1,097,505	86,027,365
Market RWA	2,839,123	68,731	38,766	2,946,622
Operational RWA	4,965,805	1,515,669	366,407	7,072,900
Large exposure risk RWA for equity holdings	143,864	-	-	143,864
Total Risk Weighted Assets	**70,632,094**	**23,907,409**	**1,502,678**	**96,190,751**

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

A31. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group	
	30.09.14	**31.03.14**
Outstanding credit exposures with connected parties (RM'000)	3,702,938	2,947,092
Percentage of outstanding credit exposures to connected parties (%)		
- as a proportion of total credit exposures	3.75	2.91
- which is non-performing or in default	0.39	0.20

The disclosure on Credit Transaction and Exposures with Connected Parties above is presented in accordance with Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A32. ISLAMIC BANKING BUSINESS

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Group	
	30.09.14	**31.03.14 (Restated)**
	RM'000	**RM'000**
ASSETS		
Cash and short-term funds	2,848,959	2,941,329
Deposits and placements with banks and other financial institutions	418,383	1,118,383
Derivative financial assets	5,083	7,699
Financial assets held-for-trading	203,132	64,694
Financial investments available-for-sale	3,116,662	3,854,715
Financial Investments held-to-maturity	1,242,795	1,236,055
Financing and advances	24,297,554	24,445,039
Receivables: investments not quoted in active markets	459,318	106,649
Statutory deposit with Bank Negara Malaysia	899,000	891,000
Deferred tax assets	29	292
Other assets	315,658	567,242
Property and equipment	366	409
Intangible assets	27	28
TOTAL ASSETS	33,806,966	35,233,534
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	1,599,648	3,122,588
Recourse obligation on financing sold to Cagamas Berhad	2,090,790	2,068,337
Derivative financial liabilities	7,612	7,675
Deposits from customers	25,377,604	25,423,364
Term funding	550,000	550,000
Bills and acceptances payable	-	-
Subordinated Sukuk	1,149,318	1,149,302
Deferred tax liabilities	8,124	7,255
Other liabilities	535,704	387,526
TOTAL LIABILITIES	31,318,800	32,716,047
Share capital/Capital funds	492,922	495,761
Reserves	1,995,244	2,021,726
TOTAL ISLAMIC BANKING FUNDS	2,488,166	2,517,487
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	33,806,966	35,233,534
COMMITMENTS AND CONTINGENCIES	9,176,858	8,467,022

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

Group	Individual Quarter		Cumulative Quarter	
	30.09.14	30.09.13 (Restated)	30.09.14	30.09.13 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	438,216	406,342	857,461	806,217
Allowance for impairment on financing and advances	(36,045)	(56,946)	(92,544)	(73,753)
(Provision made)/Writeback of provision for commitments and contingencies	(1,950)	976	5,770	694
Transfer to profit equalisation reserve	(3,766)	(1,802)	(4,604)	(9,011)
Total attributable income	396,455	348,570	766,083	724,147
Income attributable to the depositors	(223,664)	(200,986)	(447,697)	(398,340)
Profit attributable to the Group	172,791	147,584	318,386	325,807
Income derived from Islamic Banking Funds	25,715	28,011	51,235	67,869
Total net income	198,506	175,595	369,621	393,676
Operating expenditure	(86,270)	(90,088)	(175,416)	(180,835)
Finance cost	(19,325)	(17,052)	(38,440)	(33,918)
Profit before taxation and zakat	92,911	68,455	155,765	178,923
Taxation and zakat	(20,890)	(16,078)	(35,206)	(41,787)
Profit for the period	72,021	52,377	120,559	137,136

UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

Group	Individual Quarter		Cumulative Quarter	
	30.09.14	30.09.13	30.09.14	30.09.13
	RM'000	RM'000	RM'000	RM'000
Profit for the period	72,021	52,377	120,559	137,136
Other comprehensive income/(loss):				
Items that may be reclassified to income statement				
Net change in revaluation of financial investments available-for-sale	6,684	(9,729)	8,780	(8,257)
Exchange differences on translation of foreign operations	-	182	609	306
Income tax relating to the components of other comprehensive income/(loss)	(1,604)	2,432	(2,353)	2,064
Other comprehensive income/(loss) for the period, net of tax	5,080	(7,115)	7,036	(5,887)
Total comprehensive income for the period	77,101	45,262	127,595	131,249

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances

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

Group 30.09.14	**Bai Bithaman Ajil RM'000**	**Murabahah RM'000**	**Musharakah Mutanaqisah RM'000**	**Al-Ijarah Thummah Al-Bai (AITAB) RM'000**	**Bai Al-Inah RM'000**	**Others RM'000**	**Total RM'000**
Cash lines	-	-	-	-	845,183	-	845,183
Term financing	2,829,670	181,895	8,838	-	3,973,993	40,436	7,034,832
Revolving credit	427,297	236,872	-	-	2,303,857	-	2,968,026
Housing financing	1,189,288	-	27,678	-	-	-	1,216,966
Hire purchase receivables	4	-	-	11,309,855	-	-	11,309,859
Bills receivables	-	-	-	-	-	12,921	12,921
Credit card receivables	-	-	-	-	-	295,725	295,725
Trust receipts	-	93,846	-	-	-	-	93,846
Claims on customers under acceptance credits	-	-	-	-	-	1,064,026	1,064,026
Gross financing and advances	4,446,259	512,613	36,516	11,309,855	7,123,033	1,413,108	24,841,384
Allowance for impairment on financing and advances							
- Collective allowance							(512,790)
- Individual allowance							(31,040)
Net financing and advances							24,297,554

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances (Cont'd.)

Financing and advances by type and Shariah contracts are as follows (Cont'd.):

Group 31.03.14	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

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances (Cont'd.)

(i) Movements in impaired financing and advances are as follows:

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Balance at beginning of financial year	348,515	268,443
Impaired during the period/year	329,286	460,256
Reclassification to non-impaired financing	(54,844)	(44,233)
Recoveries	(69,301)	(100,149)
Amount written off	(181,075)	(235,802)
Balance at end of financial period/year	372,581	348,515
Impaired financing and advances as % of total financing and advances	1.5%	1.4%

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances (Cont'd.)

(ii) Movements in allowances for impaired financing and advances are as follows:

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Collective allowance		
Balance at beginning of financial year	534,465	490,410
Allowance made during the period/year	146,392	240,823
Amount written off and others	(168,067)	(196,768)
Balance at end of financial period/year	512,790	534,465
Collective allowance as % of gross financing and advances less individual allowance	2.1%	2.1%
Individual allowance		
Balance at beginning of financial year	19,470	14,452
Allowance made during the period/year	11,690	53,568
Amount written off	(120)	(48,550)
Balance at end of financial period/year	31,040	19,470

(b) Deposit From Customers

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Savings deposits		
Wadiah	1,840,970	1,841,983
Mudarabah	5,652	6,002
Demand deposits		
Wadiah	3,371,383	3,742,024
Mudarabah	36,036	34,991
Term deposits		
General investment account		
Wakalah	979,468	2,375,226
Mudarabah	14,361,434	17,347,972
Commodity murabahah	4,761,310	-
Negotiable instruments of deposits		
Bai' Bithaman Ajil	21,351	21,017
Structured deposits	-	54,149
Mudarabah		
	25,377,604	25,423,364

(c) Other Liabilities

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Other payables and accruals	452,775	324,147
Taxation and zakat payable	28,962	27,027
Provision for commitments and contingencies	19,669	25,439
Amount owing to head office	27,245	3,341
Advance rentals	3,873	6,001
Profit equalisation reserve	3,180	1,571
	535,704	387,526

A33. CHANGE IN COMPARATIVES

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

(i) Reconciliation of consolidated statement of financial position

As at 31 March 2014	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Assets			
Financial investments held-to-maturity	3,897,565	(99,000)	3,798,565
Receivables: investments not quoted in active markets	-	168,830	168,830
Other assets	3,084,376	(69,830)	3,014,546

(ii) Reconciliation of operations of Islamic banking business

(i) Reconciliation of consolidated statement of financial position

As at 31 March 2014	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Assets			
Financial Investments held-to-maturity	1,335,055	(99,000)	1,236,055
Receivables: investments not quoted in active markets	-	106,649	106,649
Other assets	574,891	(7,649)	567,242

There was no significant impact to the financial performance and ratios in relation to the financial period ended 30 September 2014.

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

The Group recorded a profit after tax ("PAT") of RM1,048.6 million for the period ended 30 September 2014, an improvement of RM103.2 million or 10.9% as compared to previous year corresponding period ended 30 September 2013 of RM945.3 million. Year-on-year (yoy), the Group’s profit attributable to equity holders of the Company ("PATMI") grew by 8.9% to RM982.8 million underpinned by higher income and lower expenses.

Improvement in earnings for current reporting period ended 30 September 2014 as compared to preceding financial year corresponding period was mainly attributed to higher other operating income by RM392.8 million and lower other operating expenses by RM81.8 million.

This was partially off-set by allowance for impairment on loans and financing of RM85.8 million reported for period ended 30 September 2014 as compared to writeback of RM31.0 million reported for the corresponding period in last financial year. In addition, lower income were reported from net interest income, net income from insurance business and net income from Islamic banking business by RM108.8 million, RM32.9 million and RM32.6 million respectively. While acquisition and business efficiency expenses had increased by RM69.9 million for the period ended 30 September 2014.

Gross loans, advances and financing reduced to RM86.6 billion as compared to RM89.3 billion reported for the last financial year ended 31 March 2014. This was mainly due to reduction reported from hire-purchase receivables, term loans, claims on customers under acceptance credits and revolving credit.

As at 30 September 2014, the Group's total assets stood at RM124.1 billion. Meanwhile, the Total Capital ratio from the aggregation of the consolidated capital positions and risk weighted assets of the regulated banking institutions stood at 16.6%.

Divisional performance for H1FY2015 compared to H1FY2014:

Retail Banking: Targeted growth
PAT at RM232.3 million from continued margin compression and targeted loans growth; offset by lower expenses from cost management and productivity initiatives. Loans growth reflects tighter credit appetite and targeted growth. Customer deposits growth was underpinned by thematic marketing campaign and leveraging distribution channels. Remain focused in expanding fee based income via bancassurance and wealth management.

Wholesale banking: Diversified contribution across businesses
PAT at RM470.6 million supported by diversified contributions and cost management initiatives; partially offset by moderate loans growth focusing growth in preferred sectors and normalised recoveries. Broking, fixed income, funds management and private banking delivered improved performance. Good growth in asset under management.

General Insurance: Stronger investment income
PAT rose 57.8% to RM132.5 million from stronger investment income, lower expenses and improved claims management. Post completion of integration, shifting focus on business acquisition activities using a dual brand strategy.

Life Assurance and Family Takaful: equity accounting post 30 April 2014
Life Assurance and Family Takaful completed strategic partnership with MetLife International Holdings Inc on 30 April 2014, equity accounting post 30 April 2014.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a lower pre-tax profit of RM621.2 million for the second quarter ended 30 September 2014 as compared to RM725.8 million for the previous quarter ended 30 June 2014. This was mainly due to lower other operating income by RM371.8 million, impairment loss on financial investments of RM2.4 million as compared to impairment writeback of RM5.0 million reported in previous quarter and provision for commitments and contingencies of RM4.5 million as compared to writeback of RM1.9 million reported in previous quarter. In addition, higher transfer to profit equalisation by RM2.9 million was reported for current quarter ended 30 September 2014.

This was mitigated by lower allowance for impairment on loans and financing, lower acquisition and business efficiency expenses, lower other operating expenses and lower impairment on foreclosed properties by RM76.3 million, RM69.3 million, RM59.5 million and RM5.5 million respectively. Besides, impairment writeback on doubtful sundry receivables of RM3.7 million was reported for current quarter ended 30 September 2014 as compared to impairment loss of RM32.5 million reported for previous quarter ended 30 June 2014. In addition, higher income were reported from net income from Islamic banking business, net interest income, share in results of associates and joint ventures and net income from insurance business by RM15.9 million, RM13.3 million, RM6.3 million and RM1.5 million for the reporting quarter ended 30 September 2014.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2015

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

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

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

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

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION AND ZAKAT

Group	**Individual Quarter**		**Cumulative Quarter**	
	30.09.14	**30.09.13**	**30.09.14**	**30.09.13**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Estimated current tax payable	159,594	148,977	253,033	228,394
Deferred tax	(12,587)	(7,644)	50,979	66,011
	147,007	141,333	304,012	294,405
Over provision of current taxation in respect of prior years	(6,728)	(2,949)	(6,279)	(2,827)
Taxation	140,279	138,384	297,733	291,578
Zakat	230	326	711	807
Taxation and zakat	140,509	138,710	298,444	292,385

The total tax charge of the Group for the financial period ended 30 September 2014 and 30 September 2013 reflect an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

B6. CORPORATE PROPOSALS

1 As at 30 September 2014, the trustee of the ESS held 7,092,400 ordinary shares (net of ESS shares vested to employees) representing 0.24% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM49,756,983.

2 On 28 April 2014, AMAB Holdings Sdn Bhd (“AMAB”), a wholly owned subsidiary of the Company, entered into conditional share sale agreements with MetLife International Holdings, Inc.(“MetLife”), for the sale of equity interests held by AMAB in AmMetLife Insurance Berhad (formerly known as AmLife Insurance Berhad) (“AmLife”) and AmMetLife Takaful Berhad (formerly known as AmFamily Takaful Berhad) (“AmTakaful”) at an aggregate cash consideration of RM812 million (subject to adjustment on completion) (“Share Sale”).

Under the Share Sale, MetLife will acquire from AMAB an equity interest of:-

a) ‘50% plus one share’ in AmLife, comprising an acquisition of 100,000,000 ordinary shares of RM1.00 each in AmLife for a cash consideration of RM740 million and the allotment of one (1) new ordinary share of RM1.00 by AmLife to MetLife at a subscription price of RM1.00; and

b) ‘50% less one share’ in AmTakaful, comprising the acquisition of 50,000,000 ordinary shares of RM1.00 each in AmTakaful for a cash consideration of RM72 million, and the allotment of one (1) new ordinary share of RM1.00 by AmTakaful to AMAB at a subscription price of RM1.00.

On 30 April 2014, the Company announced that the Share Sale was completed on 30 April 2014 after fulfilment of the conditions precedent. The final sale consideration will be determined on conclusion of the review of the closing net assets of AmLife and AmTakaful as at 30 April 2014. The provisional gain on disposal is reported under Note A20 "Other operating income".

3 On 25 August 2014, a wholly-owned Singapore-based subsidiary, AmFraser International Pte Ltd (“AmFIPL”), has entered into a sale and purchase agreement with KGI Asia (Holdings) Pte Ltd (“KGI”), a 100%-owned subsidiary of KGI Securities Co. Ltd., a Taiwan-based stockbroking company, for the proposed disposal by AmFIPL of its 100%-owned stockbroking subsidiary, AmFraser Securities Pte Ltd (“AmFraser”) (the “Proposed Disposal”).

The Proposed Disposal involves the sale of 57,527,908 ordinary shares in AmFraser for an indicative cash consideration of about S$38 million (the “Purchase Price”), comprising: (i) a preliminary value for future recovery of overdue receivables post-completion, and (ii) a value at a premium over the adjusted net assets of AmFraser. The final Purchase Price will be determined on completion of the Proposed Disposal in accordance with the terms of the sale and purchase agreement.

The Proposed Disposal is conditional, inter alia, on the approval of relevant regulatory authorities in Taiwan and Singapore, and is anticipated to be completed in the first quarter of 2015. It is not expected to have any material impact on the Company’s consolidated financial results for the year ending 31 March 2015, being a divestment of a non-core operation.

None of the directors or major shareholders of the Company, or persons connected with them, are interested in the Proposed Disposal.

4 On 30 September 2014, a wholly-owned subsidiary, AmSecurities Holding Sdn Bhd (“AMSH”), has entered into a sale and purchase agreement with Yuanta Securities (Hong Kong) Company Limited (“Yuanta HK”), a 100%-owned, indirect subsidiary of Yuanta Securities Co., Limited, a Taiwan-based stockbroking company, for the proposed disposal of the Group’s 99% shareholding in PT AmCapital Indonesia (“AMCI”) (the “Proposed Disposal”).

The Proposed Disposal involves the sale of 144,724 ordinary shares of Rp1,000,000 each in AMCI for an indicative cash consideration of about Rp.83.7 billion (the “Purchase Price”) at a premium over the adjusted net assets of AMCI. The Purchase Price will be further adjusted on completion of the Proposed Disposal in accordance with the terms of the sale and purchase agreement.

The Proposed Disposal is conditional on the approval of relevant regulatory authorities in Indonesia and Taiwan. It is not expected to have any material impact on the Company’s consolidated financial position, being a divestment of a non-core operation.

None of the directors or major shareholders of the Company, or persons connected with them, are interested in the Proposed Disposal.

B7. BORROWINGS

		Group	
		30.09.14	**31.03.14**
		RM'000	**RM'000**
(i)	Deposits from customers		
	Six months or less	70,648,570	70,438,698
	Over six months to one year	10,086,325	15,068,341
	Over one year to three years	3,534,446	3,072,324
	Over three years to five years	1,077,030	1,119,515
		85,346,371	89,698,878
(ii)	Deposits and placements of banks and other financial institutions		
	Six months or less	2,133,116	3,555,112
	Over six months to one year	450,134	137,721
	Over one year to three years	158,795	306,876
	Over three years to five years	77,273	121,214
		2,819,318	4,120,923
(iii)	Term funding (unsecured)		
	(a) Senior notes		
	Due within one year	1,142,750	1,569,439
	More than one year	3,800,589	3,146,606
	(b) Credit-Linked Notes		
	Due within one year	-	-
	More than one year	280,069	278,182
	(c) Term loans and revolving credits		
	Due within one year	402,609	679,573
	More than one year	976,619	970,841
		6,602,636	6,644,641
(iv)	Debt capital		
	(a) Unsecured notes/sukuk		
	More than one year	1,548,648	1,548,562
	(b) Medium Term Notes		
	More than one year	1,557,800	1,557,800
	(c) Hybrid capital		
	More than one year	665,318	674,836
	The above hybrid capital includes amount denominated in USD of which		
	Principal amount - USD200.0 million		
	(d) Non-Innovative Tier 1 Capital Securities		
	More than one year	500,000	500,000
	(e) Innovative Tier 1 Capital Securities		
	More than one year	485,000	485,000
		4,756,766	4,766,198

B8. REALISED AND UNREALISED PROFITS OR LOSSES

In accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements* , as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad dated 25 March 2010, the breakdown of the retained earnings of the Group as at the end of the reporting period, into realised and unrealised profits is as follows:

	Group	
	30.09.14	**31.03.14**
	RM'000	**RM'000**
Total retained earnings		
- Realised	8,822,095	8,043,026
- Unrealised	547,965	664,134
Total share of retained earnings from associates and joint ventures:		
- Realised	21,215	9,141
- Unrealised	2,558	4,326
Less: Consolidation adjustments	(3,077,020)	(3,192,923)
Total retained earnings as per consolidated financial statements	6,316,813	5,527,704

Disclosure of the above is solely for purposes of complying with the disclosure requirements of Bursa Malaysia Securities Berhad Listing Requirements and should not be applied for any other purposes.

B9. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A27(e).

B10. DIVIDENDS

(i) A proposed interim single tier ordinary dividend of 12.0% for the financial year ending 31 March 2015 has been recommended by the directors;
(ii) Amount per share: 12.0 Sen;
(iii) Previous corresponding period: 7.2 Sen single tier;
(iv) Payment date: To be determined and announced at a later date; and
(v) In respect of ordinary share capital, entitlement to the proposed dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

B11. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.09.14 RM'000/'000	30.09.13 RM'000/'000	30.09.14 RM'000/'000	30.09.13 RM'000/'000
Net profit attributable to equity holders of the Company	445,819	440,857	982,759	902,839
Weighted average number of ordinary shares in issue	3,009,400	3,007,150	3,008,297	3,005,668
Basic earnings per share (Sen)	14.81	14.66	32.67	30.04

b. Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue and dilutive effect of Share Options vested and not exercised by eligible executives under ESS as at the reporting date.

The Share Options are dilutive when they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The amount of the dilution is the average market price of ordinary shares during the period minus the issue price.

	Individual Quarter		Cumulative Quarter	
	30.09.14 RM'000/'000	30.09.13 RM'000/'000	30.09.14 RM'000/'000	30.09.13 RM'000/'000
Net profit attributable to equity holders of the Company	445,819	440,857	982,759	902,839
Weighted average number of ordinary shares in issue (as in (a) above)	3,009,400	3,007,150	3,008,297	3,005,668
Effect of executives' share scheme	-	3,799	1,315	8,544
Adjusted weighted average number of ordinary shares in issue/issuable	3,009,400	3,010,949	3,009,612	3,014,212
Fully diluted earnings per share (Sen)	14.81	14.64	32.65	29.95