

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Group	
		31.12.14	31.03.14
		RM'000	(Restated) RM'000
ASSETS			
Cash and short-term funds		9,123,365	10,287,346
Securities purchased under resale agreements		186,653	-
Deposits and placements with banks and other financial institutions		3,618,673	1,063,122
Derivative financial assets	A28	1,211,482	528,810
Financial assets held-for-trading	A8	4,371,294	3,836,161
Financial investments available-for-sale	A9	10,773,238	11,640,846
Financial investments held-to-maturity	A10	3,336,468	3,798,565
Loans, advances and financing	A11	85,731,570	87,170,577
Receivables: investments not quoted in active markets		522,970	168,830
Statutory deposits with Bank Negara Malaysia	A12	3,169,811	3,122,961
Deferred tax assets		52,573	127,121
Investment in associates and joint ventures		612,023	252,475
Other assets	A13	3,035,478	3,014,546
Reinsurance, retakaful assets and other insurance receivables		399,862	473,012
Investment properties		7,713	7,713
Property and equipment		340,982	351,468
Intangible assets		3,355,394	3,383,662
Assets held for sale		352,193	3,126,042
TOTAL ASSETS		130,201,742	132,353,257
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A14	3,022,550	4,120,923
Recourse obligation on loans and financing sold to Cagamas Berhad		3,376,819	3,318,263
Derivative financial liabilities	A28	1,029,677	541,224
Deposits from customers	A15	89,993,281	89,698,878
Term funding		6,908,719	6,644,641
Debt capital		4,696,132	4,766,198
Redeemable cumulative convertible preference share		196,665	193,137
Deferred tax liabilities		113,349	116,870
Other liabilities	A16	3,314,970	3,455,336
Insurance, takaful contract liabilities and other insurance payables		2,518,021	2,568,031
Liabilities directly associated with assets held for sale		134,201	2,835,367
Total Liabilities		115,304,384	118,258,868
Share capital		3,014,185	3,014,185
Reserves		10,862,560	10,128,756
Equity attributable to equity holders of the Company		13,876,745	13,142,941
Non-controlling interests		1,020,613	951,448
Total Equity		14,897,358	14,094,389
TOTAL LIABILITIES AND EQUITY		130,201,742	132,353,257
COMMITMENTS AND CONTINGENCIES	A27	117,331,761	103,478,931

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (CONT'D.)

	Note	Group 31.12.14 RM'000	31.03.14 RM'000
CAPITAL ADEQUACY RATIOS	A30		
Before deducting proposed dividends:			
Common Equity Tier 1 ("CET1") Capital ratio		10.016%	10.126%
Tier 1 Capital ratio		11.458%	11.569%
Total Capital ratio		15.687%	15.899%
After deducting proposed dividends:			
CET1 Capital ratio		10.016%	9.745%
Tier 1 Capital ratio		11.458%	11.188%
Total Capital ratio		15.687%	15.517%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		4.60	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
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Operating revenue	A23	2,133,637	2,409,158	6,927,345	7,170,656
Interest income	A17	1,081,173	1,183,301	3,258,011	3,501,677
Interest expense	A18	(593,752)	(611,123)	(1,755,517)	(1,805,635)
Net interest income		487,421	572,178	1,502,494	1,696,042
Net income from Islamic banking business		206,826	226,917	636,661	689,333
Income from insurance business		363,401	502,649	1,159,200	1,551,744
Insurance claims and commissions		(267,518)	(366,437)	(831,619)	(1,150,911)
Net income from insurance business	A19	95,883	136,212	327,581	400,833
Other operating income	A20	215,837	277,571	1,121,124	790,049
Share in results of associates and joint ventures		5,479	4,842	13,847	14,046
Net income		1,011,446	1,217,720	3,601,707	3,590,303
Other operating expenses	A21	(492,309)	(533,395)	(1,534,239)	(1,657,167)
Acquisition and business efficiency expenses		(3,933)	(5,888)	(80,277)	(12,364)
Operating profit		515,204	678,437	1,987,191	1,920,772
(Allowances)/Writeback for impairment on loans and financing	A22	56,911	(34,879)	(28,887)	(3,844)
Net impairment (loss)/writeback on:					
Financial investments		(4,933)	(7,473)	(2,341)	(8,849)
Doubtful sundry receivables		31,068	(17,543)	2,239	(41,882)
Foreclosed properties		(63)	(210)	(5,697)	(6,585)
Intangible assets		-	(1,865)	(125)	(1,865)
(Provision made)/Writeback of provision for commitments and contingencies		6,104	(3,241)	3,547	4,082
Transfer to profit equalisation reserve		(15,417)	-	(20,021)	(9,011)
Profit before taxation and zakat		588,874	615,091	1,935,906	1,852,818
Taxation and zakat	B5	(142,938)	(175,713)	(441,382)	(468,098)
Profit for the period		445,936	439,378	1,494,524	1,384,720
Attributable to:					
Equity holders of the Company		416,647	415,833	1,399,406	1,318,672
Non-controlling interests		29,289	23,545	95,118	66,048
Profit for the period		445,936	439,378	1,494,524	1,384,720
EARNINGS PER SHARE (SEN)	B11				
Basic		13.86	13.83	46.53	43.87
Fully diluted		13.86	13.83	46.51	43.76

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
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

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

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Profit for the period		445,936	439,378	1,494,524	1,384,720
Other comprehensive income/(loss):					
Items that may be reclassified to income statement					
Exchange differences on translation of					
- foreign operations		20,985	(563)	19,804	6,490
- net investment hedge		7,576	577	8,085	6,370
Net movement on cash flow hedge		3,071	10,779	8,053	17,139
Net movement on financial investments available-for-sale ("AFS")		(22,472)	(14,949)	1,648	(91,899)
		9,160	(4,156)	37,590	(61,900)
Income tax relating to the components of other comprehensive income/(loss)		4,357	65	(1,038)	19,080
Other comprehensive income/(loss) for the period, net of tax		13,517	(4,091)	36,552	(42,820)
Total comprehensive income for the period		459,453	435,287	1,531,076	1,341,900
Total comprehensive income for the period attributable to:					
Equity holders of the Company		430,418	420,566	1,447,900	1,288,539
Non-controlling interests		29,035	14,721	83,176	53,361
		459,453	435,287	1,531,076	1,341,900

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
(223035-V) (Incorporated in Malaysia)
and its subsidiaries

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

Group	Attributable to Equity Holders of the Company														
	Non-Distributable										Distributable				
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Profit equalisation reserve RM'000	AFS 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	Retained Earnings Non- par. 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	-	-	-	-	-	-	-	-	-	-	-	1,318,672	1,318,672	66,048	1,384,720
Other comprehensive income/(loss), net	-	-	-	-	-	(55,916)	12,854	12,929	-	-	-	-	(30,133)	(12,687)	(42,820)
Total comprehensive income for the period	-	-	-	-	-	(55,916)	12,854	12,929	-	-	-	1,318,672	1,288,539	53,361	1,341,900
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	-	-	-	-	-	-	(28,949)	-	-	(28,949)	-	(28,949)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	32,087	-	-	-	32,087	-	32,087
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(38,753)	57,046	-	-	18,293	-	18,293
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(1,760)	(1,760)	(41)	(1,801)
Net utilisation of profit equalisation reserve	-	-	-	-	839	-	-	-	-	-	-	(839)	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	39,707	(52,943)	(13,236)	-	(13,236)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(669,149)	(669,149)	-	(669,149)
Transactions with owners and other equity movements	-	-	-	-	839	-	-	-	(6,666)	28,097	39,707	(724,691)	(662,714)	(41)	(662,755)
At 31 December 2013	3,014,185	2,537,372	1,879,770	-	2,152	(26,855)	210	6,807	76,530	(46,841)	150,071	5,100,160	12,693,561	926,914	13,620,475

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

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

Group	Attributable to Equity Holders of the Company														Total Equity RM'000
	Non-Distributable										Distributable				
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Profit equalisation reserve RM'000	AFS 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	Retained Earnings Non- par. funds RM'000	RM'000	RM'000	Total 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	-	-	-	-	-	-	-	-	-	-	-	1,399,406	1,399,406	95,118	1,494,524
Other comprehensive income/(loss), net	-	-	-	-	-	14,437	6,159	27,898	-	-	-	-	48,494	(11,942)	36,552
Total comprehensive income for the period	-	-	-	-	-	14,437	6,159	27,898	-	-	-	1,399,406	1,447,900	83,176	1,531,076
Purchase of shares pursuant to Executives' Share Scheme ("ESS") [^]	-	-	-	-	-	-	-	-	-	(58,665)	-	-	(58,665)	-	(58,665)
Share-based payment under ESS, net	-	-	-	-	-	-	-	-	24,054	-	-	-	24,054	-	24,054
ESS shares vested to employees of subsidiaries	-	-	-	-	-	-	-	-	(39,817)	46,749	-	-	6,932	-	6,932
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	-	-	-	-	(2,341)	(2,341)	(76)	(2,417)
Transfer to regulatory reserve	-	-	-	2,800	-	-	-	-	-	-	-	(2,800)	-	-	-
Net utilisation of profit equalisation reserve	-	-	-	-	7,400	-	-	-	-	-	-	(7,400)	-	-	-
Unallocated surplus transfer	-	-	-	-	-	-	-	-	-	-	13,584	(2,355)	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	-	-	-	-	-	-	-	-	-	-	-	(871,099)	(871,099)	(11,392)	(882,491)
Transactions with owners and other equity movements	-	-	-	2,800	7,400	-	-	-	(15,763)	(11,916)	(129,034)	(567,583)	(714,096)	(14,011)	(728,107)
At 31 December 2014	3,014,185	2,537,372	1,938,849	2,800	8,660	(27,250)	9,189	36,111	63,693	(70,350)	3,959	6,359,527	13,876,745	1,020,613	14,897,358

[^] Represents the purchase of 3,886,400 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM7.45 per share.

^{^^} Represents the purchase of 8,636,400 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.79 per share.

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
(223035-V) (Incorporated in Malaysia)
and its subsidiaries
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014

Group	31.12.14	31.12.13
	RM'000	RM'000
Profit before taxation and zakat	1,935,906	1,852,818
Add/(Less) adjustments for:		
Accretion of discount less amortisation of premium	(113,514)	(158,519)
Allowance/(Writeback of allowance) for losses on loans, advances and financing	488,635	569,756
Dividend income from investments	(29,974)	(54,317)
Net gain on redemption of financial investments held-to-maturity	-	(7,875)
Net gain on revaluation of derivatives	(66,914)	(63,276)
Net (gain)/loss on revaluation of financial assets held-for-trading	(9,915)	62,222
Net gain on sale of financial investments available-for-sale	(38,777)	(88,585)
Net loss on sale of financial assets held-for-trading	29,253	25,118
Other non-operating and non-cash items	(342,335)	155,450
Operating profit before working capital changes	<u>1,852,365</u>	<u>2,292,792</u>
<i>Decrease/(Increase) in operating assets:</i>		
Securities purchased under resale agreements	(186,653)	153,383
Deposits and placements with banks and other financial institutions	(2,573,091)	8,660
Financial assets held-for-trading	(553,092)	1,304,551
Loans, advances and financing	941,650	(2,780,257)
Receivables: investments not quoted in active markets	(350,000)	(168,830)
Statutory deposits with Bank Negara Malaysia	(46,850)	(86,612)
Other assets	(375,187)	(93,330)
Reinsurance, retakaful assets and other insurance receivables	73,150	32,842
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits and placements of banks and other financial institutions	(1,098,373)	2,576,704
Recourse obligation on loans and financing sold to Cagamas Berhad	58,556	(14,583)
Deposits from customers	294,403	2,695,655
Term funding	264,078	200,165
Bills and acceptances payable	-	(1,945,420)
Other liabilities	63,494	(1,540,019)
Insurance, takaful contract liabilities and other insurance payables	(50,010)	70,280
Cash generated from/(used in) operations	<u>(1,685,560)</u>	<u>2,705,981</u>
Taxation and zakat paid	<u>(386,083)</u>	<u>(456,288)</u>
Net cash generated from/(used in) operating activities	<u>(2,071,643)</u>	<u>2,249,693</u>
<i>Cash flows from investing activities</i>		
Arising from purchase of shares for ESS by the appointed trustee	(58,665)	(28,949)
Dividends received from other investments	34,643	54,133
ESS shares vested to eligible employees	46,749	57,046
Net cash inflow from disposal of equity interests in subsidiaries	661,193	-
Proceeds from disposal of property and equipment	295	915
Disposal/(Purchase) of financial investments - net	1,470,345	(645,513)
Purchase of property and equipment and intangible assets	(106,540)	(191,591)
Return of surplus funds from associate	-	61
Transfer of ESS shares recharged difference on purchase price for shares vested	(2,341)	(1,760)
Net cash generated from/(used in) investing activities	<u>2,045,679</u>	<u>(755,658)</u>
Dividends paid by Company to its shareholders	(871,099)	(669,149)
Dividends paid to non-controlling interests by subsidiaries	(11,392)	-
Proceeds from issuance of shares by subsidiaries to non-controlling interests	(2,543)	-
Proceeds from/(repayment of) debt capital	<u>(97,800)</u>	<u>300,000</u>
Net cash used in financing activities	<u>(982,834)</u>	<u>(369,149)</u>
Net increase/(decrease) in cash and cash equivalents	(1,008,798)	1,124,886
Cash and cash equivalents at beginning of financial year	10,286,587	11,780,148
Effect of exchange rate changes	156	7,728
Cash and cash equivalents at end of period	<u>9,277,945</u>	<u>12,912,762</u>

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	31.12.14	31.12.13
	RM'000	RM'000
Cash and short-term funds	9,123,365	12,915,924
Bank overdrafts	-	(3,162)
Reclassified to assets held for sale	154,580	-
Cash and cash equivalents	<u>9,277,945</u>	<u>12,912,762</u>

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 became effective for the Group and the Company on 1 April 2014. The adoption of these financial reporting standards did not have any significant impact on the financial statements 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 income statement.

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 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- 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 MFRS 127 Equity Method in Separate Financial Statements
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010-2012 Cycle"
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011-2013 Cycle"
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012-2014 Cycle"
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- MFRS 14 Regulatory Deferral Accounts
- MFRS 15 Revenue from Contracts with Customers

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 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in MFRS 10 Consolidated Financial Statements and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations

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.

The Group and the Company do not have any interests in joint operations.

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

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

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

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

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

The amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of MFRS 116, instead of MFRS 141.

The Group and the Company do not have any bearer plants.

A1. BASIS OF PREPARATION (CONT'D.)

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 MFRS 127 Equity Method in Separate Financial Statements

The amendments allow a parent and investors to use the equity method in its separate financial statement to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

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 income statement.

(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.

The Annual Improvements to MFRSs 2011 – 2013 Cycle consist of the following amendments (Cont'd.):

(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 or MFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

(iv) MFRS 140, Investment Property

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

A1. BASIS OF PREPARATION (CONT'D.)

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

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

- (i) Amendments to MFRS 5
The amendments introduce specific guidance in MFRS 5 when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.
- (ii) Amendments to MFRS 7
The amendments provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.
- (iii) Amendment to MFRS 119
The amendment clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. The amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level.
- (iv) Amendment to MFRS 134
The amendment clarifies the meaning of disclosure of information "elsewhere in the interim financial report" as used in MFRS 134. The amendment requires such disclosures to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

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

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

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is applicable to first-time adopters of MFRSs. Consequently, this standard is not applicable to the Group and the Company.

MFRS 15 Revenue from Contracts with Customers

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

Bank Negara Malaysia ("BNM") Guidelines on Maintenance of Regulatory Reserve

On 4 February 2014, BNM issued a letter requiring banking institutions to maintain, in aggregate, collective impairment allowance and regulatory reserve of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowance, pursuant to paragraph 13.1 of the BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing. The regulatory reserve is maintained in addition to the collective impairment allowance recognised in accordance with MFRS, and it will be set aside from the retained profits to a separate reserve within equity as an additional credit risk absorbent. Banking institutions are required to comply with this requirement by 31 December 2015.

During the financial period, AmInvestment Bank Berhad has transferred RM2.8 million from its retained profits to the regulatory reserve in accordance with BNM's requirements. The adoption of this requirement did not have any impact to the income statement of the Group.

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 31 December 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.

During the financial period, AmBank (M) Berhad repaid Senior Notes totalling RM775.0 million upon maturity. On 21 May 2014, AmBank (M) Berhad 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.

In the previous quarter, on 3 July 2014, AmBank (M) Berhad 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 (M) Berhad 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.

During the current quarter, AmBank (M) Berhad had redeemed and cancelled RM97.8 million nominal value of its MTN under Tranche 7 on its first call date of 10 December 2014. This tranche was issued on 10 December 2009 for a tenor of 10 years Non-Callable 5 years.

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

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

An interim single tier dividend of 12.0% for the financial year ending 31 March 2015 amounting to RM361,702,181 was paid on 16 December 2014 to shareholders whose names appear in the record of Depositors on 4 December 2014.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	9,676	9,980
Malaysian Government Securities	259,344	532,163
Government Investment Issues	25,074	132,086
Cagamas bonds	99,360	-
Bank Negara Monetary Notes	36,389	-
	<u>429,843</u>	<u>674,229</u>
Quoted Securities:		
In Malaysia:		
Shares	70,459	172,165
Unit trusts	14,095	35,874
Warrants	-	6,067
Private debt securities	39,330	23,799
Outside Malaysia:		
Shares	92,227	-
	<u>216,111</u>	<u>237,905</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,498,450	2,805,150
Outside Malaysia:		
Private debt securities	226,890	118,877
	<u>3,725,340</u>	<u>2,924,027</u>
Total	<u>4,371,294</u>	<u>3,836,161</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Treasury Bills	-	6,575
Malaysian Government Securities	418,957	390,806
Government Investment Issues	820,078	806,663
Bank Negara Monetary Notes	1,789,631	4,140,975
Negotiable instruments of deposits	980,093	519,881
Islamic negotiable instruments of deposit	1,693,590	996,914
	<u>5,702,349</u>	<u>6,861,814</u>
Quoted Securities:		
In Malaysia:		
Shares	5,387	40,893
Unit trusts	656,300	581,707
Outside Malaysia:		
Shares	37,528	29,149
	<u>699,215</u>	<u>651,749</u>
Unquoted Securities:		
In Malaysia:		
Unit trusts	32,547	454,498
Private debt securities	3,920,111	3,252,612
Outside Malaysia:		
Unit trusts	314	2,953
Private debt securities	298,884	286,946
	<u>4,251,856</u>	<u>3,997,009</u>
At Cost		
Unquoted Securities:		
In Malaysia:		
Shares	119,643	121,852
Outside Malaysia:		
Shares	175	8,422
	<u>119,818</u>	<u>130,274</u>
Total	<u>10,773,238</u>	<u>11,640,846</u>

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 31 December 2014, the fair value gain that would have been recognised in other comprehensive income for the current period if the securities had not been reclassified amounted to RM3,241,000 (31 March 2014: RM2,395,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Foreign Treasury Bills	-	522,405
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,342,666	3,279,804
	<u>3,342,666</u>	<u>3,802,209</u>
Accumulated impairment losses	(6,198)	(3,644)
Total	<u>3,336,468</u>	<u>3,798,565</u>

A11. LOANS, ADVANCES AND FINANCING

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
At Amortised Cost:		
Loans and financing:		
Term loans	26,767,930	26,925,029
Revolving credit	10,025,129	9,491,102
Housing loans/financing	15,164,093	14,433,902
Staff loans	129,026	134,678
Hire-purchase receivables	24,821,994	27,160,304
Credit card receivables	1,779,473	2,027,373
Overdraft	3,062,055	3,207,162
Claims on customers under acceptance credits	3,554,311	3,783,885
Trust receipts	1,289,766	1,139,161
Bills receivables	703,722	752,279
Others	181,999	233,638
Gross loans, advances and financing	<u>87,479,498</u>	<u>89,288,513</u>
Allowance for impairment on loans, advances and financing:		
Collective allowance	(1,547,561)	(1,950,384)
Individual allowance	(200,367)	(167,552)
	<u>(1,747,928)</u>	<u>(2,117,936)</u>
Net loans, advances and financing	<u>85,731,570</u>	<u>87,170,577</u>

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

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

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
Domestic banking institutions	9,993	19,029
Domestic non-bank financial institutions	2,242,675	1,883,490
Domestic business enterprises:		
Small and medium enterprises	11,559,072	11,997,210
Others	26,742,905	26,774,457
Government and statutory bodies	409,156	472,297
Individuals	45,263,239	46,836,327
Other domestic entities	198,788	234,380
Foreign individuals and entities	1,053,670	1,071,324
	<u>87,479,498</u>	<u>89,288,514</u>

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

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
In Malaysia	86,623,607	88,131,863
Outside Malaysia	855,891	1,156,650
	<u>87,479,498</u>	<u>89,288,513</u>

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

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
Fixed rate:		
Housing loans/financing	626,410	473,673
Hire purchase receivables	22,683,629	24,550,015
Other fixed rate loans/financing	9,228,600	9,953,522
	<u>32,538,639</u>	<u>34,977,210</u>
Variable rate:		
Base lending/financing rate plus	29,229,918	30,007,125
Cost plus	24,562,331	22,466,084
Other variable rates	1,148,610	1,838,094
	<u>54,940,859</u>	<u>54,311,303</u>
	<u>87,479,498</u>	<u>89,288,513</u>

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

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

	Group	
	31.12.14 RM'000	31.03.14 RM'000
Agriculture	3,907,186	3,801,149
Mining and quarrying	1,846,570	2,427,196
Manufacturing	8,300,200	8,513,237
Electricity, gas and water	1,265,061	1,272,444
Construction	4,376,965	4,677,990
Wholesale and retail trade and hotels and restaurants	4,353,292	4,606,499
Transport, storage and communication	2,137,176	2,386,140
Finance and insurance	2,173,017	1,902,519
Real estate	8,487,672	7,388,126
Business activities	1,530,657	1,635,592
Education and health	1,484,085	1,445,747
Household of which:	45,818,678	47,323,810
Purchase of residential properties	15,032,626	14,346,180
Purchase of transport vehicles	23,346,077	25,336,610
Others	7,439,975	7,641,020
Others	1,798,939	1,908,064
	<u>87,479,498</u>	<u>89,288,513</u>

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

	Group	
	31.12.14 RM'000	31.03.14 RM'000
Maturing within one year	17,590,327	18,342,146
Over one year to three years	11,702,951	11,046,833
Over three years to five years	12,856,667	14,012,121
Over five years	45,329,553	45,887,413
	<u>87,479,498</u>	<u>89,288,513</u>

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

	Group	
	31.12.14 RM'000	31.03.14 RM'000
Gross		
Balance at beginning of financial year	1,662,141	1,680,471
Impaired during the period/year	1,681,313	1,722,721
Reclassified as non-impaired	(256,439)	(308,206)
Reclassified as assets held for sale	(11,272)	-
Recoveries	(583,571)	(602,212)
Amount written off	(843,443)	(830,633)
Exchange differences	251	-
Balance at end of financial period/year	<u>1,648,980</u>	<u>1,662,141</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.9%</u>	<u>1.9%</u>
Loan loss coverage excluding collateral values	<u>106.0%</u>	<u>127.4%</u>

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

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

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
In Malaysia	1,648,980	1,650,221
Outside Malaysia	-	11,920
	1,648,980	1,662,141

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

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
Agriculture	11,639	7,384
Mining and quarrying	7,311	4,132
Manufacturing	196,543	227,053
Electricity, gas and water	23,416	24,249
Construction	17,807	36,051
Wholesale and retail trade and hotels and restaurants	49,700	44,512
Transport, storage and communication	11,422	62,617
Finance and insurance	673	1,769
Real estate	401,222	7,920
Business activities	15,366	24,512
Education and health	13,383	13,816
Household of which:	879,663	1,206,447
Purchase of residential properties	367,952	495,630
Purchase of transport vehicles	453,234	596,219
Others	58,477	114,598
Others	20,835	1,679
	1,648,980	1,662,141

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

	Group	
	31.12.14	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	435,930	602,488
Reclassified as assets held for sale	(25)	-
Amount written off and others	(839,675)	(639,880)
Exchange fluctuation adjustments	947	1,415
Balance at end of financial period/year	1,547,561	1,950,384
Collective allowance and Regulatory reserve as % of gross loans, advances and financing less individual allowance	1.8%	2.2%
Individual allowance		
Balance at beginning of financial year	167,552	186,556
Allowance made during the financial period/year, net	52,705	216,720
Reclassified as assets held for sale	(11,272)	-
Amount written off	(8,618)	(235,724)
Balance at end of financial period/year	200,367	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	
	31.12.14	31.03.14
	RM'000	RM'000
Trade receivables, net of allowance for impairment	216,173	752,453
Other receivables, deposits and prepayments, net of allowance for impairment	2,032,751	1,553,510
Interest receivable, net of allowance for impairment	241,431	227,268
Fee receivable, net of allowance for impairment	49,935	44,444
Amount due from Originators	421,478	361,635
Amount due from agents, brokers and reinsurers	12,065	8,431
Foreclosed properties, net of allowance for impairment	61,645	66,805
	<u>3,035,478</u>	<u>3,014,546</u>

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	
	31.12.14	31.03.14
	RM'000	RM'000
Deposits from:		
Licensed banks	1,187,503	2,228,756
Licensed investment banks	-	5,281
Bank Negara Malaysia	92,264	98,293
Other financial institutions	1,742,783	1,788,593
	<u>3,022,550</u>	<u>4,120,923</u>

A15. DEPOSITS FROM CUSTOMERS

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
Demand deposits	13,296,518	13,450,532
Savings deposits	5,157,769	5,290,440
Term/Investment deposits	71,501,391	70,903,023
Negotiable instruments of deposits	37,603	54,883
	<u>89,993,281</u>	<u>89,698,878</u>

The deposits are sourced from the following types of customers:

Business enterprises	40,633,130	42,554,162
Individuals	35,585,639	34,508,342
Government and statutory bodies	11,016,447	10,116,686
Others	2,758,065	2,519,688
	<u>89,993,281</u>	<u>89,698,878</u>

A16. OTHER LIABILITIES

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
Trade payables	207,738	659,944
Other payables and accruals	2,137,585	1,838,615
Interest payable	772,883	736,777
Lease deposits and advance rentals	13,573	19,526
Provision for commitments and contingencies	139,321	174,965
Bank overdraft	-	759
Profit equalisation reserve	10,848	1,571
Provision for taxation	33,022	23,179
	<u>3,314,970</u>	<u>3,455,336</u>

A17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	51,749	72,902	135,480	187,376
Financial assets held-for-trading	27,291	33,003	81,387	109,423
Financial investments available-for-sale	73,941	51,069	214,371	144,026
Financial investments held-to-maturity	24,430	44,617	75,667	153,511
Loans and advances	892,999	976,449	2,727,052	2,891,096
Impaired loans and advances	1,664	2,173	5,553	3,770
Others	9,099	3,088	18,501	12,475
	<u>1,081,173</u>	<u>1,183,301</u>	<u>3,258,011</u>	<u>3,501,677</u>

A18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	462,464	466,453	1,353,049	1,392,058
Deposit and placements of banks and other financial institutions	9,572	11,970	26,969	31,168
Senior notes	48,052	51,330	143,526	145,587
Credit-Linked Notes	4,204	4,185	12,559	14,803
Recourse obligation on loans sold to Cagamas Berhad	10,293	10,310	30,695	30,742
Term loans	7,386	6,535	22,178	20,031
Subordinated term loans and notes	10,345	5,492	31,552	16,652
Medium term notes	20,536	20,875	62,059	62,398
Hybrid and Innovative Tier 1 capital securities	21,038	20,529	62,018	61,135
Others	(138)	13,444	10,912	31,061
	<u>593,752</u>	<u>611,123</u>	<u>1,755,517</u>	<u>1,805,635</u>

A19. NET INCOME FROM INSURANCE BUSINESS

Group	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Income from Insurance Business:				
Premium income from general insurance business	363,401	385,999	1,113,754	1,164,620
Premium income from life and family takaful insurance business	-	116,650	45,446	387,124
	<u>363,401</u>	<u>502,649</u>	<u>1,159,200</u>	<u>1,551,744</u>
Insurance Claims and Commissions:				
Insurance commission ¹	36,981	46,564	79,863	144,770
General insurance claims	230,537	242,741	695,570	733,932
Life and family takaful insurance claims	-	77,132	56,186	272,209
	<u>267,518</u>	<u>366,437</u>	<u>831,619</u>	<u>1,150,911</u>
Total income from insurance business, net	<u>95,883</u>	<u>136,212</u>	<u>327,581</u>	<u>400,833</u>

¹ Net of bancassurance commission paid/payable to subsidiaries of the Group of RM17,546,000 (31 December 2013: RM25,699,000) eliminated upon consolidation.

A20. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Fee and commission income:				
Fees on loans and securities	52,322	61,063	160,366	194,362
Corporate advisory	4,495	7,468	18,174	32,100
Guarantee fees	15,969	12,559	43,959	37,370
Underwriting commission	582	1,628	8,350	3,438
Portfolio management fees	7,203	8,766	25,414	25,792
Unit trust management fees	29,381	25,328	82,365	76,010
Property trust management fees	1,533	1,570	4,664	4,727
Brokerage fees and commission	18,569	17,232	56,362	63,693
Wealth management fees	6,046	6,720	19,550	17,581
Other fee and commission income	21,631	21,507	70,073	65,277
	<u>157,731</u>	<u>163,841</u>	<u>489,277</u>	<u>520,350</u>
Investment and trading income:				
Net loss from sale of financial assets held-for-trading	(19,276)	(4,519)	(28,848)	(26,907)
Net gain/(loss) from sale of financial investments available-for-sale	(69)	57,572	38,777	89,469
Net gain on redemption of financial investments held-to-maturity	-	416	-	7,875
Net gain/(loss) on revaluation of financial assets held-for-trading	(16,528)	(13,058)	9,847	(63,112)
Net foreign exchange gain ²	21,672	36,831	54,038	90,353
Net gain on derivatives	44,146	6,596	66,904	63,276
Gain on disposal of equity interests in subsidiaries	9,186	-	399,161	-
Gross dividend income from:				
Financial assets held-for-trading	3,749	2,723	7,054	7,585
Financial investments available-for-sale	122	13,680	22,920	46,735
Others	(28)	13	1,136	43
	<u>42,974</u>	<u>100,254</u>	<u>570,989</u>	<u>215,317</u>

A20. OTHER OPERATING INCOME (CONT'D.)

Group	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Other income:				
Net non-trading foreign exchange gain/(loss)	7,316	1,001	10,940	(200)
Net gain/(loss) on disposal of property and equipment	(49)	25	(50)	400
Rental income	1,056	1,471	3,745	5,314
Profit from sale of goods and services	4,034	7,707	21,016	22,504
Others	2,775	3,272	25,207	26,364
	<u>15,132</u>	<u>13,476</u>	<u>60,858</u>	<u>54,382</u>
	<u>215,837</u>	<u>277,571</u>	<u>1,121,124</u>	<u>790,049</u>

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

A21. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Personnel costs:				
Salaries, allowances and bonuses	201,764	249,364	677,509	759,034
Shares/options granted under ESS	8,695	10,323	23,119	32,087
Pension costs	32,460	36,346	109,863	110,427
Social security cost	1,653	1,743	5,017	5,263
Others	34,240	31,164	79,434	97,367
	<u>278,812</u>	<u>328,940</u>	<u>894,942</u>	<u>1,004,178</u>
Establishment costs:				
Depreciation of property and equipment	14,518	17,709	44,740	50,473
Amortisation of intangible assets	21,045	22,114	63,982	72,113
Computerisation costs	50,613	42,195	151,470	133,681
Rental of premises	25,283	25,393	75,856	76,054
Cleaning, maintenance and security	10,322	5,237	23,909	19,624
Others	12,599	10,562	35,453	33,002
	<u>134,380</u>	<u>123,210</u>	<u>395,410</u>	<u>384,947</u>
Marketing and communication expenses:				
Sales commission	2,710	2,675	7,697	8,558
Advertising, promotional and other marketing activities	11,199	19,037	32,211	50,376
Telephone charges	5,274	1,696	16,760	12,052
Postage	2,761	3,801	10,867	12,698
Travel and entertainment	4,586	5,746	14,460	18,940
Others	7,148	7,484	20,661	25,839
	<u>33,678</u>	<u>40,439</u>	<u>102,656</u>	<u>128,463</u>
Administration and general expenses:				
Professional services	29,918	30,328	91,787	93,191
Donations	241	81	507	5,576
Travelling	3,124	5,408	7,253	10,739
Others	15,625	22,911	52,049	66,437
	<u>48,908</u>	<u>58,728</u>	<u>151,596</u>	<u>175,943</u>
Expenses capitalised	(3,469)	(17,922)	(10,365)	(36,364)
	<u>492,309</u>	<u>533,395</u>	<u>1,534,239</u>	<u>1,657,167</u>

A22. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Allowance for impaired loans, advances and financing:				
Individual allowance, net	17,940	54,621	52,705	194,357
Collective allowance, net	142,137	110,351	435,930	375,399
Impaired loans, advances and financing:				
Recovered, net	(215,256)	(127,143)	(458,016)	(562,962)
Recovery from loans sold to Danaharta	(1,732)	(2,950)	(1,732)	(2,950)
	<u>(56,911)</u>	<u>34,879</u>	<u>28,887</u>	<u>3,844</u>

A23. BUSINESS SEGMENT ANALYSIS

Group	Wholesale banking RM'000	Retail banking RM'000	Insurance RM'000	Operating Segments RM'000	Total RM'000
For the financial quarter ended 31 December 2014					
External revenue	2,234,497	2,448,879	1,315,628	928,341	6,927,345
Revenue from other segments	178,296	(297,862)	2,489	117,077	-
Total operating revenue	<u>2,412,793</u>	<u>2,151,017</u>	<u>1,318,117</u>	<u>1,045,418</u>	<u>6,927,345</u>
Net interest income	738,089	1,103,407	93,815	155,335	2,090,646
Other income	514,791	198,213	359,212	424,998	1,497,214
Income	<u>1,252,880</u>	<u>1,301,620</u>	<u>453,027</u>	<u>580,333</u>	<u>3,587,860</u>
Share in results of associates and joint ventures	-	3,011	2,726	8,110	13,847
Other operating expenses	<u>(452,422)</u>	<u>(687,804)</u>	<u>(208,968)</u>	<u>(265,322)</u>	<u>(1,614,516)</u>
<i>of which:</i>					
<i>Depreciation of Property and Equipment</i>	(5,826)	(18,677)	(7,499)	(15,176)	(47,178)
<i>Amortisation of Intangible Assets</i>	<u>(7,886)</u>	<u>(12,575)</u>	<u>(4,739)</u>	<u>(39,097)</u>	<u>(64,297)</u>
Profit/(Loss) before provisions (Provisions)/Writeback of provisions	<u>800,458</u>	<u>616,827</u>	<u>246,785</u>	<u>323,121</u>	<u>1,987,191</u>
Profit before taxation and zakat	<u>142,071</u>	<u>(204,274)</u>	<u>30,729</u>	<u>(19,811)</u>	<u>(51,285)</u>
Profit before taxation and zakat	942,529	412,553	277,514	303,310	1,935,906
Taxation and zakat	<u>(229,986)</u>	<u>(102,366)</u>	<u>(65,758)</u>	<u>(43,272)</u>	<u>(441,382)</u>
Profit for the period	<u>712,543</u>	<u>310,187</u>	<u>211,756</u>	<u>260,038</u>	<u>1,494,524</u>
Other information					
Total segment assets	50,958,300	47,254,971	5,445,805	26,542,666	130,201,742
Total segment liabilities	55,351,148	42,917,445	3,383,528	13,652,263	115,304,384
Cost to income ratio	36.1%	52.8%	46.1%	45.7%	45.0%
Gross loans/financing	40,679,103	46,929,646	12,173	(141,424)	87,479,498
Net loans/financing	40,211,106	46,158,148	12,173	(649,857)	85,731,570
Impaired loans, advances and financing	622,180	1,026,800	-	-	1,648,980
Total deposits	50,069,852	42,151,745	-	794,234	93,015,831
Additions to:					
Property and equipment	2,551	17,524	11,289	15,178	46,542
Intangible assets	7,126	7,960	5,260	39,652	59,998

A23. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Wholesale banking RM'000	Retail banking RM'000	Insurance RM'000	Operating Segments RM'000	Total RM'000
For the financial quarter ended 31 December 2013					
External revenue	2,234,097	2,626,740	1,734,584	575,235	7,170,656
Revenue from other segments	325,994	(364,124)	10,724	27,406	-
Total operating revenue	<u>2,560,091</u>	<u>2,262,616</u>	<u>1,745,308</u>	<u>602,641</u>	<u>7,170,656</u>
Net interest income	811,507	1,245,989	93,815	169,310	2,320,621
Other income	601,948	225,945	461,282	(33,539)	1,255,636
Income	1,413,455	1,471,934	555,097	135,771	3,576,257
Share in results of associates and joint ventures	-	3,881	-	10,165	14,046
Other operating expenses	(462,746)	(707,042)	(305,609)	(194,134)	(1,669,531)
<i>of which:</i>					
<i>Depreciation of Property and Equipment</i>	(6,311)	(20,026)	(11,530)	(14,048)	(51,915)
<i>Amortisation of Intangible Assets</i>	(9,383)	(12,651)	(23,423)	(26,797)	(72,254)
Profit/(Loss) before provisions	950,709	768,773	249,488	(48,198)	1,920,772
(Provisions)/Writeback of provisions	54,654	(130,605)	(5,793)	13,790	(67,954)
Profit before taxation and zakat	1,005,363	638,168	243,695	(34,408)	1,852,818
Taxation and zakat	(249,472)	(157,802)	(76,655)	15,831	(468,098)
Profit for the period	<u>755,891</u>	<u>480,366</u>	<u>167,040</u>	<u>(18,577)</u>	<u>1,384,720</u>
Other information					
Total segment assets	47,300,387	48,819,902	8,455,827	26,507,519	131,083,635
Total segment liabilities	58,902,094	40,755,984	6,100,923	11,704,159	117,463,160
Cost to income ratio	32.7%	48.0%	55.1%	143.0%	46.7%
Gross loans/financing	37,993,153	48,818,417	231,777	(199,270)	86,844,077
Net loans/financing	37,541,079	47,807,029	230,624	(781,899)	84,796,833
Impaired loans, advances and financing	320,894	1,395,688	-	-	1,716,582
Total deposits	50,530,674	39,963,926	-	2,760,692	93,255,292
Additions to:					
Property and equipment	6,165	22,910	12,889	14,551	56,515
Intangible assets	13,756	3,396	1,656	116,268	135,076

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, the banking subsidiaries of the Company 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	31.12.14	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	17,203,993	17,895,665
over one year	5,648,990	6,169,893
Unutilised credit card lines	4,119,505	4,235,678
Forward asset purchases	83,043	275,872
	<u>27,055,531</u>	<u>28,577,108</u>
Contingent Liabilities		
Direct credit substitutes	1,392,168	1,336,108
Transaction related contingent items	5,770,727	5,370,402
Obligations under underwriting agreements	250,000	296,375
Short term self liquidating trade related contingencies	718,933	677,065
	<u>8,131,828</u>	<u>7,679,950</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	45,342,058	39,220,552
One year or less	5,968,190	4,377,756
Over one year to five years	32,293,259	28,591,959
Over five years	7,080,609	6,250,837
Foreign exchange related contracts:	35,489,810	26,637,299
One year or less	30,915,868	22,723,112
Over one year to five years	2,722,346	3,018,618
Over five years	1,851,596	895,569
Credit related contracts:	634,591	612,486
One year or less	-	-
Over one year to five years	317,591	306,519
Over five years	317,000	305,967
Equity and commodity related contracts:	677,943	751,536
One year or less	612,015	420,433
Over one year to five years	65,928	331,103
Over five years	-	-
	<u>82,144,402</u>	<u>67,221,873</u>
	<u>117,331,761</u>	<u>103,478,931</u>

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 AmLabuan Holdings (L) Ltd (formerly known as AmInternational (L) Ltd) ("AMIL"), a wholly owned offshore banking subsidiary to meet all its liabilities and financial obligations and requirements. As at 31 December 2014, AMIL had surrendered its Labuan banking license with effect from 31 December 2014.
- (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 ("AmMetLife"), for the performance and discharge by AmMetLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmMetLife'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 ("High Court 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. AmTrustee's Leave Application is now fixed for case management on 9 February 2015.

- (f) Up to 31 December 2014, AmFutures Sdn Bhd ('AmF') and AmInvestment Bank Berhad ('AMIB') were served with a total of 11 suits by 11 individuals ('Claimants') in relation to a purported investment scheme called Futures Crude Palm Oil ('AllegedScheme') allegedly offered by person(s) unknown to AmF and AMIB to the Claimants. In the suits, the Claimants claim for the return of their alleged principal investment sum and the return of investment in the Alleged Scheme.

The parties to the suits had agreed that trial of one test case to be heard first by the Court and the decision in the test case shall be binding on all the other suits filed by the Claimants. The trial hearing dates for the test case is fixed on from 20 April 2015 to 24 April 2015. Solicitors for AmF and AMIB is of the view that AmF and AMIB have a good chance of successfully defending the suits.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	31.12.14			31.03.14		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Interest rate related contracts:	40,147,058	204,766	198,167	35,920,551	198,168	202,109
- One year or less	4,448,190	5,818	5,202	3,517,756	3,947	3,863
- Over one year to three years	15,181,100	56,840	54,497	10,339,174	28,549	34,991
- Over three years	20,517,768	142,108	138,468	22,063,621	165,672	163,255
Foreign exchange related contracts:	35,489,809	951,167	820,956	26,637,298	292,908	284,524
- One year or less	30,915,869	613,455	524,381	22,723,111	84,513	86,592
- Over one year to three years	2,609,376	174,037	161,212	3,014,221	118,543	119,854
- Over three years	1,964,564	163,675	135,363	899,966	89,852	78,078
Credit related derivative contracts:	634,591	30,600	5,202	612,486	23,804	4,322
- One year or less	-	-	-	-	-	-
- Over one year to three years	317,591	5,645	-	306,519	4,651	-
- Over three years	317,000	24,955	5,202	305,967	19,153	4,322
Equity and commodity related contracts:	677,944	19,830	4,907	751,538	5,408	45,129
- One year or less	612,014	17,414	2,491	420,433	4,927	44,649
- Over one year to three years	-	-	-	331,105	481	480
- Over three years	65,930	2,416	2,416	-	-	-
	76,949,402	1,206,363	1,029,232	63,921,873	520,288	536,084
Hedging derivatives						
Interest rate related contracts - Interest rate swaps:						
Cash flow hedge	5,195,000	5,119	445	3,300,000	8,522	5,140
- One year or less	1,520,000	-	-	860,000	-	2,785
- Over one year to three years	1,130,000	-	-	720,000	1,167	1,742
- Over three years	2,545,000	5,119	445	1,720,000	7,355	613
Total	82,144,402	1,211,482	1,029,677	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

31.12.14	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivative financial assets	320	1,211,162	-	1,211,482
Financial assets held-for-trading				
- Money market securities	-	429,843	-	429,843
- Equities	176,781	-	-	176,781
- Quoted private debt securities	39,330	-	-	39,330
- Unquoted private debt securities	-	3,725,340	-	3,725,340
Financial investments available-for-sale				
- Money market securities	-	5,702,349	-	5,702,349
- Equities	699,215	32,861	-	732,076
- Unquoted private debt securities	-	4,218,995	-	4,218,995
	<u>915,646</u>	<u>15,320,550</u>	<u>-</u>	<u>16,236,196</u>
Derivative financial liabilities	<u>7,829</u>	<u>1,021,848</u>	<u>-</u>	<u>1,029,677</u>

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
	<u>890,406</u>	<u>14,984,720</u>	<u>417</u>	<u>15,875,543</u>
Derivative financial liabilities	<u>33,175</u>	<u>508,049</u>	<u>-</u>	<u>541,224</u>

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 31.12.14 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	<u>-</u>	<u>417</u>

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 31.12.14 RM'000	Financial investments available -for-sale 31.03.14 RM'000
Total gains/(losses) included in:		
- impairment writeback/(loss) on financial investments	<u>-</u>	<u>18</u>

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:

	31.12.14			Group *
	AmBank	Amlslamic Bank	AmlInvestment Bank	
Before deducting proposed dividends:				
CET1 Capital ratio	9.685%	8.780%	27.773%	10.016%
Tier 1 Capital ratio	11.703%	8.780%	27.773%	11.458%
Total Capital ratio	15.431%	14.362%	27.773%	15.687%
After deducting proposed dividends:				
CET1 Capital ratio	9.685%	8.780%	27.773%	10.016%
Tier 1 Capital ratio	11.703%	8.780%	27.773%	11.458%
Total Capital ratio	15.431%	14.362%	27.773%	15.687%

	31.03.14			Group *
	AmBank	Amlslamic Bank	AmlInvestment Bank	
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:

- (i) 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%

- (ii) 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.
- (iii) 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, AMIL. On 31 December 2014, AMIL had ceased to carry on Labuan banking business. Consequently, the above capital ratios of AmBank as at 31 December 2014 refers to only AmBank's capital base as a ratio of its RWA.

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:

	31.12.14			Group *
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	
<u>CET1 Capital</u>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	4,328,030	627,010	59,351	5,145,409
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	(52,754)	(13,587)	1,022	(65,128)
Foreign exchange translation reserve	24,613	-	-	58,428
Statutory reserve	980,969	483,345	200,000	1,664,314
Regulatory reserve	-	-	2,800	2,800
Profit equalisation reserve	-	8,660	-	8,660
Capital reserve	-	-	-	2,815
Merger reserve	-	-	-	111,805
Cash flow hedging reserve	9,189	-	-	9,189
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(11,243)
Intangible assets	(321,565)	(22)	(1,873)	(332,231)
Deferred tax assets	(45,850)	-	(3,381)	(62,194)
Profit equalisation reserve	-	(8,660)	-	(8,660)
Cash flow hedging reserve	(9,189)	-	-	(9,189)
55% of cumulative gains of AFS financial instruments	-	-	(562)	(591)
Regulatory reserve	-	-	(2,800)	(2,800)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities	(14,326)	-	(20,408)	(578)
Deduction in excess of Tier 2 capital**	-	-	(104,436)	(23,647)
CET1 Capital	6,662,325	2,283,853	329,713	9,637,474
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,388,080	-	-	1,388,080
Tier 1 Capital	8,050,405	2,283,853	329,713	11,025,554
<u>Tier 2 Capital</u>				
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)	1,460,000	800,000	-	2,260,000
Collective allowance and regulatory reserve	761,993	301,701	4,289	1,064,427
Less: Regulatory adjustments applied on Tier 2 Capital	(57,304)	-	(4,289)	(5,758)
Tier 2 Capital	2,564,689	1,451,701	-	4,068,669
Total Capital	10,615,094	3,735,554	329,713	15,094,223
Credit RWA	60,959,454	24,136,117	840,735	85,760,719
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	-	-	-
Total Credit RWA	60,959,454	24,136,117	840,735	85,760,719
Market RWA	3,083,270	330,218	17,740	3,502,934
Operational RWA	4,747,483	1,544,320	328,395	6,959,221
Large exposure risk RWA for equity holdings	-	-	314	1,292
Total Risk Weighted Assets	68,790,207	26,010,655	1,187,184	96,224,166

** 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			Group *
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	
<u>CET1 Capital</u>				
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
<u>Additional Tier 1 Capital</u>				
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
<u>Tier 2 Capital</u>				
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 reserve	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).

A32. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 December 2014 and the results for the period ended 31 December 2014 of the Islamic banking business of the Group and included in the consolidated financial statements after elimination of intercompany transactions and balances are summarised as follows:

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Group	
	31.12.14	31.03.14
	RM'000	(Restated) RM'000
ASSETS		
Cash and short-term funds	2,297,600	2,941,329
Deposits and placements with banks and other financial institutions	608,383	1,118,383
Derivative financial assets	29,169	7,699
Financial assets held-for-trading	51,728	64,694
Financial investments available-for-sale	4,015,147	3,854,715
Financial Investments held-to-maturity	1,246,230	1,236,055
Financing and advances	25,289,018	24,445,039
Receivables: investments not quoted in active markets	460,789	106,649
Statutory deposit with Bank Negara Malaysia	960,500	891,000
Deferred tax assets	-	292
Other assets	545,655	567,242
Property and equipment	333	409
Intangible assets	23	28
TOTAL ASSETS	35,504,575	35,233,534
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	1,611,637	3,122,588
Recourse obligation on financing sold to Cagamas Berhad	2,088,840	2,068,337
Derivative financial liabilities	33,016	7,675
Deposits from customers	27,021,935	25,423,364
Term funding	650,000	550,000
Subordinated Sukuk	1,149,353	1,149,302
Deferred tax liabilities	6,339	7,255
Other liabilities	430,138	387,526
TOTAL LIABILITIES	32,991,258	32,716,047
Share capital/Capital funds	492,922	495,761
Reserves	2,020,395	2,021,726
TOTAL ISLAMIC BANKING FUNDS	2,513,317	2,517,487
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	35,504,575	35,233,534
COMMITMENTS AND CONTINGENCIES	8,682,543	8,467,022

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

Group	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Income derived from investment of depositors' funds and others	439,273	415,871	1,296,734	1,222,088
Allowance for impairment on financing and advances (Provision made)/Writeback of provision for commitments and contingencies	(19,020)	(65,476)	(111,564)	(139,229)
Impairment writeback for sundry debtors	4,197	(4,525)	9,967	(3,831)
Transfer to profit equalisation reserve	-	51	-	51
	(15,417)	-	(20,021)	(9,011)
Total attributable income	409,033	345,921	1,175,116	1,070,068
Income attributable to the depositors	(238,197)	(210,129)	(685,894)	(608,469)
Profit attributable to the Group	170,836	135,792	489,222	461,599
Income derived from Islamic Banking Funds	25,130	25,483	76,365	93,352
Total net income	195,966	161,275	565,587	554,951
Operating expenditure	(94,024)	(89,150)	(269,440)	(269,985)
Finance cost	(20,013)	(17,384)	(58,453)	(51,302)
Profit before taxation and zakat	81,929	54,741	237,694	233,664
Taxation and zakat	(18,172)	(12,304)	(53,378)	(54,091)
Profit for the period	63,757	42,437	184,316	179,573

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

Group	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Profit for the period	63,757	42,437	184,316	179,573
Other comprehensive income/(loss):				
Items that may be reclassified to income statement				
Net change in revaluation of financial investments available-for-sale	(2,068)	(1,531)	6,712	(9,788)
Exchange differences on translation of foreign operations	-	31	609	337
Income tax relating to the components of other comprehensive income/(loss)	496	383	(1,857)	2,447
Other comprehensive income/(loss) for the period, net of tax	(1,572)	(1,117)	5,464	(7,004)
Total comprehensive income for the period	62,185	41,320	189,780	172,569

A32. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances

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

Group 31.12.14	Bai Bithaman	Murabahah RM'000	Musharakah	AI-Ijarah Thummah	Bai Al-Inah RM'000	Others RM'000	Total RM'000
	Ajil RM'000		Mutanaqisah RM'000	AI-Bai (AITAB) RM'000			
Cash lines	-	-	-	-	770,359	-	770,359
Term financing	2,785,613	1,000,608	8,725	-	4,013,068	40,433	7,848,447
Revolving credit	318,204	406,687	-	-	2,558,770	-	3,283,661
Housing financing	1,266,329	-	29,353	-	-	-	1,295,682
Hire purchase receivables	4	-	-	11,101,766	-	-	11,101,770
Bills receivables	-	-	-	-	-	3,976	3,976
Credit card receivables	-	-	-	-	-	285,887	285,887
Trust receipts	-	121,530	-	-	-	-	121,530
Claims on customers under acceptance credits	-	-	-	-	-	1,109,034	1,109,034
Gross financing and advances	4,370,150	1,528,825	38,078	11,101,766	7,342,197	1,439,330	25,820,346
Allowance for impairment on financing and advances							
- Collective allowance							(491,511)
- Individual allowance							(39,817)
Net financing and advances							25,289,018

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		Musharakah	AI-Ijarah Thummah	Bai AI-Inah	Others	Total
	Ajil RM'000	Murabahah RM'000	Mutanaqisah RM'000	AI-Bai (AITAB) RM'000	RM'000	RM'000	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	
	31.12.14	31.03.14
	RM'000	RM'000
Balance at beginning of financial year	348,515	268,443
Impaired during the period/year	707,492	460,256
Reclassification to non-impaired financing	(59,886)	(44,233)
Recoveries	(107,046)	(100,149)
Amount written off	(258,526)	(235,802)
Balance at end of financial period/year	<u>630,549</u>	<u>348,515</u>
Impaired financing and advances as % of total financing and advances	<u>2.4%</u>	<u>1.4%</u>

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	
	31.12.14	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	199,599	240,823
Transferred from conventional commercial banking	2,463	-
Amount written off and others	(245,016)	(196,768)
Balance at end of financial period/year	<u>491,511</u>	<u>534,465</u>
Collective allowance as % of gross financing and advances less individual allowance	<u>1.9%</u>	<u>2.1%</u>
Individual allowance		
Balance at beginning of financial year	19,470	14,452
Allowance made during the period/year	20,517	53,568
Amount written off	(170)	(48,550)
Balance at end of financial period/year	<u>39,817</u>	<u>19,470</u>

(b) Deposit From Customers

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
Savings deposits		
<i>Wadiah</i>	1,846,947	1,841,983
<i>Mudarabah</i>	5,143	6,002
Demand deposits		
<i>Wadiah</i>	3,646,013	3,742,024
<i>Mudarabah</i>	44,329	34,991
Term deposits		
General investment account		
<i>Wakalah</i>	552,600	2,375,226
<i>Mudarabah</i>	14,934,944	17,347,972
Commodity murabahah	5,970,439	-
Negotiable instruments of deposits		
<i>Bai' Bithaman Ajil</i>	21,520	21,017
Structured deposits		
<i>Mudarabah</i>	-	54,149
	<u>27,021,935</u>	<u>25,423,364</u>

(c) Other Liabilities

	Group	
	31.12.14	31.03.14
	RM'000	RM'000
Other payables and accruals	329,559	324,147
Taxation and zakat payable	29,848	27,027
Provision for commitments and contingencies	15,506	25,439
Amount owing to head office	40,635	3,341
Advance rentals	3,742	6,001
Profit equalisation reserve	10,848	1,571
	<u>430,138</u>	<u>387,526</u>

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 31 December 2013.

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

The Group recorded a profit after tax ("PAT") of RM1,494.5 million for the period ended 31 December 2014, an improvement of RM109.8 million or 7.9% as compared to corresponding period ended 31 December 2013 of RM1,384.7 million. Year-on-year (yoy), the Group's profit attributable to equity holders of the Company ("PATMI") grew by 6.1% to RM1,399.4 million.

Improvement in earnings for current period ended 31 December 2014 was mainly attributed to higher other operating income by RM331.1 million and lower other operating expenses by RM122.9 million. Besides, writeback on doubtful sundry receivables of RM2.2 million was reported for current period as compared to impairment of RM41.9 million reported in corresponding period ended 31 December 2013.

This was partially off-set by lower income reported from net interest income, net income from insurance business and net income from Islamic banking business by RM193.5 million, RM73.3 million and RM52.7 million respectively. In addition, higher acquisition and business efficiency expenses, allowance for impairment on loans and financing and transfer to profit equalisation reserve by RM67.9 million, RM25.0 million and RM11.0 million were reported for current period.

Gross loans, advances and financing reduced to RM87.5 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, credit card receivables, claims on customers under acceptance credits, term loans and overdraft.

As at 31 December 2014, the Group's total assets stood at RM130.2 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 15.7%.

Divisional performance for period ended 31 December 2014 compared to 31 December 2013:

Retail Banking: Lower from Auto Finance portfolio rebalancing and margin compression

PAT decreased by 35.4% to RM310.2 million due to :

- (i) 3.9% loan contraction in line with the Group's policy of de-risking its auto finance portfolio;
- (ii) Margin compression from the portfolio rebalancing efforts to higher quality assets; and
- (iii) Higher provisions in the first half of the financial year, which was followed by a significant 15% reduction in impaired loans in the third quarter from intensified collection efforts together with the progressive impact of the rebalancing benefits of the auto finance portfolio.

Excluding the auto finance segment, PAT would have declined by a slower 6.5% from margin compression effect while gross loans grew by 1.9% supported by strong mortgage growth. Customer deposits grew 5.5% year-on-year, in which the small business segment, soft launched in September this year, delivered CASA growth of 6.6% sequentially for the quarter.

Expenses remain well contained from a continued emphasis on cost discipline, execution of investments and synergies from acquisitions.

Wholesale banking: Momentum picked up in third quarter after weaker first half for loans and capital markets activities.

PAT declined by 5.7% to RM712.5 million due to a weaker first half for corporate loans growth and capital market activities.

Third quarter momentum has since picked up with higher draw-downs of loans and execution of capital market deals.

Markets trading performed strongly in the first half but was impacted by fixed income sell-offs in the third quarter leading to flat trading outcomes year-to-date. Markets sales experienced stronger demand in the third quarter for forex and derivative products amidst the strengthening US dollar, partly offset by compressed margins from increased competition.

Expenses were lower from right-sizing initiatives while provisions improved despite a large well secured corporate impairment, partly offset by lower recoveries.

Low-cost deposits grew strongly by 7.8% sequentially in the third quarter.

General Insurance: Stronger investment income

PAT rose 47.6% to RM193.9 million from improved claims management, higher investment gains and lower management expenses.

During the quarter, the IT system integration for Kurnia Motor business was completed. Focus has now shifted to topline premium growth and improvements in supply chain management.

Life Assurance and Family Takaful: Formed strategic partnership with MetLife

Both businesses completed their strategic partnerships with MetLife International Holdings Inc on 30 April 2014, and their results were equity accounted effective 1 May 2014.

The businesses are in the midst of carrying out medium term investment plans to drive future growth. Key focus is on (i) brand enhancement, (ii) strengthening distribution channels, (iii) investing in information technology, (iv) aligning policies and processes, as well as (v) developing talents and leadership teams. Since the partnership, the new brand AmMetLife was rolled out and several key appointments were made including the new CEO for AmMetLife.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a lower pre-tax profit of RM588.9 million for the third quarter ended 31 December 2014 as compared to RM621.2 million for the previous quarter ended 30 September 2014. This was mainly due to lower income reported from other operating income, net interest income, net income from insurance business and net income from Islamic banking business by RM53.0 million, RM24.7 million, RM20.7 million and RM16.1 million respectively. In addition, higher transfer to profit equalisation by RM11.6 million and higher impairment loss on financial investments by RM2.5 million were reported for current quarter ended 31 December 2014.

This was mitigated by writeback for impairment on loans and financing of RM56.9 million for the current quarter as compared to allowance for impairment of RM4.7 million reported in the previous quarter ended 30 September 2014 and higher impairment writeback on doubtful sundry receivables by RM27.4 million during the current quarter. Besides, writeback of provision for commitments and contingencies of RM6.1 million was reported for the current quarter as compared to provision of RM4.5 million reported in previous quarter.

B3. PROSPECTS FOR FINANCIAL YEAR ENDING 31 MARCH 2015

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

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

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

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

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

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	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	121,940	167,728	374,973	396,122
Deferred tax	22,479	(14,310)	73,458	51,701
	<u>144,419</u>	<u>153,418</u>	<u>448,431</u>	<u>447,823</u>
Over provision of current taxation in respect of prior years	(1,934)	22,115	(8,213)	19,288
Taxation	<u>142,485</u>	<u>175,533</u>	<u>440,218</u>	<u>467,111</u>
Zakat	453	180	1,164	987
Taxation and zakat	<u>142,938</u>	<u>175,713</u>	<u>441,382</u>	<u>468,098</u>

The total tax charge of the Group for the financial period ended 31 December 2014 and 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 31 December 2014, the trustee of the ESS held 10,278,000 ordinary shares (net of ESS shares vested to employees) representing 0.34% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM70,350,284.
- 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) ("AmMetLife") and AmMetLife Takaful Berhad (formerly known as AmFamily Takaful Berhad) ("AmMetLife Takaful") 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 AmMetLife, comprising an acquisition of 100,000,000 ordinary shares of RM1.00 each in AmLife for a cash consideration of RM740,000,000 and the allotment of one (1) new ordinary share of RM1.00 by AmMetLife to MetLife at a subscription price of RM1.00; and
 - b) '50% less one share' in AmMetLife Takaful, comprising the acquisition of 50,000,000 ordinary shares of RM1.00 each in AmMetLife Takaful for a cash consideration of RM72,000,000 and the allotment of one (1) new ordinary share of RM1.00 by AmMetLife Takaful to AMAB at a subscription price of RM1.00.

On 30 April 2014 (the "Completion Date"), 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 AmMetLife and AmMetLife Takaful as at 30 April 2014.

On 18 November 2014, the Company announced that the Sale Consideration has been adjusted to RM821,295,000 following the determination of the audited net assets of AmMetLife and AmMetLife Takaful as at the Completion Date (the "Completion NA") as follows:

- a) RM755,707,000 for AmMetLife, an increase of RM15,707,000 on account of an increase in Completion NA of AmMetLife; and
 - b) RM65,588,000 for AmMetLife Takaful, a decrease of RM6,412,000 on account of the decrease in Completion NA of AmMetLife Takaful.
- 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.

On 30 January 2015, the Company announced that following the approval of the relevant Taiwanese and Singaporean regulatory authorities and fulfilment of other conditions, the Proposed Disposal was completed on 30 January 2015.

- 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 results, 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	
	31.12.14	31.03.14
	RM'000	RM'000
(i) Deposits from customers		
Six months or less	73,998,716	70,438,698
Over six months to one year	12,148,970	15,068,341
Over one year to three years	2,783,677	3,072,324
Over three years to five years	1,061,918	1,119,515
	<u>89,993,281</u>	<u>89,698,878</u>
(ii) Deposits and placements of banks and other financial institutions		
Six months or less	2,750,899	3,555,112
Over six months to one year	48,598	137,721
Over one year to three years	203,720	306,876
Over three years to five years	19,333	121,214
	<u>3,022,550</u>	<u>4,120,923</u>
(iii) Term funding (unsecured)		
(a) Senior notes		
Due within one year	1,142,750	1,569,439
More than one year	3,993,713	3,146,606
(b) Credit-Linked Notes		
Due within one year	-	-
More than one year	281,022	278,182
(c) Term loans and revolving credits		
Due within one year	415,541	679,573
More than one year	1,041,848	970,841
(d) Trade refinancing		
Due within one year	33,845	-
	<u>6,908,719</u>	<u>6,644,641</u>
(iv) Debt capital		
(a) Unsecured notes/sukuk		
More than one year	1,548,717	1,548,562
(b) Medium Term Notes		
More than one year	1,460,000	1,557,800
(c) Hybrid capital		
More than one year	702,415	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
	<u>4,696,132</u>	<u>4,766,198</u>

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	
	31.12.14	31.03.14
	RM'000	RM'000
Total retained earnings		
- Realised	8,204,176	8,043,026
- Unrealised	1,225,711	664,134
Total share of retained earnings from associates and joint ventures:		
- Realised	28,393	9,141
- Unrealised	5,678	4,326
Less: Consolidation adjustments	(3,103,831)	(3,192,923)
Total retained earnings as per consolidated financial statements	6,360,127	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

There has been no dividend proposed for the current financial quarter.

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	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	416,647	415,833	1,399,406	1,318,672
Weighted average number of ordinary shares in issue	3,006,030	3,007,060	3,007,541	3,006,132
Basic earnings per share (Sen)	13.86	13.83	46.53	43.87

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	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	416,647	415,833	1,399,406	1,318,672
Weighted average number of ordinary shares in issue (as in (a) above)	3,006,030	3,007,060	3,007,541	3,006,132
Effect of executives' share scheme	-	-	1,168	7,146
Adjusted weighted average number of ordinary shares in issue/issuable	3,006,030	3,007,060	3,008,709	3,013,278
Fully diluted earnings per share (Sen)	13.86	13.83	46.51	43.76