

Company No. 8515-D

AmBank (M) Berhad

(Company No. 8515-D)

(Incorporated in Malaysia)

And Its Subsidiaries

Interim Financial Statements

For the Financial Period

1 April 2012 to

30 June 2012

(In Ringgit Malaysia)

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

		The Group			The Bank		
		30 June 2012	31 March 2012 (Restated)	1 April 2011 (Restated)	30 June 2012	31 March 2012 (Restated)	1 April 2011 (Restated)
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds		6,687,074	5,453,638	8,740,986	6,440,062	5,133,039	8,375,879
Securities purchased under resale agreements		378,010	384,570	289,731	378,010	384,570	289,731
Deposits and placements with banks and other financial institutions		3,770,502	1,122,194	3,792,922	3,770,502	1,091,549	3,702,163
Derivative financial assets		563,811	380,035	396,673	563,811	380,035	396,673
Financial assets held-for-trading	A8	5,585,614	8,910,943	4,167,002	5,585,614	8,910,943	4,167,002
Financial investments available-for-sale	A9	4,538,171	4,440,721	6,331,969	4,719,243	4,631,972	6,557,696
Financial investments held-to-maturity	A10	300,228	116,155	165,331	299,816	113,501	159,589
Loans and advances	A11	57,591,022	56,491,272	55,514,989	57,366,685	56,252,935	55,234,910
Statutory deposit with Bank Negara Malaysia		1,985,652	2,011,288	143,811	1,985,652	2,011,288	143,811
Deferred tax assets		163,195	159,570	416,439	162,028	158,391	417,364
Investment in subsidiaries		-	-	-	65,800	65,800	65,800
Investment in associates		1,724	1,611	1,243	127	127	142
Other assets	A12	1,259,106	1,078,760	812,194	1,253,790	1,073,126	807,582
Property and equipment		138,498	141,678	155,322	114,822	117,888	131,078
Intangible assets		172,048	170,213	137,454	172,034	170,198	137,436
TOTAL ASSETS		83,134,655	80,862,648	81,066,066	82,877,996	80,495,362	80,586,856

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONTD.)

		30 June 2012	The Group 31 March 2012 (Restated)	1 April 2011 (Restated)	30 June 2012	The Bank 31 March 2012 (Restated)	1 April 2011 (Restated)
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND EQUITY							
Deposits and placements of banks and other financial institutions	A13	3,388,839	4,133,216	4,625,853	3,546,225	4,693,167	4,950,589
Securities sold under repurchase agreements		20,892	41,195	30,465	20,892	41,195	30,465
Recourse obligation on loans sold to Cagamas Berhad		1,193,638	1,176,054	1,018,043	1,193,638	1,176,054	1,018,043
Derivative financial liabilities		637,180	441,704	432,932	637,180	441,704	432,932
Deposits from customers	A14	61,402,129	59,194,897	59,506,659	61,056,639	58,331,336	58,878,167
Term funding		3,996,556	4,159,813	3,988,475	3,996,556	4,159,813	3,988,475
Bills and acceptances payable		796,658	353,526	988,389	796,658	353,526	988,389
Debt capital		3,261,622	3,241,592	3,367,860	3,261,622	3,241,592	3,367,860
Other liabilities	A15	2,138,811	2,149,210	2,082,720	2,127,988	2,138,688	2,072,071
Total Liabilities		76,836,325	74,891,207	76,041,396	76,637,398	74,577,075	75,726,991
Share capital		820,364	820,364	670,364	820,364	820,364	670,364
Reserves		5,477,897	5,151,031	4,354,260	5,420,234	5,097,923	4,189,501
Equity attributable to equity holder of the Bank		6,298,261	5,971,395	5,024,624	6,240,598	5,918,287	4,859,865
Non-controlling interests		69	46	46	-	-	-
Total Equity		6,298,330	5,971,441	5,024,670	6,240,598	5,918,287	4,859,865
TOTAL LIABILITIES AND EQUITY		83,134,655	80,862,648	81,066,066	82,877,996	80,495,362	80,586,856
COMMITMENTS AND CONTINGENCIES	A30	94,212,342	93,217,715	92,223,251	94,218,218	93,233,992	92,220,904
NET ASSETS PER SHARE (RM)		7.68	7.28	7.50	7.61	7.21	7.25

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

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

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2012 RM'000	30 June 2011 (Restated) RM'000	30 June 2012 RM'000	30 June 2011 (Restated) RM'000
The Group					
Operating revenue		1,248,976	1,290,321	1,248,976	1,290,321
Interest income	A16	1,055,969	1,042,262	1,055,969	1,042,262
Interest expense	A17	(555,617)	(555,559)	(555,617)	(555,559)
Net interest income		500,352	486,703	500,352	486,703
Net income from Islamic banking business	A18	44	50	44	50
Other operating income	A19	192,955	248,004	192,955	248,004
Share in results of associates		113	112	113	112
Net income		693,464	734,869	693,464	734,869
Other operating expenses	A20	(264,161)	(260,735)	(264,161)	(260,735)
Operating profit		429,303	474,134	429,303	474,134
(Allowance)/Writeback of allowance for impairment on loans and advances	A21	9,601	(19,481)	9,601	(19,481)
(Provision)/Writeback of provision for commitments and contingencies		22,291	(17,620)	22,291	(17,620)
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		2,643	11	2,643	11
Financial investments	A22	(96)	570	(96)	570
Foreclosed properties		(10,024)	(68)	(10,024)	(68)
Profit before taxation		453,718	437,546	453,718	437,546
Taxation		(114,995)	(111,844)	(114,995)	(111,844)
Profit for the period		338,723	325,702	338,723	325,702
Attributable to:					
Equity holder of the Bank		338,700	325,702	338,700	325,702
Non-controlling interests		23	-	23	-
Profit for the period		338,723	325,702	338,723	325,702
Earnings per share (sen)	A23				
Basic		41.29	48.59	41.29	48.59
Fully diluted		41.29	39.98	41.29	39.98

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

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012**

	Individual Quarter		Cumulative Quarter	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
The Group				
Profit for the period	338,723	325,702	338,723	325,702
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations	3,691	(268)	3,691	(268)
Gain/(Loss) on financial investments available-for-sale	(1,062)	15,457	(1,062)	15,457
Net movement on cash flow hedge	(13,174)	(8,333)	(13,174)	(8,333)
Income tax relating to the components of other comprehensive income/(loss)	3,644	(2,300)	3,644	(2,300)
Other comprehensive income/(loss) for the period, net of tax	(6,901)	4,556	(6,901)	4,556
Total comprehensive income for the period	331,822	330,258	331,822	330,258
Attributable to:				
Equity holder of the Bank	331,799	330,258	331,799	330,258
Non-controlling interests	23	-	23	-
	331,822	330,258	331,822	330,258

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

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

UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2012 RM'000	30 June 2011 (Restated) RM'000	30 June 2012 RM'000	30 June 2011 (Restated) RM'000
The Bank					
Operating revenue		1,246,390	1,287,252	1,246,390	1,287,252
Interest income	A16	1,053,885	1,039,529	1,053,885	1,039,529
Interest expense	A17	(555,619)	(555,892)	(555,619)	(555,892)
Net interest income		498,266	483,637	498,266	483,637
Other operating income	A19	192,505	247,723	192,505	247,723
Net income		690,771	731,360	690,771	731,360
Other operating expenses	A20	(263,941)	(260,572)	(263,941)	(260,572)
Operating profit		426,830	470,788	426,830	470,788
(Allowance)/Writeback of allowance for impairment on loans and advances	A21	9,401	(20,102)	9,401	(20,102)
(Provision)/Writeback of provision for commitments and contingencies		22,291	(17,619)	22,291	(17,619)
Impairment (loss)/writeback on:					
Associates			(15)	-	(15)
Doubtful sundry receivables, net		2,643	11	2,643	11
Financial investments	A22	(680)	545	(680)	545
Foreclosed properties		(10,024)	(68)	(10,024)	(68)
Profit before taxation		450,461	433,540	450,461	433,540
Taxation		(114,705)	(111,049)	(114,705)	(111,049)
Profit for the period		335,756	322,491	335,756	322,491
Earnings per share (sen)					
	A23				
Basic		40.93	48.11	40.93	48.11
Fully diluted		40.93	39.58	40.93	39.58

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012 (CONTD.)**

	Individual Quarter		Cumulative Quarter	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
The Bank				
Profit for the period	335,756	322,491	335,756	322,491
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations	2,039	(29)	2,039	(29)
Gain/(Loss) on financial investments available-for-sale	(1,029)	17,168	(1,029)	17,168
Net movement on cash flow hedge	(13,174)	(8,333)	(13,174)	(8,333)
Income tax relating to the components of other comprehensive income/(loss)	3,636	(2,728)	3,636	(2,728)
Other comprehensive income/(loss) for the period, net of tax	(8,528)	6,078	(8,528)	6,078
Total comprehensive income for the period	327,228	328,569	327,228	328,569

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012

	Attributable to equity holder of the Bank			Retained earnings RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000			
The Group						
At 1 April 2011						
As previously stated	670,364	942,844	773,803	2,729,847	46	5,116,904
Effect of change in accounting policy (Note A33)	-	-	-	(92,234)	-	(92,234)
As restated	670,364	942,844	773,803	2,637,613	46	5,024,670
Profit for the period	-	-	-	325,702	-	325,702
Other comprehensive income	-	-	4,556	-	-	4,556
Total comprehensive income	-	-	4,556	325,702	-	330,258
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(1,795)	-	(1,795)
At 30 June 2011	670,364	942,844	778,359	2,961,520	46	5,353,133
At 1 April 2012						
As previously stated	820,364	942,844	1,034,619	3,273,377	46	6,071,250
Effect of change in accounting policy (Note A33)	-	-	10	(99,819)	-	(99,809)
As restated	820,364	942,844	1,034,629	3,173,558	46	5,971,441
Profit for the period	-	-	-	338,700	23	338,723
Other comprehensive loss	-	-	(6,901)	-	-	(6,901)
Total comprehensive income	-	-	(6,901)	338,700	23	331,822
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(4,933)	-	(4,933)
At 30 June 2012	820,364	942,844	1,027,728	3,507,325	69	6,298,330

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012

	Attributable to equity holder of the Bank				Retained earnings RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Distributable		
The Bank						
At 1 April 2011						
As previously stated	670,364	942,844	728,045	2,615,588	4,956,841	
Effect of change in accounting policy (Note A33)	-	-	-	(96,976)	(96,976)	
As restated	670,364	942,844	728,045	2,518,612	4,859,865	
Profit for the period	-	-	-	322,491	322,491	
Other comprehensive income	-	-	6,078	-	6,078	
Total comprehensive income	-	-	6,078	322,491	328,569	
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(1,785)	(1,785)	
At 30 June 2011	670,364	942,844	734,123	2,839,318	5,186,649	
At 1 April 2012						
As previously stated	820,364	942,844	992,471	3,265,739	6,021,418	
Effect of change in accounting policy (Note A33)	-	-	-	(103,131)	(103,131)	
As restated	820,364	942,844	992,471	3,162,608	5,918,287	
Profit for the period	-	-	-	335,756	335,756	
Other comprehensive loss	-	-	(8,528)	-	(8,528)	
Total comprehensive income	-	-	(8,528)	335,756	327,228	
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(4,917)	(4,917)	
At 30 June 2012	820,364	942,844	983,943	3,493,447	6,240,598	

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012. □

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

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012**

	The Group		The Bank	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	453,718	437,546	450,461	433,540
Adjustments for non-operating and non-cash items	134,816	25,864	135,847	26,620
Operating profit before working capital changes	588,534	463,410	586,308	460,160
Changes in working capital:				
Net change in operating assets	(693,076)	(2,296,196)	(738,063)	(2,400,868)
Net change in operating liabilities	1,646,037	2,613,497	1,759,468	2,658,323
Tax paid	(69,604)	(134,715)	(69,204)	(134,107)
Net cash generated from operating activities	1,471,891	645,996	1,538,509	583,508
Net cash (used in)/generated from investing activities	(238,455)	3,407,237	(231,486)	3,418,326
Net increase in cash and cash equivalents	1,233,436	4,053,233	1,307,023	4,001,834
Cash and cash equivalents at beginning of financial year	5,453,638	8,740,986	5,133,039	8,375,879
Cash and cash equivalents at end of financial period	6,687,074	12,794,219	6,440,062	12,377,713

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

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2012.

EXPLANATORY NOTES

A1. BASIS OF PREPARATION

Changes in accounting policies and disclosures

1. First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

These condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”). These condensed consolidated interim financial statements also comply with IAS 34, Interim Financial Statements issued by the International Accounting Standards Board (“IASB”).

For the periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”). These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 March 2013. MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2012.

In preparing its opening MFRS Statement of Financial Position as at 1 April 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in the financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position and financial performance is set out in Note A33. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

2. Application of MFRS 1

The audited financial statements of the Group for the year ended 31 March 2012 were prepared in accordance with FRS. Except for certain differences, the requirements of FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2012 except as discussed below:

Business combinations

MFRS 1 provides the option to apply MFRS 3, Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatements of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- a. The classification of former business combinations under FRS is maintained
- b. There is no re-measurement of original fair values determined at the time of business combination (date of acquisition), and
- c. The carrying amount of goodwill (if any) recognised under FRS is not adjusted.

A1. BASIS OF PREPARATION (CONTD.)

3. Accounting policy on collective assessment allowance for impaired loans and advances

The Group's collective assessment allowance is currently based on the transitional arrangement prescribed in Bank Negara Malaysia's ("BNM") Guidelines on Classification and Impairment Provisions for Loans/ Financing ("the Guidelines") and modified to reflect its historical loss experience.

In conjunction with the convergence of FRS in Malaysia with International Financial Reporting Standards ("IFRS"), the Guidelines were revised on 9 November 2011 to align the requirements on the determination of collective assessment allowance with that of MFRS 139, Financial Instruments: Recognition and Measurement. Based on the revised Guidelines, the transitional arrangement is removed with effect from 1 January 2012.

Under MFRS 139, loans and advances which are not individually significant are collectively assessed using the incurred loss approach. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is also included in the group of loans with similar credit risk characteristics for collective impairment assessment. The future cash flows of each group of loans with similar credit risk characteristics are estimated on the basis of historical loss experience for such assets and discounted to present value. Collective assessment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of loans.

The change in accounting policy on the collective assessment allowance for impaired loans and advances are accounted for retrospectively. The financial impact on the opening and comparative statements of financial position as well as the income statements of the Group is set out in Note A33.

There are no material differences expected between the statement of cash flows of the Group presented under MFRSs and the statements of cash flows presented under FRSs, arising from the transition to MFRS.

4. Other changes in accounting policies and disclosures

Other changes in accounting policies and disclosures involve the adoption of the following new and amended MFRS and Interpretation Committee ("IC") Interpretations effective on 1 April 2012. The adoption of these new and amended MFRSs and IC Interpretations did not have any significant impact on the financial position or performance of the Group:

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- FRS 124, Related Party Disclosures
- Amendments to FRS 1, Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7, Disclosures – Transfers of Financial Assets
- Amendments to FRS 112, Deferred Tax: Recovery of Underlying Assets

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2012 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group are not subject to seasonal or cyclical fluctuation in the current financial quarter.

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter.

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter ended 30 June 2012 other than as disclosed in Note A33 Changes in accounting policies and restatement of comparatives.

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

There were no issuance, cancellation, repurchase, resale and repayment of debt securities during the financial quarter.

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

A7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2012 and no dividends were paid in the current financial quarter.

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

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	The Group and The Bank	
	30 June	31 March
	2012	2012
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Treasury bills	97,783	54,784
Malaysian Government Securities	911,787	929,544
Malaysian Government Investment Issues	452,158	223,512
Bank Negara Monetary Notes	963,201	5,049,904
	<u>2,424,929</u>	<u>6,257,744</u>
Quoted Securities:		
<i>In Malaysia:</i>		
Shares	179,989	247,555
Unit Trusts	37,983	65,033
Warrants	3,096	2,864
<i>Outside Malaysia</i>		
Shares	889	-
	<u>221,957</u>	<u>315,452</u>
Unquoted Securities:		
<i>In Malaysia:</i>		
Private debt securities	2,869,673	2,337,747
<i>Outside Malaysia</i>		
Private debt securities	69,055	-
	<u>69,055</u>	<u>-</u>
Total financial assets held-for-trading	<u>5,585,614</u>	<u>8,910,943</u>

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(Incorporated in Malaysia)
And Its Subsidiaries

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
At Fair Value				
Money Market Instruments:				
Negotiable instruments of deposit	1,614,832	1,569,355	1,614,832	1,569,355
Malaysian Government Securities	-	20,782	-	20,782
Islamic negotiable instruments of deposit	831,660	823,480	831,660	823,480
Malaysian Government Investment Issues	15,228	45,425	15,228	45,425
	<u>2,461,720</u>	<u>2,459,042</u>	<u>2,461,720</u>	<u>2,459,042</u>
Quoted Securities:				
<i>In Malaysia:</i>				
Shares	7,820	11,990	7,690	11,858
Unit Trusts	58,386	60,160	58,386	60,160
Private debt securities	8,801	27,050	8,801	27,050
	<u>75,007</u>	<u>99,200</u>	<u>74,877</u>	<u>99,068</u>
<i>Outside Malaysia:</i>				
Shares	85	83	42	41
	<u>85</u>	<u>83</u>	<u>42</u>	<u>41</u>
Unquoted securities:				
<i>In Malaysia:</i>				
Private debt securities	1,898,054	1,770,831	2,080,192	1,963,117
	<u>1,898,054</u>	<u>1,770,831</u>	<u>2,080,192</u>	<u>1,963,117</u>
<i>Outside Malaysia:</i>				
Private debt securities	14,925	23,294	14,925	23,294
	<u>14,925</u>	<u>23,294</u>	<u>14,925</u>	<u>23,294</u>
At Cost				
Unquoted securities:				
<i>In Malaysia:</i>				
Shares	87,330	87,330	87,330	87,330
	<u>87,330</u>	<u>87,330</u>	<u>87,330</u>	<u>87,330</u>
<i>Outside Malaysia:</i>				
Shares	1,050	941	157	80
	<u>1,050</u>	<u>941</u>	<u>157</u>	<u>80</u>
Total financial investments available-for-sale	<u>4,538,171</u>	<u>4,440,721</u>	<u>4,719,243</u>	<u>4,631,972</u>

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

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
At Amortised Cost				
<u>Unquoted</u>				
<i>In Malaysia:</i>				
Private debt securities	495,347	318,210	493,707	313,768
Less: Accumulated impairment losses	<u>(195,119)</u>	<u>(202,055)</u>	<u>(193,891)</u>	<u>(200,267)</u>
Total financial investments held-to-maturity	<u>300,228</u>	<u>116,155</u>	<u>299,816</u>	<u>113,501</u>

A11. LOANS AND ADVANCES

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 (Restated) RM'000	30 June 2012 RM'000	31 March 2012 (Restated) RM'000
At Amortised Cost:				
Overdraft	2,375,812	2,297,029	2,375,812	2,297,028
Term loans	18,720,777	17,558,672	18,719,075	17,557,035
Housing loan receivables	11,963,936	11,868,932	11,685,175	11,583,554
Hire purchase receivables	16,576,740	16,851,911	16,576,740	16,851,911
Bills receivables	492,203	326,656	492,203	326,656
Trust receipts	834,265	792,784	834,265	792,784
Claims on customers under acceptance credits	2,413,692	2,442,453	2,413,692	2,442,453
Staff loans	146,400	147,894	145,961	147,446
Card receivables	1,435,683	1,446,318	1,435,683	1,446,318
Revolving credits	4,213,534	4,326,943	4,270,271	4,376,193
Others	<u>144,416</u>	<u>130,844</u>	<u>144,416</u>	<u>130,845</u>
Gross loans and advances	59,317,458	58,190,436	59,093,293	57,952,223
Allowance for impaired loans and advances:				
– Collective allowance	(1,606,955)	(1,584,690)	(1,607,127)	(1,584,814)
– Individual allowance	<u>(119,481)</u>	<u>(114,474)</u>	<u>(119,481)</u>	<u>(114,474)</u>
Net loans and advances	<u>57,591,022</u>	<u>56,491,272</u>	<u>57,366,685</u>	<u>56,252,935</u>

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

A11. LOANS AND ADVANCES (CONTD.)

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Domestic non-bank financial institutions	2,328,084	2,384,610	2,409,842	2,464,527
Domestic business enterprises				
– Small medium enterprises	7,239,161	6,721,159	7,239,161	6,721,159
– Others	18,639,444	18,030,268	18,637,742	18,028,631
Government and statutory bodies	1,595	3,032	1,595	3,032
Individuals	30,598,483	30,514,820	30,319,283	30,228,993
Other domestic entities	17,146	12,715	17,146	12,715
Foreign entities	493,545	523,832	468,524	493,166
	<u>59,317,458</u>	<u>58,190,436</u>	<u>59,093,293</u>	<u>57,952,223</u>

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
In Malaysia	58,576,659	57,426,097	58,377,515	57,218,550
Outside Malaysia	740,799	764,339	715,778	733,673
	<u>59,317,458</u>	<u>58,190,436</u>	<u>59,093,293</u>	<u>57,952,223</u>

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Fixed rate				
– Housing loans	1,825,626	1,833,433	1,546,510	1,547,694
– Hire purchase receivables	14,674,823	14,959,579	14,674,739	14,959,491
– Other fixed rate loans	5,397,676	5,388,739	5,397,676	5,388,739
Variable rate				
– Base lending rate plus	22,268,640	22,061,917	22,268,640	22,061,917
– Cost plus	13,658,824	11,730,762	13,715,561	11,780,014
– Other variable rates	1,491,869	2,216,006	1,490,167	2,214,368
	<u>59,317,458</u>	<u>58,190,436</u>	<u>59,093,293</u>	<u>57,952,223</u>

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

A11. LOANS AND ADVANCES (CONTD.)

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Agriculture	2,308,502	2,100,167	2,308,502	2,100,167
Mining and quarrying	1,904,717	1,466,216	1,904,717	1,466,216
Manufacturing	5,455,144	5,363,907	5,453,442	5,362,270
Electricity, gas and water	965,990	1,413,859	965,990	1,413,859
Construction	1,973,939	2,015,392	1,973,939	2,015,392
Wholesale, retail trade, restaurant and hotel	4,000,220	3,795,913	4,000,220	3,795,913
Transport, storage and communication	2,119,097	1,939,008	2,119,097	1,939,008
Finance and insurance	2,353,105	2,415,276	2,409,842	2,464,527
Real estate	4,854,867	4,425,647	4,854,867	4,425,647
Business activities	1,506,766	1,251,729	1,506,766	1,251,729
Education and health	1,145,283	1,374,018	1,145,283	1,374,018
Household of which:	30,650,321	30,546,783	30,371,121	30,260,956
- Purchase of residential properties	12,021,936	12,273,015	11,742,820	11,987,276
- Purchase of transport vehicles	15,140,289	15,014,404	15,140,205	15,014,316
- Others	3,488,096	3,259,364	3,488,096	3,259,364
Others	79,507	82,521	79,507	82,521
	<u>59,317,458</u>	<u>58,190,436</u>	<u>59,093,293</u>	<u>57,952,223</u>

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Maturing within one year	11,474,585	10,869,709	11,553,036	10,915,860
Over one year to three years	9,381,644	8,937,606	9,343,463	8,924,201
Over three years to five years	8,656,861	8,115,921	8,638,367	8,096,586
Over five years	29,804,368	30,267,200	29,558,427	30,015,576
	<u>59,317,458</u>	<u>58,190,436</u>	<u>59,093,293</u>	<u>57,952,223</u>

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

A11. LOANS AND ADVANCES (CONTD.)

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	1,663,897	2,123,247	1,663,202	2,122,976
Impaired during the year/period	363,501	1,430,503	363,220	1,429,951
Reclassification as non-impaired	(186,584)	(253,979)	(186,480)	(253,867)
Amount recovered	(92,856)	(557,407)	(92,844)	(557,391)
Amount written off	(105,599)	(1,078,467)	(105,599)	(1,078,467)
Balance at end of financial year/period	<u>1,642,359</u>	<u>1,663,897</u>	<u>1,641,499</u>	<u>1,663,202</u>
Impaired loans and advances as % of total gross loans and advances	<u>2.8%</u>	<u>2.9%</u>	<u>2.8%</u>	<u>2.9%</u>
Loan loss coverage (excluding collateral values)	<u>105.1%</u>	<u>102.1%</u>	<u>105.2%</u>	<u>102.2%</u>

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

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Agriculture	24,657	23,935	24,657	23,935
Mining and quarrying	154,317	154,677	154,317	154,677
Manufacturing	173,274	184,869	173,274	184,869
Electricity, gas and water	132,934	132,130	132,934	132,130
Construction	86,481	94,839	86,481	94,839
Wholesale, retail trade, restaurant and hotel	40,048	42,430	40,048	42,430
Transport, storage and communication	4,631	4,089	4,631	4,089
Finance and insurance	32,729	37,628	32,729	37,628
Real estate	12,035	26,200	12,035	26,200
Business activities	2,382	12,369	2,382	12,369
Education and health	44,400	44,805	44,400	44,805
Household of which:	922,957	895,513	922,097	894,818
- Purchase of residential properties	556,562	537,997	555,702	537,302
- Purchase of transport vehicles	284,870	277,835	284,870	277,835
- Others	81,525	79,681	81,525	79,681
Others	11,514	10,413	11,514	10,413
	<u>1,642,359</u>	<u>1,663,897</u>	<u>1,641,499</u>	<u>1,663,202</u>

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

A11. LOANS AND ADVANCES (CONTD.)

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Collective allowance				
Balance at beginning of financial year				
- as previously stated	1,538,765	1,647,390	1,534,602	1,641,832
- effect of change in accounting policy	45,925	45,925	50,212	101,363
As restated	<u>1,584,690</u>	<u>1,693,315</u>	<u>1,584,814</u>	<u>1,743,195</u>
Charge to income statement, net	120,892	413,104	120,938	363,352
Amount written-off	(98,899)	(521,758)	(98,899)	(521,758)
Exchange differences	272	29	274	25
Balance at end of financial year/period	<u>1,606,955</u>	<u>1,584,690</u>	<u>1,607,127</u>	<u>1,584,814</u>
As % of gross loans and advances less individual allowance	<u>2.7%</u>	<u>2.7%</u>	<u>2.7%</u>	<u>2.7%</u>
Individual allowance				
Balance at beginning of financial year	114,474	341,071	114,474	341,071
Charge to income statement, net	13,010	318,945	13,010	318,945
Amount written-off	(8,003)	(545,542)	(8,003)	(545,542)
Balance at end of financial year/period	<u>119,481</u>	<u>114,474</u>	<u>119,481</u>	<u>114,474</u>

A12. OTHER ASSETS

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 (Restated) RM'000	30 June 2012 RM'000	31 March 2012 (Restated) RM'000
Other receivables, deposits and prepayments, net	725,174	540,239	719,818	534,562
Interest receivable, net	134,250	141,534	134,290	141,577
Amount due from originators	184,218	166,238	184,218	166,238
Foreclosed properties, net	72,057	82,607	72,057	82,607
Deferred charges	143,407	148,142	143,407	148,142
	<u>1,259,106</u>	<u>1,078,760</u>	<u>1,253,790</u>	<u>1,073,126</u>

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Deposits from:				
Licensed banks	479,742	2,274,787	645,296	2,842,893
Licensed investment banks	1,091,484	1,010,301	1,091,484	1,010,301
Other financial Institutions	1,658,632	669,924	1,650,464	661,769
Bank Negara Malaysia ("BNM")	158,981	178,204	158,981	178,204
	<u>3,388,839</u>	<u>4,133,216</u>	<u>3,546,225</u>	<u>4,693,167</u>

A14. DEPOSIT FROM CUSTOMERS

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Demand deposits	6,310,568	5,509,750	6,310,868	5,510,986
Savings deposits	3,290,688	3,209,941	3,290,688	3,209,941
Term/Investment deposits	51,588,521	49,957,766	51,242,731	49,092,969
Negotiable instruments of deposits	212,352	517,440	212,352	517,440
	<u>61,402,129</u>	<u>59,194,897</u>	<u>61,056,639</u>	<u>58,331,336</u>

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Government and other statutory bodies	4,577,060	5,314,300	4,577,060	5,314,300
Business enterprises	28,720,036	26,093,477	28,374,972	25,229,954
Individuals	27,232,033	26,704,710	27,231,677	26,704,710
Others	873,000	1,082,410	872,930	1,082,372
	<u>61,402,129</u>	<u>59,194,897</u>	<u>61,056,639</u>	<u>58,331,336</u>

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

A14. DEPOSIT FROM CUSTOMERS (CONTD.)

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Due within six months	39,141,083	38,319,049	38,795,293	37,454,252
Over six months to one year	9,314,189	8,795,115	9,314,189	8,795,115
Over one year to three years	2,538,636	2,322,715	2,538,636	2,322,715
Over three years to five years	806,965	1,038,327	806,965	1,038,327
	<u>51,800,873</u>	<u>50,475,206</u>	<u>51,455,083</u>	<u>49,610,409</u>

A15. OTHER LIABILITIES

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 (Restated) RM'000	30 June 2012 RM'000	31 March 2012 (Restated) RM'000
Other payables and accruals	1,339,496	1,384,452	1,343,142	1,389,385
Interest payable	528,439	513,655	528,361	513,594
Lease deposits and advance rentals	28,189	31,506	28,189	31,506
Provision for commitments and contingencies	194,546	216,837	181,878	203,286
Provision for taxation	48,141	2,760	46,418	917
	<u>2,138,811</u>	<u>2,149,210</u>	<u>2,127,988</u>	<u>2,138,688</u>

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

A16. INTEREST INCOME

	Individual Quarter		Cumulative Quarter	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
The Group				
Short-term funds and deposits with financial institutions	46,474	87,306	46,474	87,306
Financial assets held-for-trading	58,150	27,594	58,150	27,594
Financial investments available-for-sale	49,258	54,233	49,258	54,233
Financial investments held-to-maturity	1,563	2,290	1,563	2,290
Loans and advances	894,789	865,661	894,789	865,661
Impaired loans and advances	2,368	3,370	2,368	3,370
Others	3,367	1,808	3,367	1,808
	<u>1,055,969</u>	<u>1,042,262</u>	<u>1,055,969</u>	<u>1,042,262</u>
The Bank				
Short-term funds and deposits with financial institutions	46,345	86,959	46,345	86,959
Financial assets held-for-trading	58,150	27,594	58,150	27,594
Financial investments available-for-sale	51,666	57,176	51,666	57,176
Financial investments held-to-maturity	1,522	2,170	1,522	2,170
Loans and advances	890,467	860,452	890,467	860,452
Impaired loans and advances	2,368	3,370	2,368	3,370
Others	3,367	1,808	3,367	1,808
	<u>1,053,885</u>	<u>1,039,529</u>	<u>1,053,885</u>	<u>1,039,529</u>

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

A17. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
The Group				
Deposits from customers	429,835	418,171	429,835	418,171
Deposits and placements of banks and other financial institutions	16,883	23,526	16,883	23,526
Recourse obligation of loans sold to Cagamas Berhad	10,168	10,579	10,168	10,579
Term funding	42,657	40,941	42,657	40,941
Debt capital	48,325	55,675	48,325	55,675
Others	7,749	6,667	7,749	6,667
	<u>555,617</u>	<u>555,559</u>	<u>555,617</u>	<u>555,559</u>
The Bank				
Deposits from customers	429,306	417,488	429,306	417,488
Deposits and placements of banks and other financial institutions	17,419	24,546	17,419	24,546
Recourse obligation of loans sold to Cagamas Berhad	10,168	10,579	10,168	10,579
Term funding	42,657	40,941	42,657	40,941
Debt capital	48,325	55,675	48,325	55,675
Others	7,744	6,663	7,744	6,663
	<u>555,619</u>	<u>555,892</u>	<u>555,619</u>	<u>555,892</u>

A18. NET INCOME FROM ISLAMIC BANKING BUSINESS

	Individual Quarter		Cumulative Quarter	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
The Group				
Income derived from investment of depositors' funds and others	11	7	11	7
Income derived from investment of shareholder's funds	41	48	41	48
Income attributable to the depositors	(8)	(5)	(8)	(5)
	<u>44</u>	<u>50</u>	<u>44</u>	<u>50</u>

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

A19. OTHER OPERATING INCOME

	Individual Quarter		Cumulative Quarter	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
The Group				
Fee and commission income:				
Bancassurance commission	8,476	6,651	8,476	6,651
Brokerage fees, commission and rebates	442	408	442	408
Fees on loans, advances and securities	57,398	53,432	57,398	53,432
Guarantee fees	9,089	12,517	9,089	12,517
Underwriting fees	-	37	-	37
Other fee income	12,950	16,778	12,950	16,778
	<u>88,355</u>	<u>89,823</u>	<u>88,355</u>	<u>89,823</u>
Investment and trading income:				
Foreign exchange ¹	17,185	23,824	17,185	23,824
Gross dividend income from:				
Associates	1,160	-	1,160	-
Financial assets held-for-trading	3,368	2,580	3,368	2,580
Financial investments available-for-sale	3,906	4,987	3,906	4,987
Gain on sale/redemption of:				
Financial assets held-for-trading	11,169	34,756	11,169	34,756
Financial investments available-for-sale	11,065	67,386	11,065	67,386
Financial investments held-to-maturity	31,271	4,964	31,271	4,964
Gain/(Loss) on revaluation of financial assets held-for-trading	(5,431)	20,597	(5,431)	20,597
Gain on derivatives:				
- fair value hedge ²	-	1,011	-	1,011
- others	28,248	6,080	28,248	6,080
Others	(1,375)	(11,401)	(1,375)	(11,401)
	<u>100,566</u>	<u>154,784</u>	<u>100,566</u>	<u>154,784</u>
Other income:				
Gain on disposal of property and equipment	19	127	19	127
Non trading foreign exchange	38	210	38	210
Rental income	952	865	952	865
Others	3,025	2,195	3,025	2,195
	<u>4,034</u>	<u>3,397</u>	<u>4,034</u>	<u>3,397</u>
	<u>192,955</u>	<u>248,004</u>	<u>192,955</u>	<u>248,004</u>

¹ Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

² Arising from changes in fair value of interest rate swaps (hedging instrument) and subordinated term loan and loans sold to Cagamas Berhad (hedged items) relating to the hedged risk. The fair value hedge for the above hedged items was terminated as at 31 March 2012.

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

A19. OTHER OPERATING INCOME (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
The Bank				
Fee and commission income:				
Bancassurance commission	8,476	6,651	8,476	6,651
Brokerage fees, commission and rebates	442	408	442	408
Fees on loans, advances and securities	57,374	53,427	57,374	53,427
Guarantee fees	8,967	12,328	8,967	12,328
Underwriting fees	-	37	-	37
Other fee income	13,235	17,075	13,235	17,075
	<u>88,494</u>	<u>89,926</u>	<u>88,494</u>	<u>89,926</u>
Investment and trading income:				
Foreign exchange*	17,185	23,824	17,185	23,824
Gross dividend income from:				
Associates	1,160	-	1,160	-
Financial assets held-for-trading	3,368	2,580	3,368	2,580
Financial investments available-for-sale	3,906	4,987	3,906	4,987
Gain on sale/redemption of:				
Financial assets held-for-trading	11,169	34,756	11,169	34,756
Financial investments available-for-sale	11,065	67,386	11,065	67,386
Financial investments held-to-maturity	31,271	4,964	31,271	4,964
(Loss)/Gain on revaluation of financial assets held-for-trading	(5,431)	20,597	(5,431)	20,597
Gain on derivatives:				
- fair value hedge	-	1,011	-	1,011
- others	28,248	6,080	28,248	6,080
Others	(1,375)	(11,401)	(1,375)	(11,401)
	<u>100,566</u>	<u>154,784</u>	<u>100,566</u>	<u>154,784</u>
Other income:				
Gain on disposal of property and equipment	19	127	19	127
Non trading foreign exchange	39	199	39	199
Rental income	873	693	873	693
Others	2,514	1,994	2,514	1,994
	<u>3,445</u>	<u>3,013</u>	<u>3,445</u>	<u>3,013</u>
	<u>192,505</u>	<u>247,723</u>	<u>192,505</u>	<u>247,723</u>

¹ Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

² Arising from changes in fair value of interest rate swaps (hedging instrument) and subordinated term loan and loans sold to Cagamas Berhad (hedged items) relating to the hedged risk. The fair value hedge for the above hedged items was terminated as at 31 March 2012.

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

A20. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
The Group				
Personnel costs:				
Salaries, allowances and bonuses	163,067	160,278	163,067	160,278
Shares and options granted under ESS	2,757	1,187	2,757	1,187
Others	41,698	42,521	41,698	42,521
	<u>207,522</u>	<u>203,986</u>	<u>207,522</u>	<u>203,986</u>
Establishment costs:				
Amortisation of intangible assets	10,860	8,614	10,860	8,614
Cleaning, maintenance and security	6,212	5,745	6,212	5,745
Computerisation cost	39,885	28,572	39,885	28,572
Depreciation of property and equipment	10,306	11,198	10,306	11,198
Rental	17,480	16,345	17,480	16,345
Others	6,831	6,557	6,831	6,557
	<u>91,574</u>	<u>77,031</u>	<u>91,574</u>	<u>77,031</u>
Marketing and communication expenses:				
Advertising and marketing	8,058	6,511	8,058	6,511
Commission	318	274	318	274
Communication	11,117	9,228	11,117	9,228
Others	2,258	2,352	2,258	2,352
	<u>21,751</u>	<u>18,365</u>	<u>21,751</u>	<u>18,365</u>
Administration and general expenses:				
Professional services	17,289	15,674	17,289	15,674
Others	9,538	6,858	9,538	6,858
	<u>26,827</u>	<u>22,532</u>	<u>26,827</u>	<u>22,532</u>
Service transfer pricing recovery - net	(79,430)	(61,179)	(79,430)	(61,179)
Expenses capitalised	(4,083)	-	(4,083)	-
	<u>264,161</u>	<u>260,735</u>	<u>264,161</u>	<u>260,735</u>

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

A20. OTHER OPERATING EXPENSES (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
The Bank				
Personnel costs:				
Salaries, allowances and bonuses	162,686	159,879	162,686	159,879
Shares and options granted under ESS	2,750	1,169	2,750	1,169
Others	41,612	42,438	41,612	42,438
	<u>207,048</u>	<u>203,486</u>	<u>207,048</u>	<u>203,486</u>
Establishment costs:				
Amortisation of intangible assets	10,859	8,612	10,859	8,612
Cleaning, maintenance and security	6,071	5,625	6,071	5,625
Computerisation cost	39,883	28,610	39,883	28,610
Depreciation of property and equipment	10,178	11,067	10,178	11,067
Rental	17,929	16,809	17,929	16,809
Others	6,640	6,363	6,640	6,363
	<u>91,560</u>	<u>77,086</u>	<u>91,560</u>	<u>77,086</u>
Marketing and communication expenses:				
Advertising and marketing	8,058	6,511	8,058	6,511
Commission	318	274	318	274
Communication	11,104	9,216	11,104	9,216
Others	2,254	2,347	2,254	2,347
	<u>21,734</u>	<u>18,348</u>	<u>21,734</u>	<u>18,348</u>
Administration and general expenses:				
Professional services	17,267	15,650	17,267	15,650
Others	9,436	6,751	9,436	6,751
	<u>26,703</u>	<u>22,401</u>	<u>26,703</u>	<u>22,401</u>
Service transfer pricing recovery - net	(79,021)	(60,749)	(79,021)	(60,749)
Expenses capitalised	(4,083)	-	(4,083)	-
	<u>263,941</u>	<u>260,572</u>	<u>263,941</u>	<u>260,572</u>

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

A21. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
The Group				
Allowance for impaired loans and advances:				
Individual allowance	13,010	(4,336)	13,010	(4,336)
Collective allowance	120,892	136,220	120,892	136,220
Impaired loans and advances recovered, net	<u>(143,503)</u>	<u>(112,403)</u>	<u>(143,503)</u>	<u>(112,403)</u>
	<u>(9,601)</u>	<u>19,481</u>	<u>(9,601)</u>	<u>19,481</u>
The Bank				
Allowance for impaired loans and advances:				
Individual allowance	13,010	(4,336)	13,010	(4,336)
Collective allowance	120,938	136,841	120,938	136,841
Impaired loans and advances recovered, net	<u>(143,349)</u>	<u>(112,403)</u>	<u>(143,349)</u>	<u>(112,403)</u>
	<u>(9,401)</u>	<u>20,102</u>	<u>(9,401)</u>	<u>20,102</u>

A22. IMPAIRMENT LOSS/(WRITEBACK) ON FINANCIAL INVESTMENTS

	Individual Quarter		Cumulative Quarter	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	RM'000	RM'000	RM'000	RM'000
The Group				
Financial investments available-for-sale	1,254	(168)	1,254	(168)
Financial investments held-to-maturity	<u>(1,158)</u>	<u>(402)</u>	<u>(1,158)</u>	<u>(402)</u>
	<u>96</u>	<u>(570)</u>	<u>96</u>	<u>(570)</u>
The Bank				
Financial investments available-for-sale	1,254	(379)	1,254	(379)
Financial investments held-to-maturity	<u>(574)</u>	<u>(166)</u>	<u>(574)</u>	<u>(166)</u>
	<u>680</u>	<u>(545)</u>	<u>680</u>	<u>(545)</u>

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

A23. EARNINGS PER SHARE ("EPS")

(a) Basic

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to equity holder of the Bank by the weighted average number of ordinary shares outstanding during the financial quarter.

	Individual Quarter		Cumulative Quarter	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
The Group				
Net profit attributable to shareholder of the Bank (RM'000)	338,700	325,702	338,700	325,702
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	670,364	820,364	670,364
Basic earnings per share (sen)	<u>41.29</u>	<u>48.59</u>	<u>41.29</u>	<u>48.59</u>
The Bank				
Net profit attributable to shareholder of the Bank (RM'000)	335,756	322,491	335,756	322,491
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	670,364	820,364	670,364
Basic earnings per share (sen)	<u>40.93</u>	<u>48.11</u>	<u>40.93</u>	<u>48.11</u>

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

A23. EARNINGS PER SHARE ("EPS")(CONTD.)

(b) Fully diluted

Fully diluted earnings per share amounts are calculated by dividing net profit for the period (after adjusting for dividend on convertible preference shares) attributable to equity holder of the Bank by the weighted average number of ordinary shares outstanding and issuable during the financial quarter.

The Bank has one category of dilutive potential ordinary shares as at 31 March 2011 in the form of Irredeemable Non-Cumulative Convertible Preference shares ("INCPS")

On 30 September 2011, the immediate holding company, AMFB Holdings Berhad, exercised its conversion right to convert the entire RM150 million INCPS into 150,000,000 fully paid ordinary shares of RM1.00 each. The INCPS was converted into new shares of the Bank and credited as fully paid on the basis of one (1) new ordinary share for every one (1) INCPS held. With the conversion, the Bank does not have any category of dilutive potential ordinary shares as at 31 March 2012.

	Individual Quarter		Cumulative Quarter	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
The Group				
Net profit attributable to shareholder of the Bank (as in (a) above) (RM'000)	338,700	325,702	338,700	325,702
Effect of savings on dividend on INCPS (RM'000)	-	2,250	-	2,250
	<u>338,700</u>	<u>327,952</u>	<u>338,700</u>	<u>327,952</u>
Weighted average number of ordinary shares in issue (as in (a) above) ('000)	820,364	670,364	820,364	670,364
Adjusted for the effect of INCPS ('000)	-	150,000	-	150,000
Adjusted weighted average number of ordinary shares in issue ('000)	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>
Fully diluted earnings per share (sen)	<u>41.29</u>	<u>39.98</u>	<u>41.29</u>	<u>39.98</u>

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

A23. EARNINGS PER SHARE ("EPS")(CONTD.)

(b) Fully diluted (Contd.)

	Individual Quarter		Cumulative Quarter	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
The Bank				
Net profit attributable to shareholder of the Bank (as in (a) above) (RM'000)	335,756	322,491	335,756	322,491
Effect of savings on dividend on INCPS (RM'000)	-	2,250	-	2,250
	<u>335,756</u>	<u>324,741</u>	<u>335,756</u>	<u>324,741</u>
Weighted average number of ordinary shares in issue (as in (a) above) ('000)	820,364	670,364	820,364	670,364
Adjusted for the effect of INCPS ('000)	-	150,000	-	150,000
Adjusted weighted average number of ordinary shares in issue ('000)	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>
Fully diluted earnings per share (sen)	<u>40.93</u>	<u>39.58</u>	<u>40.93</u>	<u>39.58</u>

Company No. 8515–D

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

A24. BUSINESS SEGMENT ANALYSIS

Group Financial quarter ended 30 June 2012	Retail Banking RM'000	Business Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Total operating revenue	532,776	146,175	301,367	72,743	195,915	1,248,976
Income	332,625	114,136	100,634	65,593	80,476	693,464
Other operating expenses	(142,044)	(19,961)	(14,386)	(20,720)	(67,050)	(264,161)
Profit before provision	190,581	94,175	86,248	44,873	13,426	429,303
Provision	(34,402)	13,802	(714)	554	45,175	24,415
Profit before taxation	156,179	107,977	85,534	45,427	58,601	453,718
Taxation	(39,045)	(26,802)	(19,102)	(11,297)	(18,749)	(114,995)
Profit for the period	117,134	81,175	66,432	34,130	39,852	338,723

Other information

Cost to income ratio	42.7%	17.5%	14.3%	31.6%	83.3%	38.1%
Gross loans and advances	33,780,646	12,366,900	12,762,261	-	407,651	59,317,458
Net loans and advances	33,017,623	12,093,461	12,612,149	-	(132,211)	57,591,022
Impaired loans and advances	1,020,898	264,140	-	-	357,321	1,642,359
Deposits	29,669,184	5,696,565	26,517,906	(156,755)	3,064,068	64,790,968

Company No. 8515–D

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

A24. BUSINESS SEGMENT ANALYSIS (CONTD.)

Group Financial quarter ended 30 June 2011	Retail Banking RM'000	Business Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total (Restated) RM'000
Total operating revenue	551,277	141,540	272,931	123,593	200,980	1,290,321
Income	349,191	110,394	80,330	116,854	78,100	734,869
Other operating expenses	(147,128)	(21,082)	(12,470)	(17,133)	(62,922)	(260,735)
Profit before provision	202,063	89,312	67,860	99,721	15,178	474,134
Provision	(46,617)	6,722	3,572	(81)	(184)	(36,588)
Profit before taxation	155,446	96,034	71,432	99,640	14,994	437,546
Taxation	(38,861)	(23,861)	(16,038)	(24,845)	(8,239)	(111,844)
Profit for the period	116,585	72,173	55,394	74,795	6,755	325,702

Other information

Cost to income ratio	42.1%	19.1%	15.5%	14.7%	80.6%	35.5%
Gross loans and advances	34,544,512	10,952,960	12,425,946	-	854,581	58,777,999
Net loans and advances	33,763,863	10,559,779	12,303,719	-	80,563	56,707,924
Impaired loans and advances	1,042,412	197,676	-	-	697,994	1,938,082
Deposits	30,189,716	5,378,355	26,453,128	126,455	3,810,599	65,958,253

Note:

- 1 The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.
- 2 Certain comparative figures have been restated due to changes in accounting policies as mentioned in Note A33 and to conform with current period's presentation.

A25. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2012

The Group registered a profit before taxation (“pre-tax profit”) of RM453.7 million representing a 3.7% increase compared to the pre-tax profit for the corresponding period last year.

For the current quarter, net interest income increased by RM13.6 million or 2.8%, allowance for impairment on loans and advances and provision for commitments and contingencies decreased by RM29.1 million or 149.3% and RM39.9 million or 226.5% respectively but these were offset by lower other operating income, higher impairment on foreclosed properties and higher operating expenses.

The increase in net interest income was contributed by growth in loans and advances whereas allowance for impairment on loans and advances decreased due to higher bad debt recoveries. Other operating income decreased due to lower gain on sale/redemption of securities and loss on revaluation of financial assets held-for-trading mitigated by higher gain on derivatives. Operating expenses increased slightly mainly due to business growth.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 14.9% and 15.0% respectively.

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

A26. PROSPECTS FOR 31 MARCH 2013

Domestic economic growth in first quarter 2012 has held up well (gross domestic product expanded 4.7%), with continued growth in domestic investments and private consumption despite global market volatility. Policy rates remained accommodative in promoting growth while ensuring adequate levels of price stability.

Looking ahead, the domestic investment cycle is expected to be boosted by the continued rollout of projects under the Government’s Economic Transformation Programme (“ETP”). The ETP aims to propel Malaysia towards a high-income developed nation by 2020 and is complemented by Bank Negara Malaysia’s Financial Sector Blueprint 2011 – 2020.

The rollout of ETP will support lending and capital market activities in the Malaysian banking industry. Nevertheless, consumer loans growth will continue to moderate in selected segments with the introduction of new responsible lending guidelines. Margins continue to be impacted by ongoing competition for loans and deposits.

AmBank Group remains supportive and participative of governmental and regulatory initiatives in developing the domestic financial services industry. While the Group is optimistic about the domestic economic growth, we recognise that there are challenges in the global economy and we will remain vigilant.

Over the next three to five years, we aim to aggressively invest, optimise and leverage connectivity to deliver growth. Our strategic priorities for FY2013 – 2015 will be to accelerate growth and business mix changes, strengthen customer centricity and connectivity, increase productivity and efficiency, and acquire and integrate in-fill acquisitions and strategic tie-ups. This will propel us towards achieving our Vision – As Malaysia’s preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.

Company No. 8515–D

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

A27. VALUATION OF PROPERTY AND EQUIPMENT

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

A28. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this report any items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group for the current period.

A29. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group for the financial quarter ended 30 June 2012.

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

A30. COMMITMENTS AND CONTINGENCIES

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

The Group	30 June 2012 RM'000	31 March 2012 RM'000
Contingent Liabilities		
Direct credit substitutes	1,503,647	1,608,754
Transaction-related contingent items	3,008,339	3,120,757
Short term self liquidating trade-related contingencies	637,925	615,243
Obligations under underwriting agreements	250,000	265,000
Others	100	100
	<u>5,400,011</u>	<u>5,609,854</u>
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	14,829,892	13,251,953
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,707,456	4,682,068
Unutilised credit card lines	2,823,790	2,953,565
Forward asset purchase	94,949	360,899
	<u>22,456,087</u>	<u>21,248,485</u>
Derivative Financial Instruments		
Foreign exchange related contracts		
- One year or less	21,152,936	20,064,852
- Over one year to five years	2,621,677	3,145,654
- Over five years	877,068	58,532
Interest rate related contracts		
- One year or less	13,126,770	14,448,655
- Over one year to five years	18,646,836	18,849,399
- Over five years	7,946,082	8,042,138
Credit related contracts		
- One year or less	265,050	61,290
- Over one year to five years	304,506	549,473
- Over five years	303,432	292,733
Equity related contracts		
- One year or less	553,150	484,281
- Over one year to five years	558,737	362,369
	<u>66,356,244</u>	<u>66,359,376</u>
Total	<u>94,212,342</u>	<u>93,217,715</u>

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

A30. COMMITMENTS AND CONTINGENCIES (CONTD.)

The Bank	30 June 2012 RM'000	31 March 2012 RM'000
Contingent Liabilities		
Direct credit substitutes	1,503,647	1,608,754
Transaction-related contingent items	3,008,339	3,120,757
Short term self liquidating trade-related contingencies	635,559	613,825
Obligations under underwriting agreements	250,000	265,000
Others	150	150
	<u>5,397,695</u>	<u>5,608,486</u>
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	14,868,760	13,292,670
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,707,456	4,682,068
Unutilised credit card lines	2,823,790	2,953,565
Forward asset purchase	94,949	360,899
	<u>22,494,955</u>	<u>21,289,202</u>
Derivative Financial Instruments		
Foreign exchange related contracts		
- One year or less	21,152,936	20,064,852
- Over one year to five years	2,621,677	3,145,654
- Over five years	877,068	58,532
Interest rate related contracts		
- One year or less	13,126,770	14,448,655
- Over one year to five years	18,646,836	18,849,399
- Over five years	7,946,082	8,042,138
Credit related contracts		
- One year or less	265,050	61,290
- Over one year to five years	304,506	549,473
- Over five years	303,432	292,733
Equity related contracts		
- One year or less	553,150	484,281
- Over one year to five years	558,737	362,369
	<u>66,356,244</u>	<u>66,359,376</u>
Total	<u>94,248,894</u>	<u>93,257,064</u>

The breakdown of the commitment and contingencies of the Bank is as follows:

	30 June 2012 RM'000	31 March 2012 RM'000
Relating to AmBank (M) Berhad	94,218,218	93,233,992
Relating to AMIL with external parties*	30,676	23,072
	<u>94,248,894</u>	<u>93,257,064</u>

* The Bank has given a continuing guarantee to LFSA to meet all the liabilities and financial obligations of its subsidiary, AnInternational (L) Ltd. ("AMIL").

A31. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

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 Group's involvement in financial derivatives is currently focused on interest rate, equity and foreign exchange rate derivatives.

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.

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, for example, 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 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 derivatives products and are usually traded over-the-counter (OTC) with financial institutions and corporates. It is a contractual agreement between parties to exchange two stream of payments, one based on a predetermined index or equity price, and the other based on a reference interest rate (that is, 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.

A31. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

Purpose of engaging in financial derivatives (Contd.)

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 derivatives 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 type 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.

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.

For counterparty credit risk, the general approach is to calculate the exposure as the sum of the mark-to-market value of the exposure, plus the sum of the notional principal multiplied by the potential credit risk exposure ("PCRE") factor for the exposure.

- The mark-to-market is essentially the current replacement cost of the contract, and can be positive or negative. Where it is positive ("in the money"), the Group has credit exposure against the counterparty; if it is negative ("out of the money"), the value used in calculation is zero.
- The PCRE factors recognize that prices change over the remaining period to maturity, and that risk increases with time. The PCRE factors are mandated for regulatory capital purposes.

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.

A31. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

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 (that is like a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (Note: if collateral is not 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).

Liquidity risk of derivatives (Contd.)

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.

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 statement of comprehensive income. 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%.

A31. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

Derivative Financial Instruments and Hedge Accounting (Contd.)

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 profit or loss. 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 statement of comprehensive income. 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 statement of comprehensive income 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 profit or loss. 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 statement of comprehensive income. Amounts accumulated in equity are released to the statement of comprehensive income in the periods when the hedged forecast transactions affect the statement of comprehensive income. 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.

(iii) Net investment hedge

Net investment hedges are hedges against the exposure to exchange rate fluctuations on the net assets of its foreign operations. The hedge is accounted for similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are taken directly to the foreign currency translation reserve while those relating to the ineffective portion of the hedge are recognised in the statement of comprehensive income. On disposal of the foreign operation, the cumulative gains or losses recognised in equity will be transferred to the statement of comprehensive income.

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

A32. CAPITAL ADEQUACY

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

	The Group		The Bank	
	30 June 2012	31 March 2012	30 June 2012	31 March 2012
Before deducting proposed dividends				
Core capital ratio	10.8%	11.2%	10.9%	11.3%
Risk-weighted capital ratio	14.9%	15.4%	15.0%	15.6%
After deducting proposed dividends				
Core capital ratio	9.7%	10.1%	9.7%	10.1%
Risk-weighted capital ratio	13.9%	14.4%	14.0%	14.6%

The capital adequacy ratios on a consolidated basis of the banking institutions including the financial related services within the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (RWCAF - Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% (2012: 8%) for the risk weighted capital ratio.

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

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

	AMIL	
	30 June 2012	31 March 2012
Before deducting proposed dividends		
Core capital ratio	21.2%	19.2%
Risk-weighted capital ratio	21.2%	19.4%
After deducting proposed dividends		
Core capital ratio	21.2%	19.2%
Risk-weighted capital ratio	21.2%	19.4%

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

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

A32. CAPITAL ADEQUACY (CONTD.)

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

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
<u>Tier 1 capital</u>				
Paid-up share capital	820,364	820,364	820,364	820,364
Innovative Tier 1 capital	1,111,133	1,129,210	1,105,762	1,124,271
Non-innovative Tier 1 capital	500,000	500,000	500,000	500,000
Share premium	942,844	942,844	942,844	942,844
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	48,516	48,516	48,516	48,516
Exchange fluctuation reserve	2,077	2,077	2,077	2,077
Retained earnings	3,164,886	3,264,831	3,133,023	3,235,856
Non-controlling interests	50	50	-	-
	<u>7,570,839</u>	<u>7,688,861</u>	<u>7,533,555</u>	<u>7,654,897</u>
Less: Deferred tax assets	<u>(163,284)</u>	<u>(160,792)</u>	<u>(161,806)</u>	<u>(159,755)</u>
Total Tier 1 capital	<u>7,407,555</u>	<u>7,528,069</u>	<u>7,371,749</u>	<u>7,495,142</u>
<u>Tier 2 capital</u>				
Innovative Tier 1 capital	123,967	105,890	129,338	110,829
Medium term notes	1,557,800	1,557,800	1,557,800	1,557,800
Collective allowance for impaired loans and advances #	<u>1,127,020</u>	<u>1,202,562</u>	<u>1,127,324</u>	<u>1,198,932</u>
Total Tier 2 capital	<u>2,808,787</u>	<u>2,866,252</u>	<u>2,814,462</u>	<u>2,867,561</u>
Maximum allowable Tier 2 Capital	<u>2,808,787</u>	<u>2,866,252</u>	<u>2,814,462</u>	<u>2,867,561</u>
Total capital funds	10,216,342	10,394,321	10,186,211	10,362,703
Less:				
Investment in subsidiaries	(32,769)	(32,769)	(32,780)	(32,780)
Other deduction	<u>(6,359)</u>	<u>(9,446)</u>	<u>(6,359)</u>	<u>(9,446)</u>
Capital base	<u>10,177,214</u>	<u>10,352,106</u>	<u>10,147,072</u>	<u>10,320,477</u>

Excludes collective allowance on impaired loans and advances restricted from Tier 2 capital of the Group and the Bank as at 30 June 2012 of RM479,934,000 (31 March 2012: RM336,203,000) and RM479,818,000 (31 March 2012: RM336,161,000) respectively.

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

A32. CAPITAL ADEQUACY (CONTD.)

The breakdown of the risk-weighted assets in various categories of risks are as follows:

	The Group		The Bank	
	30 June 2012 RM'000	31 March 2012 RM'000	30 June 2012 RM'000	31 March 2012 RM'000
Credit risk	58,987,552	57,292,202	58,911,662	57,235,055
Market risk	4,164,108	4,494,813	4,164,108	4,494,813
Operational risk	5,395,055	5,401,295	4,662,732	4,570,067
Large exposure risk requirement for equity holdings	1,649	3,298	1,649	3,298
Total risk-weighted assets	68,548,364	67,191,608	67,740,151	66,303,233

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

A33. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES

a. Transition to MFRSs

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below.

b. Restatement of comparatives

During the period, the Bank had reviewed and changed the presentation of:

- (i) interest receivable and payable for certain derivative product for the same counterparty for the year ended 31 March 2012. The interest receivable and payable which were presented on a gross basis is now set off and presented on a net basis in either other assets (net interest receivable) or other liabilities (net interest payable).
- (ii) work in progress ("WIP") for intangible assets for the year ended 31 March 2012. The WIP balance which was previously included under WIP Property and Equipment is now presented under Intangible Assets.

The above classifications are to conform with current period presentation which better reflects the nature of the items.

During the second quarter of previous financial year, recoveries of expenses charged to subsidiaries and other related companies which were previously taken up under Other Operating Income were reclassified to Other Operating Expenses under Service Transfer Pricing Expenses/(Recovery). Arising from this, certain comparatives for the first quarter of previous financial year have been restated.

(i) **Reconciliations of equity**

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatements RM'000	As restated RM'000
The Group				
As at 1 April 2011				
Loans and advances	55,610,208	(95,219)	-	55,514,989
Other assets	1,034,503	-	(222,309)	812,194
Property and equipment	201,112	-	(45,790)	155,322
Intangible assets	91,664	-	45,790	137,454
Other liabilities	2,308,014	(2,985)	(222,309)	2,082,720
Reserves	4,446,494	(92,234)	-	4,354,260

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

A33. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (CONTD.)

(i) Reconciliations of equity (Contd.)

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatements RM'000	As restated RM'000
The Group				
As at 31 March 2012				
Loans and advances	56,537,197	(45,925)	-	56,491,272
Deferred tax asset	157,077	2,493	-	159,570
Other assets	1,333,754	-	(254,994)	1,078,760
Property and equipment	205,062	-	(63,384)	141,678
Intangible assets	106,829	-	63,384	170,213
Other liabilities	2,347,827	56,377	(254,994)	2,149,210
Reserves	5,250,840	(99,809)	-	5,151,031
The Bank				
As at 1 April 2011				
Loans and advances	55,336,273	(101,363)	-	55,234,910
Other assets	1,029,891	-	(222,309)	807,582
Property and equipment	176,868	-	(45,790)	131,078
Intangible assets	91,646	-	45,790	137,436
Other liabilities	2,298,767	(4,387)	(222,309)	2,072,071
Reserves	4,286,477	(96,976)	-	4,189,501
As at 31 March 2012				
Loans and advances	56,303,147	(50,212)	-	56,252,935
Deferred tax asset	156,339	2,052	-	158,391
Other assets	1,328,120	-	(254,994)	1,073,126
Property and equipment	181,272	-	(63,384)	117,888
Intangible assets	106,814	-	63,384	170,198
Other liabilities	2,338,711	54,971	(254,994)	2,138,688
Reserves	5,201,054	(103,131)	-	5,097,923

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

A33. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (CONTD.)**(ii) Reconciliation of income statement and statement of comprehensive income**

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatements RM'000	As restated RM'000
Income statement for the quarter ended 30 June 2011				
The Group				
Other operating income	321,661	-	(73,657)	248,004
Other operating expenses	(334,392)	-	73,657	(260,735)
Allowance for impairment on loans and advances	(31,761)	12,280	-	(19,481)
Provision for commitments and contingencies	(2,779)	(14,841)	-	(17,620)
Taxation	(112,477)	633	-	(111,844)
The Bank				
Other operating income	321,578	-	(73,855)	247,723
Other operating expenses	(334,427)	-	73,855	(260,572)
Allowance for impairment on loans and advances	(32,849)	12,747	-	(20,102)
Provision for commitments and contingencies	(2,779)	(14,840)	-	(17,619)
Taxation	(111,572)	523	-	(111,049)
Income statement for the year ended 31 March 2012				
The Group				
Allowance for impairment on loans and advances	(272,774)	49,282	-	(223,492)
Writeback of/(Provision for) commitments and contingencies	516	(59,360)	-	(58,844)
Taxation	(362,936)	2,493	-	(360,443)
The Bank				
Allowance for impairment on loans and advances	(280,265)	51,152	-	(229,113)
Writeback of/(Provision for) commitments and contingencies	516	(59,359)	-	(58,843)
Taxation	(365,200)	2,052	-	(363,148)