AmInvestment Bank Berhad (23742-V)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 March 2013

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 MARCH 2013

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AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of **AmInvestment Bank Berhad** (the "Bank") for the financial year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The Bank and its subsidiaries, as listed in Note 14 to the financial statements, provide a wide range of investment banking and related financial services which also include Islamic banking business, investment advisory, stock and share-broking, futures broking, publishing and selling research materials, and provision of research related services.

There have been no significant changes in the nature of the activities of the Bank and its subsidiaries during the financial year.

SIGNIFICANT EVENT AND SUBSEQUENT EVENT

There are no significant and subsequent events involving the Bank and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit for the financial year	20,737	38,351

OUTLOOK FOR NEXT FINANCIAL YEAR

Malaysia's economic growth in 2013 is expected to be sustained by private consumption and expansion in investments. The external environment remains challenging as the economic recovery of major trading partners remain uncertain.

Domestic private investment is expected to play a significant role as the government consolidates its fiscal position. With a smooth transition post elections, the government is expected to maintain its focus on sustaining growth momentum and facilitating long-term economic transformation plans. Monetary policy is expected to be accommodative, ensuring sustainable economic growth in 2013.

BUSINESS PLAN AND STRATEGY

For financial year 2014, AMMB Holdings Berhad and its subsidiaries ("the AMMB Group") will be guided by five strategic themes to achieve the AMMB Group's Vision – ***As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.***

Firstly, **integrate acquisitions and deliver synergies**. The AMMB Group's focus will be on realising operational efficiencies from economies of scale and capitalising on the expanded customer base for cross-selling opportunities to grow non-interest income.

BUSINESS PLAN AND STRATEGY (CONTD.)

Secondly, **simplify business model and streamline processes**. The AMMB Group has reorganised its business model to be around customers, a move away from the traditional product silos. Plans are in place to simplify business structures and processes to enhance customer experience (e.g. consistent and seamless experience) as well as to better provide financial solutions that matches customer's lifestyle and lifecycle needs. To achieve this, the AMMB Group will continue to strategically invest in human capital and technology uplift while maintaining top tier cost-to-income ratio.

Thirdly, **accelerate organic growth with focus on cross-sell, flow business, small business, and emerging affluent customers**.

The AMMB Group plans to leverage closer partnerships with existing customers to increase share-of-wallet through cross-selling while increasing market share in targeted segments through attracting new customers.

The AMMB Group will deepen existing relationships with its Corporate and Institutional and Investment Banking customers by improving its coverage and providing comprehensive financial solutions leveraging opportunities in domestic private investments. The AMMB Group will support small businesses by providing them capital to invest and expand their businesses. In Markets, the AMMB Group will speed up product rollout, increase flow volumes and increase utilisation of derivatives across clients.

Fourthly, **build scale in specialist businesses with strategic partners**. The AMMB Group's strategic partnership with Australia and New Zealand Banking Group Ltd (ANZ) in banking will continue to enhance development of new products as well as cross-border opportunities through expanded distribution capabilities.

Fifthly, **optimise capital and holding company structures**. The AMMB Group remains proactive in managing capital according to evolving regulatory requirements and evaluating business opportunities on a risk adjusted basis for optimal returns on capital.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of operations of the Group and of the Bank for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the changes in accounting policies as disclosed in Note 2 to the financial statements. There has not arisen in the interval between the end of the financial year and the date of this report any item, 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 and of the Bank for the succeeding twelve months.

DIVIDENDS

During the financial year, the Bank paid a final dividend of 15.7%, less 25.0% taxation, in respect of the previous financial year amounting to RM23,600,000 for the ordinary shares and which have been reported in the directors' report for that financial year.

The directors do not recommend any dividend payment in respect of the current financial year.

RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves, provisions and allowances during the financial year other than as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Bank were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and financing and the making of allowances for doubtful debts and financing and have satisfied themselves that all known bad debts and financing had been written off and adequate allowance had been made for doubtful debts and financing.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts and financing or the amount of the allowance for doubtful debts and financing in the Group and the Bank inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Bank were made out, the directors took reasonable steps to ascertain that current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Bank, have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the Group's and the Bank's financial statements misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Bank that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Bank that has arisen since the end of the financial year, other than those incurred in the normal course of business.

No contingent or other liability of the Group and of the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Bank that would render any amount stated in the financial statements misleading.

ISSUE OF SHARES AND DEBENTURES

The Bank has not issued any new shares and debentures during the financial year.

SHARE OPTIONS

There are no options granted by the Bank to take up unissued shares of the Bank.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Bank. As at the end of the financial year, there were no unissued shares of the Bank under options.

DIRECTORS

The directors who served on the Board since the date of the last report are:

Tan Sri Azman Hashim
Tun Mohammed Hanif bin Omar
Tan Sri Datuk Dr Aris Osman @ Othman
Tan Sri Datuk Clifford Francis Herbert
Cheah Tek Kuang
Ashok Ramamurthy
Loh Chen Peng (Appointed w.e.f. 28.8.2012)
Christopher Robin Page (Appointed w.e.f. 28.8.2012)

DIRECTORS' INTERESTS

Under the Bank's Articles of Association, the directors are not required to hold shares in the Bank.

The interests in shares and options in the holding company, of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Bank under Section 134 of the Companies Act, 1965, are as follows:

DIRECT INTERESTS

In the holding company,
AMMB Holdings Berhad ("AMMB")

	No. of Ordinary Shares of RM1.00 each ("shares")			
Shares	**Balance at 1.4.2012**	**Bought**	**Sold**	**Balance at 31.3.2013**
Cheah Tek Kuang	136,000	283,500[a] 281,300[b]	572,000	128,800
Ashok Ramamurthy	100,000	198,250[a]	-	298,250

	No. of shares pursuant to AMMB Executives' Share Scheme				
Scheme Shares*	**Balance at 1.4.2012**	**Granted**	**Vested**	**Forfeited^**	**Balance at 31.3.2013**
Cheah Tek Kuang	492,400	223,400	283,500	8,300	424,000
Ashok Ramamurthy	344,400	135,000	198,250	6,600	274,550

DIRECT INTEREST (CONTD.)

	No. of shares pursuant to AMMB Executives' Share Scheme				
	Balance at				Balance at
Shares under Options*	1.4.2012	Granted	Vested	Forfeited^	31.3.2013
Cheah Tek Kuang	558,200	-	281,300	49,600	227,300
Ashok Ramamurthy	446,700	-	225,100	39,700	181,900

	No. of shares pursuant to AMMB Executives' Share Scheme			
	Balance at			Balance at
Shares under Options* [In Vested Account]	1.4.2012	Vested	Exercised	31.3.2013
Cheah Tek Kuang	-	281,300	281,300	-
Ashok Ramamurthy	-	225,100	-	225,100

Notes:

* The vesting of the Scheme Shares and/or the entitlement to exercise the Options are conditional upon the satisfaction of service condition and the performance targets of the Group and all other conditions as set out in the By-Laws of AMMB Executives' Share Scheme ("ESS")

^ Forfeited due to non-vesting of Long Term Incentive award pursuant to the By-Laws of AMMB ESS

[a] Vested scheme shares

[b] Exercised options

INDIRECT INTERESTS

In the holding company,
AMMB Holdings Berhad

		No. of Ordinary Shares of RM1.00 each			
		Balance at			Balance at
Shares	Name of Company	1.4.2012	Bought	Sold	31.3.2013
Tan Sri Azman Hashim	Amcorp Group Berhad	505,780,554	1,839,701	13,500,000	494,120,255

By virtue of Tan Sri Azman Hashim's shareholding in the holding company, AMMB Holdings Berhad, he is deemed to have interests in the shares of the Bank and its related corporations, to the extent that the holding company has an interest.

Other than as disclosed, none of the directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

DIRECTORS' BENEFITS

At the end of the financial year, or at any time during that year, none of the directors of the Bank have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in Note 30 to the financial statements) by reason of a contract made by the Bank or a related corporation with a director or with a firm in which a director is a member, or with a company in which a director has a substantial financial interest, except for the related party transactions as shown in Note 35 to the financial statements.

Neither during nor at the end of the financial year was the Bank a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than those arising from the scheme shares and options granted pursuant to the ESS of AMMB, the holding company.

CORPORATE GOVERNANCE

(a) BOARD RESPONSIBILITY AND OVERSIGHT

The Board of Directors (the "Board") remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in the Bank and its subsidiaries. The Board complies with the best practices in corporate governance as set out in the Malaysian Code on Corporate Governance.

The Board supervises the management of the Bank's businesses, policies and affairs with the goal of enhancing shareholders' value. The Board meets nine (9) times in the year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, business developments, human resource (subject to matters reserved for shareholders' meetings by law), and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments.

The Board currently comprises eight (8) directors with wide skills and experience, three (3) of whom are Independent Non-Executive Directors. The directors participate fully in decision making on key issues regarding the Bank and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the Management are fully discussed and examined, as well as taking into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Chief Executive Officer of the Bank. The members of Senior Management team of the Bank are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

(b) COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to the Board Committees. The Committees, together with the Committees established at Group level (AMMB Holdings Berhad), which were created to assist the Board in certain areas of deliberations, are:

1. Group Nomination Committee (at Group level)*
2. Group Remuneration Committee (at Group level)*
3. Group Nomination and Remuneration Committee (at Group level)
4. Audit and Examination Committee
5. Risk Management Committee

* Consolidated into a single committee known as Group Nomination and Remuneration Committee (at Group level) on 4 March 2013.

The roles and responsibilities of each Committee are set out under their respective terms of reference, which have been approved by the Board. The minutes of the Committee meetings are tabled at the subsequent Board meetings for comment and notation.

CORPORATE GOVERNANCE (CONTD.)

The attendance of Board members at the meetings of the Board and the various Board Committees is set out below:-

Number of Meetings attended in Financial Year ("FY") 2013

Directors	Board of Directors	Audit and Examination Committee	Risk Management Committee	Group Nomination Committee	Group Remuneration	Group Nomination and Remuneration Committee
Tan Sri Azman Hashim	9 (Chairman)	N/A	N/A	5	5	N/A
Tun Mohammed Hanif Omar	8	4 #	8	5	N/A	1
Tan Sri Datuk Dr Aris Osman @ Othman	9	7 (Chairman)	9	5	5 (Chairman)	1
Tan Sri Datuk Clifford Francis Herbert	7	6	8 (Chairman)	5 (Chairman)	5	0 (Chairman)
Cheah Tek Kuang	9	N/A	N/A	N/A	N/A	N/A
Ashok Ramamurthy	9	N/A	N/A	N/A	N/A	N/A
Christopher Robin Page *(Appointed on 28.8.2012)*	5	N/A	N/A	N/A	N/A	N/A
Loh Chen Peng *(Appointed on 28.8.2012)*	5	3 ^	N/A	N/A	N/A	N/A
Number of meetings held in FY2013	9	7	9	5	5	1

Notes:
1. All attendances reflect the number of meetings attended during the directors' tenure of service
2. N/A represents non-committee member
3. # Resigned on 28.8.2012
4. ^ Appointed on 28.8.2012

CORPORATE GOVERNANCE (CONTD.)

GROUP NOMINATION AND GROUP REMUNERATION COMMITTEE

The Committee was established at Group level (AMMB) following the consolidation of the Group Nomination and Group Remuneration Committees. The Committee comprises seven members, all of whom are Non-Executive Directors. The Committee continues with the roles of the previous Group Nomination and Group Remuneration Committees and is responsible for –

- regularly reviewing the board structure, size and composition, as well as making recommendation to the Board of the Bank with regard to any changes that are deemed necessary.
- recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.
- on an annual basis, assessing the effectiveness of the Board as a whole and the Committee as well as the contribution of the Chairman and each Director to the effectiveness of the Board.
- recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff, benchmarked against the industry.
- Remuneration is determined at levels, which enable the Group to attract and retain the Directors, Chief Executive Officers and Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved.

Group Nomination and Group Remuneration Committees met 5 times respectively during the financial year 2013. The Committee met once since its establishment during the financial year 2013.

AUDIT AND EXAMINATION COMMITTEE

The Audit and Examination Committee ("AEC") comprises three (3) members, all of whom are Independent Non-Executive Directors. The Board has appointed the AEC to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Bank's assets and shareholders' investments.

The AEC met seven (7) times during the financial year 2013 to review the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The AEC also followed up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in the examination reports. The financial statements were reviewed by the AEC prior to their submission to the Board of the Bank for adoption.

In addition, the AEC has reviewed the procedures set up by the Bank to identify and report, and where necessary, seek approval for related party transactions and, with the assistance of the internal auditors, reviewed related party transactions.

CORPORATE GOVERNANCE (CONTD.)

RISK MANAGEMENT COMMITTEE

Risk management is an integral part of the Bank's strategic decision-making process, which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the risk management strategy and sets the broad risk tolerance level and also approves the engagement of new products or activities after considering the risk bearing capacity and readiness of the Bank.

The Risk Management Committee exercises oversight on behalf of the Board to ensure adequate overall management of credit, market, liquidity, operational, legal and capital risks impacting the Bank.

The Committee is independent from management and comprises three (3) members, two (2) of whom are Independent Non-Executive Directors. The Committee ensures that the Board's risk tolerance level is effectively enforced, the risk management process is in place and functioning and reviews high-level risk exposures to ensure that they are within the overall interests of the Bank. It also assesses the Bank's ability to accommodate risks under normal and stress scenarios.

The Risk Management Department is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the Bank. The functions encompass research and analysis, portfolio risk exposure reporting, compliance monitoring, formulation of policies and risk assessment methodology, and formulation of risk strategies.

INTERNAL AUDIT AND INTERNAL CONTROL ACTIVITIES

The Head of the Group Internal Audit Department reports to the AEC. Group Internal Audit assists the AEC in assessing and reporting on business risks and internal controls, and operates within the framework defined in the Audit Charter.

The AEC approves Group Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Bank. The results of each audit are submitted to the AEC and significant findings are discussed during the AEC meeting. The minutes of the AEC meetings are formally tabled to the Board for notation and action, where necessary. The Chief Internal Auditor and the external auditors also attend the AEC meetings by invitation and the AEC holds separate meetings with the Chief Internal Auditor and external auditors whenever necessary.

The scope of internal audit covers review of the adequacy of the risk management processes, operational controls, financial controls, compliance with laws and regulations, lending practices and information technology, including the various application systems in production, data centres and network security.

Group Internal Audit focuses its efforts on performing audits in accordance with the audit plan, which is prioritised based on a comprehensive risk assessment of all significant areas of audit identified in the Bank. The structured risk assessment approach ensures that all risk-rated areas are kept in view to ensure appropriate audit coverage and audit frequency. The risk-based audit plan is reviewed annually taking into account the changing financial significance of the business and risk environment.

Group Internal Audit also performs investigations and special reviews, and participates actively in major system development activities and project committees to advise on risk management and internal control measures.

MANAGEMENT INFORMATION

The directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Bank and its subsidiaries that are important to the directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports include among others, minutes of meetings of all Committees of the Board, monthly performance of the Bank, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment. These reports are issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board provides input on Group policies.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors regard AMMB Holdings Berhad, incorporated in Malaysia, as the immediate and ultimate holding company.

RATING BY EXTERNAL AGENCY

During the financial year, RAM Rating Services revised the outlook of the Bank to positive from stable whilst Fitch Ratings and Standard & Poor's ratings were all reaffirmed. Details of the Bank's ratings are as follows:

Rating Agency	Date accorded	Rating Classification	Ratings
Standard & Poor's Ratings Services	Dec-12	Foreign long-term issuer credit rating	BBB+/Stable
		Foreign short-term issuer credit rating	A-2
Fitch Ratings	Feb-13	Long-term foreign currency issuer default rating	BBB/Stable
		Short-term foreign currency issuer default rating	F3
RAM Rating Services	Jan-13	Long-term financial institution rating	AA3/Positive
		Short-term financial institution rating	P1

SHARIAH COMMITTEE

The Bank leverages on the Shariah Committee of AmIslamic Bank for advice and guidance on Shariah related operational matters.

The Shariah Committee comprises five (5) members and is responsible and accountable on matters related to Shariah. This includes:

i. advising Board of Directors and Management of the Bank on Shariah matters;
ii. endorsing and validating products and services, and the operations in relation to Islamic Banking; and
iii. providing advice and guidance on management of zakat and charity funds.

Shariah Committee members also sit in Shariah Oversight Committee, a sub-committee to the Shariah Committee performing an oversight function to assess work carried out by Shariah review, Shariah audit, Shariah regulatory review and Shariah risk management. Shariah Oversight Committee is also responsible to provide guidance and advice on matters pertaining to Shariah non-compliance incidents.

COMPLIANCE WITH BANK NEGARA MALAYSIA'S EXPECTATIONS ON FINANCIAL REPORTING

In the preparation of the financial statements, the directors have taken reasonable steps to ensure that Bank Negara Malaysia's expectations on financial reporting have been complied with, including those as set out in the Guidelines on Financial Reporting for Financial Institutions and the Guidelines on Classification and Impairment Provisions for Loans/ Financing.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI AZMAN HASHIM

ASHOK RAMAMURTHY

Kuala Lumpur, Malaysia
Date: 15 May 2013

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI AZMAN HASHIM** and **ASHOK RAMAMURTHY,** being two of the directors of **AmINVESTMENT BANK BERHAD,** do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 16 to 156 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2013 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI AZMAN HASHIM	**ASHOK RAMAMURTHY**

Kuala Lumpur, Malaysia
Date: 15 May 2013

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **MANDY JEAN SIMPSON**, being the officer primarily responsible for the financial management of **AmINVESTMENT BANK BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 16 to 156 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **MANDY JEAN SIMPSON** at Kuala Lumpur in the Wilayah Persekutuan on 15 May 2013.

MANDY JEAN SIMPSON

Before me,

COMMISSIONER FOR OATHS
No. W 530
TAN SEOK KETT
MALAYSIA

COMMISSIONER FOR OATHS

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Independent auditors' report to the member of AmInvestment Bank Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of AmInvestment Bank Berhad, which comprise statements of financial position as at 31 March 2013 of the Group and of the Bank, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 156.

Directors' responsibility for the financial statements

The directors of the Bank are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent auditors' report to the member of AmInvestment Bank Berhad (cont'd.)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("the Act") in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the member of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Yap Seng Chong
No. 2190/12/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
15 May 2013

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	Group 31 March 2013 RM'000	Group 31 March 2012 RM'000	Group 1 April 2011 RM'000	Bank 31 March 2013 RM'000	Bank 31 March 2012 RM'000	Bank 1 April 2011 RM'000
ASSETS							
Cash and short-term funds	5	570,797	597,533	705,060	545,150	548,051	662,614
Deposits and placements with banks and other financial institutions	6	713	2,498	676	-	1,808	-
Derivative financial assets	7	9	87	313	7	86	-
Financial assets held-for-trading	8	4,082	30,821	7,385	3,820	30,777	4,798
Financial investments available-for-sale	9	54,964	48,299	54,695	52,762	46,098	52,495
Financial investments held-to-maturity	10	265,909	100	100	265,909	100	100
Loans, advances and financing	11	947,084	610,400	553,522	947,084	610,400	553,495
Statutory deposit with Bank Negara Malaysia	12	14,049	12,123	2,031	14,049	12,123	2,031
Deferred tax assets	13	14,750	19,221	18,571	11,512	16,062	18,378
Investments in subsidiaries	14	-	-	-	87,981	88,231	88,231
Investments in associates	15	1,338	3,097	2,729	100	100	100
Other assets	16	941,272	1,015,629	809,784	582,972	714,623	560,557
Property and equipment	17	26,510	28,950	29,962	24,526	26,629	27,383
Intangible assets	18	13,646	13,672	13,787	2,347	2,406	2,520
TOTAL ASSETS		2,855,123	2,382,430	2,198,615	2,538,219	2,097,494	1,972,702
LIABILITIES AND EQUITY							
Deposits and placements of banks and other financial institutions	19	1,468,022	878,697	878,225	1,468,022	878,697	878,225
Derivative financial liabilities	7	5	3	369	-	-	66
Deposits from customers	20	-	-	12,982	-	-	12,982
Term funding	21	75,129	41,402	2,401	-	-	-
Other liabilities	22	777,827	924,307	724,119	548,780	709,509	543,260
TOTAL LIABILITIES		2,320,983	1,844,409	1,618,096	2,016,802	1,588,206	1,434,533
Share capital	23	200,000	200,000	200,000	200,000	200,000	200,000
Reserves	24	334,140	338,021	380,519	321,417	309,288	338,169
Equity attributable to equity holder of the Bank		534,140	538,021	580,519	521,417	509,288	538,169
TOTAL LIABILITIES AND EQUITY		2,855,123	2,382,430	2,198,615	2,538,219	2,097,494	1,972,702
COMMITMENTS AND CONTINGENCIES	40	428,046	715,041	450,944	424,811	713,728	435,089
NET ASSETS PER ORDINARY SHARE (RM)		2.67	2.69	2.90	2.61	2.55	2.69

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
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INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

		Group		Bank	
	Note	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Operating revenue		280,035	361,598	231,675	317,225
Interest income	25	52,544	52,008	49,188	47,916
Interest expense	26	(30,342)	(27,950)	(28,669)	(26,688)
Net interest income		22,202	24,058	20,519	21,228
Net income from Islamic banking business	48(xv)	15,166	34,557	15,166	34,557
Other operating income	27	212,174	274,665	167,321	234,752
Direct costs	28	(54,221)	(62,244)	(37,699)	(46,594)
Share of results of associates		151	368	-	-
Net income		195,472	271,404	165,307	243,943
Other operating expenses	29	(186,047)	(204,279)	(143,492)	(163,315)
Operating profit		9,425	67,125	21,815	80,628
Writeback of allowance for impairment on loans, advances and financing	31	1,180	1,021	1,180	1,021
Impairment (loss)/writeback on doubtful sundry receivables, net		(6,313)	(3,951)	(867)	77
Writeback of provision/(provision) for commitments and contingencies		1,477	(276)	1,477	(276)
Profit before taxation		5,769	63,919	23,605	81,450
Taxation	32	14,968	(18,645)	14,746	(21,282)
Profit for the financial year attributable to equity holder of the Bank		20,737	45,274	38,351	60,168
Earnings per share (sen) Basic and fully diluted	33	10.4	22.6	19.2	30.1

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Group		Bank	
	31 March 2013 RM'000	**31 March 2012 RM'000**	**31 March 2013 RM'000**	**31 March 2012 RM'000**
Profit for the financial year	20,737	45,274	38,351	60,168
Other comprehensive income/(loss):				
Exchange differences on translation of foreign operations	1,922	1,359	-	-
Net gain/(loss) on financial investments available-for-sale	1,100	(1,350)	1,100	(1,350)
Income tax relating to the components of other comprehensive income	(275)	337	(275)	337
Other comprehensive income/(loss) for the financial year, net of tax	2,747	346	825	(1,013)
Total comprehensive income for the financial year attributable to equity holder of the Bank	23,484	45,620	39,176	59,155

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

		<--------------Attributable to equity holder of the Bank------------->			
		Non-distributable		Distributable	
Group	**Note**	**Share capital RM'000**	**Other reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 April 2011		200,000	240,528	139,991	580,519
Profit for the financial year		-	-	45,274	45,274
Other comprehensive income		-	346	-	346
Total comprehensive income for the financial year		-	346	45,274	45,620
Transfer of ESS recharged - difference on purchase price for shares vested		-	-	(2,118)	(2,118)
Dividends paid	34	-	-	(86,000)	(86,000)
At 31 March 2012		200,000	240,874	97,147	538,021
At 1 April 2012		200,000	240,874	97,147	538,021
Profit for the financial year		-	-	20,737	20,737
Other comprehensive income		-	2,747	-	2,747
Total comprehensive income for the financial year		-	2,747	20,737	23,484
Transfer of ESS recharged - difference on purchase price for shares vested		-	-	(3,765)	(3,765)
Dividends paid	34	-	-	(23,600)	(23,600)
At 31 March 2013		200,000	243,621	90,519	534,140
			Note 24		

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

		<--------------Attributable to equity holder of the Bank------------->			
		Non-distributable		Distributable	
Bank	**Note**	**Share capital RM'000**	**Other reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 April 2011		200,000	203,298	134,871	538,169
Profit for the financial year		-	-	60,168	60,168
Other comprehensive income		-	(1,013)	-	(1,013)
Total comprehensive income for the financial year		-	(1,013)	60,168	59,155
Transfer of ESS recharged - difference on purchase price for shares vested		-	-	(2,036)	(2,036)
Dividends paid	34	-	-	(86,000)	(86,000)
At 31 March 2012		200,000	202,285	107,003	509,288
At 1 April 2012		200,000	202,285	107,003	509,288
Profit for the financial year		-	-	38,351	38,351
Other comprehensive income		-	825	-	825
Total comprehensive income for the financial year		-	825	38,351	39,176
Transfer of ESS recharged - difference on purchase price for shares vested		-	-	(3,447)	(3,447)
Dividends paid	34	-	-	(23,600)	(23,600)
At 31 March 2013		200,000	203,110	118,307	521,417
			Note 24		

The accompanying notes form an integral part of the financial statements.

AmINVESTMENT BANK BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation:	5,769	63,919	23,605	81,450
Add/(less) adjustments for:				
Allowance written back for impaired loans, advances and financing, net of recoveries	(1,180)	(1,021)	(1,180)	(1,021)
Amortisation of intangible assets	801	699	788	689
Amortisation of premium less accretion of discount	(895)	(929)	(895)	(929)
Depreciation of property and equipment	4,550	5,120	3,587	3,931
Net gain on disposal of property and equipment	(5)	(208)	(5)	(9)
Net (gain)/loss on sale of derivatives	(418)	2,276	(415)	2,278
Net gain on revaluation of derivatives	(4)	(84)	(7)	(86)
Gross dividend income from financial assets held-for-trading	(571)	(191)	(569)	(180)
Gross dividend income from financial investments available-for-sale	(2,718)	(1,330)	(2,718)	(1,330)
Gross dividend income from subsidiary	-	-	-	(3,256)
Gross dividend income from associate	-	-	(1,160)	-
Net loss/(gain) on revaluation of financial assets held-for-trading	457	(1,367)	453	(475)
Net gain from sale of financial investments available-for-sale	(220)	(1,206)	(220)	(1,206)
Net loss/(gain) from sale of financial assets held-for-trading	235	327	179	(1,708)
Property and equipment written off	116	20	-	-
Allowances made/(written back) for doubtful sundry receivables - net	6,313	3,951	867	(77)
Share of results of associates	(151)	(368)	-	-
Sundry receivables written off - net	-	2,450	-	2,450
Unrealised foreign exchange gain	(683)	(592)	(1)	(164)
Gain on liquidation of subsidiary	-	-	(240)	-
Scheme shares and options granted under AMMB Executives' Share Scheme	(11,884)	(8,699)	(10,691)	(7,607)
Provision (written back)/made for commitments and contingencies	(1,477)	276	(1,477)	276
Operating profit before working capital changes carried forward	(1,965)	63,043	9,901	73,026

AmINVESTMENT BANK BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)				
Operating profit before working capital changes brought forward	(1,965)	63,043	9,901	73,026
Decrease/(increase) in operating assets:				
Deposits and placements with banks and other financial institutions	1,785	(1,822)	1,808	(1,808)
Financial assets held-for-trading	26,047	(22,396)	26,325	(23,796)
Loans, advances and financing	(335,504)	(55,857)	(335,504)	(55,884)
Statutory deposit with Bank Negara Malaysia	(1,926)	(10,092)	(1,926)	(10,092)
Other assets	139,725	(197,294)	182,307	(143,134)
Increase/(decrease) in operating liabilities:				
Deposits and placements of banks and other financial institutions	589,325	472	589,325	472
Deposits from customers	-	(12,982)	-	(12,982)
Other liabilities	(146,648)	198,465	(162,423)	163,531
Cash generated from/(used in) operations	270,839	(38,463)	309,813	(10,667)
Taxation paid, net	(37,558)	(26,118)	(19,706)	(25,107)
Net cash generated from/(used in) operating activities	233,281	(64,581)	290,107	(35,774)

AmINVESTMENT BANK BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from other investments	2,467	1,141	2,465	1,133
Dividends received from subsidiaries	-	-	-	2,442
Proceeds from disposal of property and equipment	12	217	7	15
(Purchase of)/proceeds from disposal of securities – net	(270,534)	7,520	(270,533)	7,520
Purchase of computer software	(775)	(591)	(729)	(582)
Purchase of property and equipment	(2,184)	(4,234)	(1,488)	(3,317)
Dividends received from associates	870	-	870	-
Net cash (used in)/generated from investing activities	(270,144)	4,053	(269,408)	7,211
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid by the Bank to its shareholder	(23,600)	(86,000)	(23,600)	(86,000)
Proceeds from term loan	33,727	39,001	-	-
Net cash generated from/(used in) financing activities	10,127	(46,999)	(23,600)	(86,000)
Net decrease in cash and cash equivalents	(26,736)	(107,527)	(2,901)	(114,563)
Cash and cash equivalents at beginning of financial year	597,533	705,060	548,051	662,614
Cash and cash equivalents at end of financial year	570,797	597,533	545,150	548,051

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013

1. PRINCIPAL ACTIVITIES

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business of the Bank is located at 22nd Floor, Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur.

The Bank and its subsidiaries, as listed in Note 14, provide a wide range of investment banking and related financial services which also include the Islamic banking business, investment advisory, stock and share-broking, futures broking, publishing and selling research materials and provision of research related services.

There have been no significant changes in the nature of the activities of the Bank and its subsidiaries during the financial year.

The financial statements of the Group and of the Bank have been approved and authorised for issue by the Board of Directors on 30 April 2013.

2. CHANGES IN ACCOUNTING POLICIES

2.1 Transition to Malaysian Financial Reporting Standards

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 April 2012. For all periods up to and including the financial year ended 31 March 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”) issued by the MASB as modified by Bank Negara Malaysia’s (“BNM”) Guidelines.

The MFRS Framework has converged with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) except that, in the former; (a) FRS 201_{2004} Property Development Activities will continue to be the extant standard for accounting for property development activities and not IC 15 Agreements for the Construction of Real Estate; and (b) there is no equivalent standard to MFRS 141 Agriculture.

The Group has applied MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards in their transition to the MFRS Framework.

In preparing their opening MFRS statements of financial position as at 1 April 2011, the Group has adjusted the amounts previously reported in the financial statements prepared in accordance with FRS to reflect the financial effects from the adoption of MFRS.

Up until the financial year ended 31 March 2012, the Group’s collective assessment allowance for loans, advances and financing was determined based on the transitional provision prescribed in Bank Negara Malaysia’s (“BNM”) Guidelines on Classification and Impairment Provisions for Loans/ Financing, modified to reflect the Group’s historical loss experience.

This transitional provision has since been removed so as to align to the requirements of MFRS 139, Financial Instruments: Recognition and Measurement.

Computation of the collective impairment allowance for loans and advances based on MFRS 139 is as described in Note 3.5m.

This change in accounting policy has been applied retrospectively and the effects on the Group’s financial position, financial performance and cash flows are set out in Note 47.

2. CHANGES IN ACCOUNTING POLICIES (CONTD.)

2.2 Financial Reporting Standards Implementation Committee (“FRSIC”) Consensus 18, Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad

In the previous financial statements, clients’ and remisiers’ monies held in trust by the Group is accounted for as the Group’s assets with corresponding liabilities recognised in the statement of financial position.

In accordance with FRSIC Consensus 18, Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad issued by the Malaysian Institute of Accountants which came into effect from 1 April 2012, such trust monies do not meet the definition of an asset as rights over the trust monies do not exist. Moreover, the Group does not have any contractual or statutory obligation to its clients on the monies deposited in the trust account that would result in an outflow of resources embodying economic benefits from the Group.

As a result, monies held in trust, as disclosed in Note 41, together with the corresponding liabilities are derecognised from the assets and liabilities of the Group.

This change in accounting policy has been applied retrospectively in accordance with MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors.

The financial impact of this change in accounting policy on the financial statements of the Group is disclosed in Note 47.

2.3 New and amended standards and interpretations

2.3a Standards issued but not yet effective

The following are MFRSs and IC Interpretations issued by MASB that will be effective for the Group in future years. The Group intends to adopt the relevant standards when they become effective.

i. Standards effective for financial year ending 31 March 2014:

- MFRS 3, Business Combinations (IFRS 3, Business Combinations issued by IASB in March 2004)
- MFRS 10, Consolidated Financial Statements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 127, Separate Financial Statements
- MFRS 128, Investments in Associates and Joint Ventures
- Amendments to MFRS 7, Disclosures: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to MFRSs contained in the document entitled “Annual Improvements 2009–2011 Cycle”

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

- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MRFS 127: Investment entities

2. CHANGES IN ACCOUNTING POLICIES (CONTD.)

2.3 New and amended standards and interpretations (Contd.)

2.3a Standards issued but not yet effective (Contd.)

iii. Standards effective for financial year ending 31 March 2016:

- MFRS 9, Financial Instruments

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

A discussion of the significant MFRSs that have been issued but not yet effective is set out below. The Group is assessing the financial effects of their adoption.

- MFRS 3, Business Combinations – The standard was issued as a consequence to the amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance to allow eligible entities to apply the earlier version of MFRS 3.

- MFRS 10, Consolidated Financial Statements – Upon adoption, MFRS 10 supersedes MFRS 127, Consolidated and Separate Financial Statements. MFRS 10 converges the financial reporting requirements in MFRS 127 and SIC-12, which interprets the requirements of MFRS 10 in relation to special purpose entities. A major feature of MFRS 10 is where it sets out the requirements on how the application of the control principle is applied in the preparation of consolidated financial statements, especially in circumstances where the investor holds less than the majority of voting power, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity.

- MFRS 12, Disclosure of Interests in Other Entities – MFRS 12 prescribes the disclosure requirements for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. MFRS 12 aims at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

- MFRS 13, Fair Value Measurement – MFRS 13 sets out a framework for measuring fair value and the disclosure requirements about fair value to address the inconsistencies in the requirements for measuring fair value across different accounting standards. MFRS 13 defines fair value as a market-based measurement, not an entity specific measurement.

- MFRS 127, Separate Financial Statements – As MFRS 10 prescribes the accounting requirements relating to the preparation of consolidated financial statements that were previously covered under MFRS 127, MFRS 127 has now been reissued to only cover the requirements relating to the accounting for investments in subsidiary companies, associated companies and joint ventures in the separate financial statements of the entity. In such cases, the entity should account for such investments either at cost, or in accordance with MFRS 9.

2. CHANGES IN ACCOUNTING POLICIES (CONTD.)

2.3 New and amended standards and interpretations (Contd.)

2.3a Standards issued but not yet effective (Contd.)

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

- MFRS 128, Investments in Associates and Joint Ventures – MFRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the IASB was of the view that the equity method was applicable for both investments in joint ventures and associated companies. However, the revised MFRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 9.

- MFRS 132 and MFRS 7, Offsetting Financial Assets and Financial Liabilities – The amendments to MFRS 132 clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments to MFRS 7 require the disclosure of information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity’s financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with MFRS 132.42 and for financial assets that are subject to an enforceable master netting arrangement or similar arrangement regardless whether they are set off.

- MFRS 10, MFRS 11 and MFRS 12, Transition Guidance – Entities are required to apply the amendments for annual periods beginning on or after 1 January 2013, which is aligned with the effective date of MFRS 10, Consolidated Financial Statements, MFRS 11, Joint Arrangements and MFRS 12, Disclosure of Interests in Other Entities. The amendment clarifies that the “date of initial application” in MFRS 10 means “the beginning of the annual reporting period in which MFRS 10 is applied for the first time”. Consequently, an entity is not required to adjust its previous accounting if:

  (a) the consolidation conclusion reached upon the application of MFRS 10 is the same as previous accounting; or

  (b) the entity had disposed of its interests in investees during a comparative period.

  If an entity has to consolidate an investee that was not previously consolidated when applying MFRS 10 or concludes that it will no longer consolidate an investee that was previously consolidated, the amendments limit the requirement to present adjusted comparative information to the period immediately preceding the date of initial application. However, the entity is not prohibited from presenting adjusted comparative information for earlier periods.

  A similar relief is also provided in MFRS11 and MFRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structured entities in periods prior to the first annual period that MFRS 12 is applied.

2. CHANGES IN ACCOUNTING POLICIES (CONTD.)

2.3 New and amended standards and interpretations (Contd.)

2.3a Standards issued but not yet effective (Contd.)

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

If, upon applying MFRS 10, an entity concludes that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of MFRS 3, Business Combinations and MFRS 127, Consolidated and Separate Financial Statements issued by the MASB in November 2011, the amendments clarify that the entity can apply the earlier versions of MFRS 3 and MFRS 127. Therefore the MASB has issued MFRS 3 (IFRS 3 issued by IASB in 2004) and MFRS 127 (IAS 27 as revised by IASB in 2003) in this regard.

Similarly, the Amendments to FRS 10, FRS 11 and FRS 12 provide the choice to transitioning entities to apply either the earlier or the revised versions of FRS 3 and FRS 127 if control was obtained before the effective date of the revised versions of these Standards.

- MFRS 101, Presentation of Items of Other Comprehensive Income – The amendments change the grouping of items presented in Other Comprehensive Income, items that could be reclassified (or "recycled") to profit or loss at a future point in time (e.g. upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

Annual Improvements 2009-2011 Cycle – These improvements will not have an impact on the Group, but include:

MFRS 1, First-time Adoption of International Financial Reporting Standards: This improvement clarifies that an entity that stopped applying MFRS in the past and chooses, or is required, to apply MFRS, has the option to re-apply MFRS 1. If MFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying MFRS.

MFRS 101, Presentation of Financial Statements: This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

MFRS 116, Property Plant and Equipment: This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

MFRS 132, Financial Instruments, Presentation: This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with MFRS 112 Income Taxes.

MFRS 134 Interim Financial Reporting: The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

2. CHANGES IN ACCOUNTING POLICIES (CONTD.)

2.3 New and amended standards and interpretations (Contd.)

2.3a Standards issued but not yet effective (Contd.)

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

- MFRS 9, Financial Instruments – MFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 (equivalent to MFRS 139) and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. In subsequent phases, the IASB will address impairment and hedge accounting. The adoption of the first phase of MFRS 9 will primarily have an effect on the classification and measurement of the Group's financial assets.

3. ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments that have been measured at fair value.

3.2 Statement of compliance

The financial statements of the Group have been prepared in accordance with MFRS, IFRS and the requirements of the Companies Act, 1965 in Malaysia.

3.3 Presentation of financial statements

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The statements of financial position are presented in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (i.e "current") and more than 12 months after the reporting date (i.e. "non-current") is presented in Note 42.

3.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries ("Group entities") for the financial year ended 31 March 2013.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses arising from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

3. ACCOUNTING POLICIES (CONTD.)

3.4 Basis of Consolidation (Contd.)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interest
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

3.5 Summary of significant accounting policies

3.5a Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5a Business combinations and goodwill (Contd.)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.5b Investment in subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Bank's separate financial statements, investment in subsidiaries is accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.5c Investment in an associate

An associate is an entity in which the Group has significant influence.

Investment in associate is accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the associate after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of an associate's profit or loss in the period in which the investment is acquired.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in "share of profit of an associate" in the income statement.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5c Investment in an associate (Contd.)

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Bank's separate financial statements, investment in associate is stated at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

3.5d Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held directly or indirectly by the Group.

Non-controlling interests are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity. Any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant fair value of the share of the net assets of the subsidiary is recorded in equity.

3.5e Foreign currency translation

i. Functional and presentation currency

The Group's consolidated financial statements are presented in Ringgit Malaysia, which is also the Bank's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

ii. Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5e Foreign currency translation (Contd.)

ii. Transactions and balances (Contd.)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

iii. Group entities

On consolidation, the assets and liabilities of foreign subsidiaries and operations are translated into Ringgit Malaysia at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign subsidiary or operation, the component of other comprehensive income relating to that particular foreign subsidiary or operation is recognised in the income statement.

3.5f Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/ or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Purchased computer software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Freehold land has an unlimited life and therefore, is not depreciated. Leasehold building is amortised on a straight-line basis over the shorter of the lease period or fifty years.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5f Property and equipment (Contd.)

Depreciation of other property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets. The annual depreciation rates for the various classes of property, plant and equipment are as follows:

Freehold buildings	2%
Leasehold buildings	2% or over the term of short term lease
Leasehold improvements	20%
Motor vehicles	20%
Computer hardware	20%
Office and residential equipment, furniture and fittings	20% - 25%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.5g Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

i. The Group as lessee

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in "Interest expense" in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5g Leases (Contd.)

ii. The Group as lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.5h Intangible assets, other than goodwill arising from business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

3.5i Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual software project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the software development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight-line basis over the period of expected benefit of 3 to 7 years. During the period of development, the asset is tested for impairment annually.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5j Financial instruments – initial recognition and subsequent measurement

i. Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

ii. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

iii. Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as described below:

a. Financial assets and financial liabilities at fair value through profit or loss: held–for–trading

Financial assets or financial liabilities held–for–trading are recorded in the statement of financial position at fair value. Changes in fair value and dividend income are recognised in "Investment and trading income". Interest income or expense is recorded in "Interest income" or "Interest expense", as appropriate and based on effective yield.

Included in this classification are debt securities, equities and short positions.

b. Financial assets and financial liabilities at fair value through profit or loss: fair value option

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5j Financial instruments – initial recognition and subsequent measurement (Contd.)

iii. Subsequent measurement (Contd.)

b. Financial assets and financial liabilities at fair value through profit or loss: fair value option (Contd.)

Financial assets and financial liabilities designated at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "Investment and trading income". Interest is earned or accrued in "Interest income" or "Interest expense", respectively, using the effective interest rate ("EIR"), while dividend income is recorded in "Investment and trading income" when the right to the payment has been established.

c. Financial investments available–for–sale

Financial investments available–for–sale include equity investments and debt securities. Equity investments classified as available–for–sale are those that are neither classified as held–for–trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Group has not designated any loans, advances and financing as available–for–sale.

After initial measurement, financial investments available–for–sale are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the "Available–for–sale reserve" until the investment is derecognised, at which time the cumulative gain or loss is recognised in "Other operating income", or the investment is determined to be impaired, when the cumulative loss is reclassified from the "Available–for–sale reserve" to the income statement in "Impairment losses on financial investments. Interest earned whilst holding financial investments available–for–sale is reported as interest income using the EIR method. Dividends earned whilst holding available–for–sale financial investments are recognised in the income statement as "Other operating income" when the right to the payment has been established.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5j Financial instruments – initial recognition and subsequent measurement (Contd.)

iii. Subsequent measurement (Contd.)

c. Financial investments available–for–sale (Contd.)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Unquoted shares in organisations which are set up for specific socio-economic reasons and equity instruments received as a result of loan restructuring or loan conversion which do not have a quoted market price in an active market and whose fair value cannot be reliably measured are also classified as financial investments available-for-sale.

d. Financial investments held–to–maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held–to–maturity financial investments when the Group has the positive intention and ability to hold them to maturity. After initial measurement, financial investments held–to–maturity are measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in “Interest income” in the income statement. The losses arising from impairment are recognised in the income statement in “Impairment losses on financial investments”.

If the Group was to sell or reclassify more than an insignificant amount of held–to–maturity financial investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available–for–sale. Furthermore, the Group would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

e. Loans and receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in “Interest income” in the income statement. The losses arising from impairment are recognised in the income statement in “Impairment losses on financial investments” for loans/ financing or “Other operating expenses” for receivables.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5j Financial instruments – initial recognition and subsequent measurement (Contd.)

iii. Subsequent measurement (Contd.)

f. Financial liabilities at amortised cost

Financial liabilities issued by the Group, that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, term funding, debt capital and other borrowings are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

g. "Day 1" profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in "Investment and trading income". In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

iv. Reclassification of financial assets

The Group may reclassify a non–derivative trading asset out of the "Held–for–trading" category and "Available-for-sale" category under rare circumstances and into the "Loans, advances and financing" category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5j Financial instruments – initial recognition and subsequent measurement (Contd.)

iv. Reclassification of financial assets (Contd.)

For a financial asset reclassified out of the "Available–for–sale" category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statement.

Reclassification, where permitted, is at the election of management, and is determined on an instrument by instrument basis. The Group does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

v. Derecognition of financial assets and financial liabilities

a. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass–through" arrangement; and either:
- the Group has transferred substantially all the risks and rewards of the asset, or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

b. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5k Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in "Investment and trading income".

3.5l Determination of fair value

The fair value for financial instruments traded in active markets at reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, option pricing models, credit models and other relevant valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 45.

3.5m Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as financial investments held–to–maturity), the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5m Impairment of financial assets (Contd.)

i. Financial assets carried at amortised cost (Contd.)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Interest income". Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the "Impairment losses on loans, advances and financing" to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Group has reclassified trading assets to loans, advances and financing, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5m Impairment of financial assets (Contd.)

i. Financial assets carried at amortised cost (Contd.)

In accordance with the Rules of Bursa Malaysia Securities Berhad ("Business Rules"), clients' accounts relating to the stockbroking business are classified as impaired under the following circumstances:

Types of Accounts	Criteria for classification as impaired
Contra losses	When the account remains outstanding for 16 calendar days or more from the date of contra transactions.
Overdue purchase contracts	When the account remains outstanding from T+5 market days onwards.
Margin accounts	When the equity has fallen below 130% of the outstanding balance.

* T refers to the contract date

ii. Financial investments available–for–sale

For financial investments available–for–sale, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available–for–sale, the Group assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Interest income". If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available–for–sale, objective evidence would also include a "significant" or "prolonged" decline in the fair value of the investment below its cost. The Group treats "significant" generally as 20% and "prolonged" generally as greater than six months. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in other comprehensive income.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5m Impairment of financial assets (Contd.)

iii. Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

iv. Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/ guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources (see Note 44.2 for further analysis of collateral).

v. Collateral repossessed

The Group's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Group's policy.

3.5n Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, the Group applies hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5n Hedge accounting (Contd.)

Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed each quarter. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%. For situations where that hedged item is a forecast transaction, the Group assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statement.

i. Fair value hedges

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative is recognised in “Investment and trading income” in the income statement. The change in the fair value of the hedged item is also recognised in “Investment and trading income” in the income statement.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

ii. Cash flow hedges

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the “Cash flow hedge” reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in “Investment and trading income” in the income statement.

When the hedged cash flow affects the income statement, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the income statement. When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

iii. Hedge of a net investment

Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised in other comprehensive income is transferred to the income statement.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5o Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statement of financial position.

3.5p Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash–generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

The following assets have specific characteristics for impairment testing:

i. Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

ii. Intangible assets

Intangible assets with finite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5q Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at cost less impairment losses. The policy for the measurement of impairment is in accordance with Note 3.5p on impairment of non-financial assets.

3.5r Cash and cash equivalents

Cash and short-term funds in the statements of financial position comprise cash and bank balances with banks and other financial institutions, and short-term deposits maturing within one month.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term funds as defined above, excluding deposits and net of outstanding bank overdrafts.

3.5s Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.5t Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. The Group does not recognise contingent assets in the statements of financial position but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

3.5u Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the statement of financial position (within "Other liabilities") at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in profit or loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5u Financial guarantees (Contd.)

Any increase in the liability relating to financial guarantees is recorded in the income statement in “Other operating expenses”. The premium received is recognised in the income statement in “Guarantee fees” on a straight-line basis over the life of the guarantee.

3.5v Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

i. Interest/financing income and similar income and expense

For all financial instruments measured at amortised cost, interest-bearing financial assets classified as available–for–sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded in profit or loss. However, for a reclassified financial asset for which the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

ii. Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

a. Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5v Recognition of income and expenses (Contd.)

ii. Fee and commission income (Contd.)

a. Fee income earned from services that are provided over a certain period of time (Contd.)

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

b. Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria, such as brokerage fees.

iii. Dividend income

Dividend income is recognised when the Group’s right to receive the payment is established.

iv. Net investment and trading income

Results arising from trading activities include all gains and losses from changes in fair value and dividends for financial assets and financial liabilities “held–for–trading”. This includes any ineffectiveness recorded in hedging transactions.

v. Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

3.5w Employee benefits

i. Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5w Employee benefits (Contd.)

ii. Defined contribution pension plan

As required by law, companies within the Group make contributions to the Employee Provident Fund in Malaysia. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

iii. Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

iv. Share-based payment transactions

The ultimate holding company, AMMB Holdings Berhad ("AMMB"), operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of AMMB are granted to eligible directors and employees of the Group based on certain financial and performance criteria and such conditions as it may deem fit.

The cost of equity–settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/ or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity–settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period is recorded in "Personnel costs" and represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity–settled award are modified, the minimum expense recognised in "Personnel costs" is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share–based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity–settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non–vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5x Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for its intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.5y Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group or the Bank.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

3.5z Income taxes

i. Current tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5z Income taxes (Contd.)

ii. Deferred tax (Contd.)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

3.5aa Segment reporting

The Group's segmental reporting is based on the following operating segments: retail banking, business banking, investment banking, corporate and institutional banking, insurance, treasury and markets with minor segments aggregated under group functions and others.

3. ACCOUNTING POLICIES (CONTD.)

3.5 Summary of significant accounting policies (Contd.)

3.5ab Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Bank after deducting all the liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

3.5ac Treasury shares and contracts on own shares

Own equity instruments of the Bank which are acquired by it or by any of its subsidiaries (treasury shares) are deducted from equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Group's own equity instruments is recognised directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

When the Group hold own equity instruments on behalf of their clients, those holdings are not included in the Bank's statement of financial position.

Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement are classified as trading instruments and changes in the fair value are reported in "Investment and trading income" in the income statement.

3.5ad Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of their clients. Assets held in a fiduciary capacity are not recorded in the financial statements, as they are not the assets of the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies, management has exercised judgement and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgement and estimates are as follows:

4.1 Impairment losses on loans, advances and financing

The Group reviews its individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans, advances and financing that have been assessed individually and found not to be impaired and all individually insignificant loans, advances and financing are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether allowance should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTD.)

4.1 Impairment losses on loans, advances and financing (Contd.)

The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan to collateral ratios, etc.), and judgements on cover model risks (e.g. errors for design/ development process, data quality, data extraction and transformation) and macro risks (e.g. covering economic, portfolio and procedural issues).

4.2 Impairment losses on financial investments available-for-sale

The Group reviews its debt securities classified as financial investments available–for–sale at each reporting date to assess whether they are impaired.

The Group also records impairment loss on available–for–sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

4.3 Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

4.4 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of financial models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer-dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more detail in Note 45.

5. CASH AND SHORT-TERM FUNDS

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Cash and bank balances	25,289	52,965	22,577	11,490	26,661	6,545
Deposit placements maturing within one month:						
Licensed banks	545,386	544,506	682,483	533,660	521,390	656,069
Other financial institutions	122	62	-	-	-	-
	570,797	597,533	705,060	545,150	548,051	662,614

6. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Licensed banks	713	2,498	676	-	1,808	-

7. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	31 March 2013 Contract/ Notional Amount RM'000	31 March 2013 Fair Value Assets RM'000	31 March 2013 Fair Value Liabilities RM'000	31 March 2012 Contract/ Notional Amount RM'000	31 March 2012 Fair Value Assets RM'000	31 March 2012 Fair Value Liabilities RM'000	1 April 2011 Contract/ Notional Amount RM'000	1 April 2011 Fair Value Assets RM'000	1 April 2011 Fair Value Liabilities RM'000
Trading derivatives									
Foreign exchange related contracts:									
One year or less	3,977	-	5	1,293	1	1	2,375	10	-
Equity related contracts:									
One year or less	5,822	7	-	30,429	86	-	2,247	-	66
Over three years	21	2	-	20	-	2	13,480	303	303
Total	9,820	9	5	31,742	87	3	18,102	313	369

Bank	31 March 2013 Contract/ Notional Amount RM'000	31 March 2013 Fair Value Assets RM'000	31 March 2013 Fair Value Liabilities RM'000	31 March 2012 Contract/ Notional Amount RM'000	31 March 2012 Fair Value Assets RM'000	31 March 2012 Fair Value Liabilities RM'000	1 April 2011 Contract/ Notional Amount RM'000	1 April 2011 Fair Value Assets RM'000	1 April 2011 Fair Value Liabilities RM'000
Trading derivatives									
Foreign exchange related contracts:									
One year or less	763	-	-	-	-	-	-	-	-
Equity related contracts:									
One year or less	5,822	7	-	30,429	86	-	2,247	-	66
	6,585	7	-	30,429	86	-	2,247	-	66

8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At Fair Value						
Quoted Securities:						
In Malaysia:						
Shares	3,211	29,222	3,687	3,211	29,222	3,687
Unit trusts	609	1,555	1,111	609	1,555	1,111
Outside Malaysia:						
Shares	262	44	2,587	-	-	-
	4,082	30,821	7,385	3,820	30,777	4,798

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At Fair Value						
Money Market Instruments:						
Negotiable instruments of deposit	-	-	15,784	-	-	15,784
Quoted Securities:						
In Malaysia:						
Unit trusts	16,133	11,109	-	16,133	11,110	-
Shares	2	2	-	-	-	-
	16,135	11,111	-	16,133	11,110	-
Unquoted Securities:						
Outside Malaysia						
Private debt securities	24,718	23,078	23,838	24,718	23,078	23,838
At Cost						
Unquoted Securities:						
In Malaysia:						
Shares	13,988	13,988	13,993	11,788	11,788	11,793
Outside Malaysia:						
Shares	123	122	1,080	123	122	1,080
	54,964	48,299	54,695	52,762	46,098	52,495

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At Amortised Cost						
Money Market Securities:						
Bank Negara Monetary Notes	190,809	-	-	190,809	-	-
Unquoted Securities:						
In Malaysia:						
Private debt securities	75,100	100	100	75,100	100	100
	265,909	100	100	265,909	100	100

11. LOANS, ADVANCES AND FINANCING

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At Amortised Cost						
Share margin financing	313,099	223,102	233,251	313,099	223,102	233,251
Revolving credits	634,197	387,448	320,267	634,197	387,448	320,267
Staff loans	6,283	7,527	8,862	6,283	7,527	8,835
Gross loans, advances and financing	953,579	618,077	562,380	953,579	618,077	562,353
Allowance for impairment on loans, advances and financing:						
Collective allowance	3,664	4,116	3,946	3,664	4,116	3,946
Individual allowance	2,831	3,561	4,912	2,831	3,561	4,912
	6,495	7,677	8,858	6,495	7,677	8,858
Net loans, advances and financing	947,084	610,400	553,522	947,084	610,400	553,495

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

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Domestic:						
Business enterprises:						
Small and medium enterprises	30,214	13,459	3,869	30,214	13,459	3,869
Others	154,501	55,930	49,799	154,501	55,930	49,799
Individuals	766,614	542,723	503,008	766,614	542,723	502,981
Foreign entities	2,250	5,965	5,704	2,250	5,965	5,704
	953,579	618,077	562,380	953,579	618,077	562,353

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

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
In Malaysia	944,184	612,645	559,698	944,184	612,645	559,671
Outside Malaysia	9,395	5,432	2,682	9,395	5,432	2,682
	953,579	618,077	562,380	953,579	618,077	562,353

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

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Fixed rate:						
Fixed-rate loans	319,382	230,629	242,113	319,382	230,629	242,086
Variable rate:						
Cost-plus	634,197	387,448	320,267	634,197	387,448	320,267
	953,579	618,077	562,380	953,579	618,077	562,353

11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Agriculture	6,617	4,856	2,000	6,617	4,856	2,000
Manufacturing	5,075	350	1,702	5,075	350	1,702
Wholesale and retail trade and hotels and restaurants	371	3,096	4,129	371	3,096	4,129
Real estate	22,208	5,947	3,658	22,208	5,947	3,658
Business activities	137,822	44,977	38,803	137,822	44,977	38,803
Education and health	1,655	1,861	-	1,655	1,861	-
Household, of which:						
Purchase of residential properties	3,641	4,766	6,071	3,641	4,766	6,071
Purchase of transport vehicles	2,642	2,761	2,791	2,642	2,761	2,764
Others	766,153	541,161	499,850	766,153	541,161	499,850
Others	7,395	8,302	3,376	7,395	8,302	3,376
	953,579	618,077	562,380	953,579	618,077	562,353

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

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Maturing within one year	947,363	610,332	553,277	947,363	610,332	553,269
One year to three years	307	560	688	307	560	669
Three years to five years	1,657	342	766	1,657	342	766
Over five years	4,252	6,843	7,649	4,252	6,843	7,649
	953,579	618,077	562,380	953,579	618,077	562,353

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

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	4,554	5,920	4,554	5,920
Impaired during the financial year	30	9	30	9
Recoveries	(730)	(1,213)	(730)	(1,213)
Amount written off	-	(162)	-	(162)
Balance at end of financial year	3,854	4,554	3,854	4,554
Gross impaired loans, advances and financing as % of gross loans, advances and financing	0.40%	0.74%	0.40%	0.74%
Loan loss coverage (excluding collateral values)	168.53%	168.58%	168.53%	168.58%

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

11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Household, of which:						
Purchase of residential properties	127	97	87	127	97	87
Others	227	587	1,138	227	587	1,138
Business activities	3,500	3,870	4,695	3,500	3,870	4,695
	3,854	4,554	5,920	3,854	4,554	5,920

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

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Collective allowance				
Balance at beginning of financial year	4,116	3,946	4,116	3,946
Allowance (written back)/made during the financial year (Note 31)	(450)	194	(450)	194
Amount written off	-	(24)	-	(24)
Foreign exchange differences	(2)	-	(2)	-
Balance at end of financial year	3,664	4,116	3,664	4,116
% of total loans, advances and financing less individual allowance	0.39%	0.67%	0.39%	0.67%
Individual allowance				
Balance at beginning of financial year	3,561	4,912	3,561	4,912
Allowance written back during the financial year (Note 31)	(730)	(1,213)	(730)	(1,213)
Amount written off	-	(138)	-	(138)
Balance at end of financial year	2,831	3,561	2,831	3,561

12. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined as set percentages of total eligible liabilities.

13. DEFERRED TAX ASSETS

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows:

	Collective allowance for impaired loans, advances and financing RM'000	Provision for commitments and contingencies RM'000	Excess of capital allowances over depreciation RM'000	Provisions RM'000	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Other temporary differences RM'000	Total RM'000
Group								
31 March 2013								
Balance at beginning of financial year	194	78	(2,454)	20,173	2,544	(552)	(762)	19,221
Recognised in profit or loss (Note 32)	(194)	1,377	657	(8,401)	(650)	1,837	1,096	(4,278)
Recognised in other comprehensive income	-	-	-	-	-	-	(275)	(275)
Foreign exchange differences	-	-	-	-	-	-	82	82
Balance at end of financial year	-	1,455	(1,797)	11,772	1,894	1,285	141	14,750
31 March 2012								
Balance at beginning of financial year	2,301	196	(2,455)	18,506	-	150	(127)	18,571
Recognised in profit or loss (Note 32)	(2,107)	(118)	1	1,667	2,544	(702)	(972)	313
Recognised in other comprehensive income	-	-	-	-	-	-	337	337
Balance at end of financial year	194	78	(2,454)	20,173	2,544	(552)	(762)	19,221
Bank								
31 March 2013								
Balance at beginning of financial year	194	78	(2,454)	19,006	-	-	(762)	16,062
Recognised in profit or loss (Note 32)	(194)	1,377	657	(7,234)	-	-	1,119	(4,275)
Recognised in other comprehensive income	-	-	-	-	-	-	(275)	(275)
Balance at end of financial year	-	1,455	(1,797)	11,772	-	-	82	11,512
31 March 2012								
Balance at beginning of financial year	2,301	196	(2,455)	18,506	-	-	(170)	18,378
Recognised in profit or loss (Note 32)	(2,107)	(118)	1	500	-	-	(929)	(2,653)
Recognised in other comprehensive income	-	-	-	-	-	-	337	337
Balance at end of financial year	194	78	(2,454)	19,006	-	-	(762)	16,062

At the reporting date, the Group has tax losses of approximately RM5,161,000 (2012 : RM833,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and in compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

14. INVESTMENTS IN SUBSIDIARIES

The details of the subsidiaries, all of which are unquoted and stated at cost are as follows:

	Principal Activities	Issued and Paid-up Ordinary Capital 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	Effective Equity Interest 31 March 2013 %	31 March 2012 %	1 April 2011 %
Subsidiaries							
Incorporated in Malaysia							
AMMB Consultant Sdn Bhd	Ceased Operations	-	500	500	-	100	100
AMMB Nominees (Tempatan) Sdn Bhd	Nominee services	10	10	10	100	100	100
AMMB Nominees (Asing) Sdn Bhd	Nominee services	10	10	10	100	100	100
AmProperty Trust Management Bhd	Dormant	500	500	500	100	100	100
AM Nominees (Tempatan) Sdn Bhd #	Nominee services	**	**	**	100	100	100
AM Nominees (Asing) Sdn Bhd	Nominee services	**	**	**	100	100	100
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	1	1	1	100	100	100
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	1	1	1	100	100	100
AmResearch Sdn Bhd	Research services	500	500	500	100	100	100
AmFutures Sdn Bhd	Futures Broker	13,867	13,867	13,867	100	100	100
		USD'000	**USD'000**	**USD'000**			
AMMB Labuan (L) Ltd	Dormant	200	200	200	100	100	100
Incorporated in Singapore		**SGD'000**	**SGD'000**	**SGD'000**			
AmFraser International Pte. Ltd. ("FIPL")*	Investment holding	18,910	18,910	18,910	100	100	100
AmFraser Securities Pte. Ltd. Pte. Ltd.*	Stock and share-broking	32,528	32,528	32,528	100	100	100
AmGlobal Investments Pte. Ltd.*	Dormant	1,000	1,000	1,000	100	100	100
Fraser Financial Services Pte. Ltd.*	Dormant	200	200	200	100	100	100
Fraser-AMMB Research Pte. Ltd.*	Dormant	500	500	500	100	100	100
AmFraser Nominees Pte.Ltd.* ^	Nominee services	1	1	1	100	100	100

* Subsidiaries audited by a firm affiliated with Ernst & Young
** Subsidiaries with an issued and paid-up ordinary capital of RM2.00
# Subsidiary audited by a firm other than Ernst & Young
^ Under member's voluntary liquidation

15. INVESTMENTS IN ASSOCIATES

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Unquoted shares, at cost	100	100	100	100	100	100
Share of post acquisition reserves	1,238	2,997	2,629	-	-	-
	1,338	3,097	2,729	100	100	100

Details of the associates, which are both incorporated in Malaysia, are as follows:

	Principal Activities	Issued and Paid-up Ordinary Capital			Effective Equity Interest		
		31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 %	31 March 2012 %	1 April 2011 %
Malaysian Ventures (Two) Sdn Bhd*	Ceased operations	19	19	19	34.67	34.67	34.67
AmTrustee Berhad	Trustee services	500	500	500	20.00	20.00	20.00

* Associate under members' voluntary liquidation.

The summarised financial information of the associates are as follows:

	31 March 2013 RM'000	31 March 2012 RM'000
Total assets	15,637	17,413
Total liabilities	9,601	7,701
Operating revenue	7,800	7,319
Profit for the financial year	755	1,842

16. OTHER ASSETS

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Trade receivables, net of allowance for impairment	810,559	930,882	704,802	473,046	638,168	463,041
Other receivables, deposits and prepayments, net of allowance for impairment	44,627	49,933	39,695	32,931	41,381	32,155
Interest/Dividends receivable	1,472	1,055	1,568	1,456	1,041	1,550
Tax recoverable	71,108	29,903	34,846	71,103	29,898	34,501
Amount due from brokers	9,640	-	133	-	-	133
Amount due from:						
Holding company	-	667	773	-	667	749
Subsidiaries	-	-	-	334	120	314
Related companies	3,701	3,024	27,802	3,937	3,183	27,949
Foreclosed properties, net of allowance for impairment	165	165	165	165	165	165
	941,272	1,015,629	809,784	582,972	714,623	560,557

Trade receivables mainly relate to the stock and share-broking operations of the Bank and its subsidiaries, and represent amount outstanding from purchase contracts net of allowance for impairment.

Amounts due from subsidiaries and other related companies are unsecured, non-interest bearing, are repayable on demand and represent expenses paid on behalf.

The movement in allowance for impairment is as follows:

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Allowance for impairment of trade receivables				
Balance at beginning of financial year	13,488	12,772	6,180	8,810
Charge/(writeback) for the financial year	5,156	1,543	(304)	(2,584)
Amount written off	-	(789)	-	(46)
Foreign exchange differences	140	(38)	-	-
Balance at end of financial year	18,784	13,488	5,876	6,180
Allowance for impairment of other receivables				
Balance at beginning of financial year	4,516	8,464	4,516	8,464
Charge for the financial year	1,290	58	1,290	58
Amount written off	(7)	(4,006)	(7)	(4,006)
Balance at end of financial year	5,799	4,516	5,799	4,516
Allowance for impairment of foreclosed properties				
Balance at beginning and end of financial year	100	100	100	100

Trade receivables that are individually assessed to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

As at reporting date, trade receivables of the Bank that are classified as impaired amounted to RM5,876,000 (2012: RM6,180,000; 2011: RM8,810,000). The allowance for impairment made for trade receivables is in compliance with Rule 1104.1 of Bursa Malaysia Securities Berhad.

17. PROPERTY AND EQUIPMENT

31 March 2013 Group	Long term leasehold land RM'000	Leasehold buildings RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 April 2012	3,000	17,133	14,342	27,173	33,335	3,830	98,813
Additions	-	-	294	252	1,457	181	2,184
Disposals	-	-	-	(895)	(281)	(24)	(1,200)
Written off	-	-	-	(206)	(288)	-	(494)
Reclassification/adjustments	-	-	(9)	5	-	-	(4)
Exchange differences	-	-	-	110	156	13	279
At 31 March 2013	3,000	17,133	14,627	26,439	34,379	4,000	99,578
Accumulated Depreciation							
At 1 April 2012	585	3,406	11,231	22,966	29,324	2,351	69,863
Depreciation for the financial year	60	343	895	1,070	1,861	321	4,550
Disposals	-	-	-	(894)	(275)	(24)	(1,193)
Written off	-	-	-	(174)	(204)	-	(378)
Reclassification/adjustments	-	-	(2)	(2)	-	-	(4)
Exchange differences	-	-	-	94	122	14	230
At 31 March 2013	645	3,749	12,124	23,060	30,828	2,662	73,068
Carrying Amount							
At 31 March 2013	2,355	13,384	2,503	3,379	3,551	1,338	26,510

17. PROPERTY AND EQUIPMENT (CONTD.)

31 March 2012 Group	Long term leasehold land RM'000	Leasehold buildings RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 April 2011	3,000	17,133	12,158	24,284	37,964	4,222	98,761
Additions	-	-	2,233	891	1,110	-	4,234
Disposals	-	-	(3)	(139)	(764)	(406)	(1,312)
Written off	-	-	-	(162)	(5,038)	-	(5,200)
Reclassification/adjustments	-	-	(46)	2,239	(39)	-	2,154
Exchange differences	-	-	-	60	102	14	176
At 31 March 2012	3,000	17,133	14,342	27,173	33,335	3,830	98,813
Accumulated Depreciation							
At 1 April 2011	525	3,062	10,131	19,622	33,084	2,375	68,799
Depreciation for the financial year	60	344	1,125	1,251	1,972	368	5,120
Disposals	-	-	(3)	(130)	(764)	(406)	(1,303)
Written off	-	-	-	(160)	(5,020)	-	(5,180)
Reclassification/adjustments	-	-	(22)	2,335	(25)	-	2,288
Exchange differences	-	-	-	48	77	14	139
At 31 March 2012	585	3,406	11,231	22,966	29,324	2,351	69,863
Carrying Amount							
At 31 March 2012	2,415	13,727	3,111	4,207	4,011	1,479	28,950
At 1 April 2011	2,475	14,071	1,847	2,027	4,880	4,662	29,962

17. PROPERTY AND EQUIPMENT (CONTD.)

31 March 2013 Bank	Long term leasehold land RM'000	Leasehold buildings RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 April 2012	3,000	17,133	14,127	22,391	27,361	3,309	87,321
Additions	-	-	294	233	780	181	1,488
Disposals	-	-	-	(894)	(274)	(24)	(1,192)
Written off	-	-	-	-	(5)	-	(5)
Reclassification/adjustments	-	-	(8)	7	-	-	(1)
At 31 March 2013	3,000	17,133	14,413	21,737	27,862	3,466	87,611
Accumulated Depreciation							
At 1 April 2012	585	3,406	11,051	18,905	24,944	1,801	60,692
Depreciation for the financial year	60	343	873	726	1,264	321	3,587
Disposals	-	-	-	(894)	(272)	(24)	(1,190)
Written off	-	-	-	-	(5)	-	(5)
Reclassification/adjustments	-	-	(2)	3	-	-	1
At 31 March 2013	645	3,749	11,922	18,740	25,931	2,098	63,085
Carrying Amount							
At 31 March 2013	2,355	13,384	2,491	2,997	1,931	1,368	24,526

17. PROPERTY AND EQUIPMENT (CONTD.)

31 March 2012 Bank	Long term leasehold land RM'000	Leasehold buildings RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 April 2011	3,000	17,133	11,952	19,742	30,978	3,309	86,114
Additions	-	-	2,223	546	548	-	3,317
Disposals	-	-	(2)	(44)	(508)	-	(554)
Written off	-	-	-	(93)	(3,618)	-	(3,711)
Reclassification/adjustments	-	-	(46)	2,240	(39)	-	2,155
At 31 March 2012	3,000	17,133	14,127	22,391	27,361	3,309	87,321
Accumulated Depreciation							
At 1 April 2011	525	3,062	9,988	15,898	27,825	1,433	58,731
Depreciation for the financial year	60	344	1,087	803	1,269	368	3,931
Disposals	-	-	(2)	(38)	(508)	-	(548)
Written off	-	-	-	(93)	(3,618)	-	(3,711)
Reclassification/adjustments	-	-	(22)	2,335	(24)	-	2,289
At 31 March 2012	585	3,406	11,051	18,905	24,944	1,801	60,692
Carrying Amount							
At 31 March 2012	2,415	13,727	3,076	3,486	2,417	1,508	26,629
At 1 April 2011	2,475	14,071	1,876	1,964	3,153	3,844	27,383

17. PROPERTY AND EQUIPMENT (CONTD.)

Amount to be amortised for long term leasehold land are as follows:

	Group and Bank 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Not later than one year	60	60	60
Later than one year but not later than five years	240	240	240
Later than five year	2,055	2,115	2,175
	2,355	2,415	2,475

18. INTANGIBLE ASSETS

The net carrying amount of intangible assets are as follows:

		Group			Bank		
		31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
	Note						
Goodwill	(a)	11,243	11,243	11,243	-	-	-
Computer software	(b)	2,403	2,429	2,544	2,347	2,406	2,520
		13,646	13,672	13,787	2,347	2,406	2,520

The movement in intangible assets is as follows:

(a) Goodwill

	Group 31 March 2013 RM'000	31 March 2012 RM'000
At beginning and end of financial year	11,243	11,243

Impairment assessment on goodwill

Goodwill is reviewed for impairment annually or when there are indications of impairment. At the date of acquisition, goodwill is allocated to the Group’s cash generating units (“CGU”) for impairment testing purposes, identified according to business segment expected to benefit from the synergies and are as follows:

	Group 31 March 2013 RM'000	31 March 2012 RM'000
Investment banking	11,243	11,243

The recoverable amount of the CGU, which is a reportable business segment, is based on its value in use, computed by discounting the expected future cash flows of the unit. The key assumptions for the computation of value in use include the discount rates and growth rates applied. The discount rates applied to the cash flow projections are derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the CGU. The discount rate applied for the financial year was 8.16% (2012: 7.85%). Cash flow projection is based on the most recent three-year financial budget approved by the Board, taking into account projected regulatory capital requirements. Cash flows for the fourth to tenth years are extrapolated using the growth rate of 4.9% (2012: 5.0%) to extrapolate cash flows beyond the projected years. Impairment is recognised in the income statements when the carrying amount of a CGU exceeds its recoverable amount.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the CGU.

18. INTANGIBLE ASSETS (CONTD.)

(b) Computer Software

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Cost				
Balance at beginning of financial year	12,702	12,332	12,587	12,022
Additions	775	591	729	582
Disposals	-	(204)	-	-
Written off	-	(3)	-	(3)
Transfer to related companies, net	-	(14)	-	(14)
Balance at end of financial year	13,477	12,702	13,316	12,587
Accumulated Amortisation				
Balance at beginning of financial year	10,273	9,788	10,181	9,502
Amortisation for the financial year	801	699	788	689
Disposals	-	(204)	-	-
Written off	-	(3)	-	(3)
Transfer to related companies, net	-	(7)	-	(7)
Balance at end of financial year	11,074	10,273	10,969	10,181

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Carrying amount	2,403	2,429	2,544	2,347	2,406	2,520

19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Licensed banks	1,468,022	878,697	878,225	1,468,022	878,697	878,225

20. DEPOSITS FROM CUSTOMERS

	Group and Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Negotiable instruments of deposit	-	-	12,982

All the deposits of the Group and of the Bank are sourced from business enterprises and matures within six months.

21. TERM FUNDING

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Term loans	75,129	41,402	2,401	-	-	-

Term loans of a foreign subsidiary represent secured loans obtained from a foreign bank amounting to SGD30,100,000 (2012: SGD17,000,000; 2011: SGD1,000,000) at interest rates ranging from 2.30% to 2.70% per annum (2012: 2.35% to 2.70% per annum; 2011: 2.75% per annum) and are repayable in full within one year.

22. OTHER LIABILITIES

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Trade payables	671,485	798,389	600,384	452,648	591,083	426,063
Other payables and accruals	84,885	105,584	110,701	75,665	97,444	104,113
Interest payable	6,269	6,284	5,802	6,269	6,284	5,802
Provision for commitments and contingencies	5,819	7,296	7,020	5,819	7,296	7,020
Amounts due to:						
Ultimate holding company	125	-	-	125	-	-
Subsidiaries	-	-	-	318	1,035	224
Related companies	9,208	6,713	163	7,898	6,329	-
Tax payable	(2)	3	11	-	-	-
Zakat payable	38	38	38	38	38	38
	777,827	924,307	724,119	548,780	709,509	543,260

Trade payables mainly relate to the stock and share-broking operations of the Bank and its subsidiaries and represent amount payable in outstanding sales contracts.

Amount due to subsidiaries and related companies are unsecured, non-interest bearing, are repayable on demand and represent expenses paid on behalf.

22. OTHER LIABILITIES (CONTD.)

The movement in provisions for commitments and contingencies is as follows:

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	7,296	7,020	7,296	7,020
(Writeback)/charge for the financial year	(1,477)	276	(1,477)	276
Balance at end of financial year	5,819	7,296	5,819	7,296

23. SHARE CAPITAL

	Group and Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Authorised:			
Ordinary shares of RM1.00 each			
Balance at the beginning and end of the financial year	2,000,000	2,000,000	2,000,000
Issued and fully paid:			
Ordinary shares of RM1.00 each			
Balance at the beginning and end of the financial year	200,000	200,000	200,000

24. RESERVES

	Group			Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Other reserves	243,621	240,874	240,528	203,110	202,285	203,298
Retained earnings (Note 24(vi))	90,519	97,147	139,991	118,307	107,003	134,871
Total reserves	334,140	338,021	380,519	321,417	309,288	338,169

24. RESERVES (CONTD.)

The other reserves and their movements are analysed as follows:

Group	Capital reserve RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for-sale reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
At 1 April 2011	2,815	200,000	7,656	3,350	26,707	240,528
Other comprehensive (loss)/income						
Net loss on changes in fair value financial investments available-for-sale	-	-	-	(144)	-	(144)
Transfer to profit or loss upon disposals	-	-	-	(1,206)	-	(1,206)
Income tax relating to other comprehensive loss	-	-	-	337	-	337
Foreign exchanges differences	-	-	-	-	1,359	1,359
	-	-	-	(1,013)	1,359	346
At 31 March 2012	2,815	200,000	7,656	2,337	28,066	240,874
At 1 April 2012	2,815	200,000	7,656	2,337	28,066	240,874
Other comprehensive income						
Net gain on changes in fair value financial investments available-for-sale	-	-	-	1,320	-	1,320
Transfer to profit or loss upon disposals	-	-	-	(220)	-	(220)
Income tax relating to other comprehensive income	-	-	-	(275)	-	(275)
Foreign exchanges differences	-	-	-	-	1,922	1,922
	-	-	-	825	1,922	2,747
At 31 March 2013	2,815	200,000	7,656	3,162	29,988	243,621

Bank	Statutory reserve RM'000	Available-for-sale reserve RM'000	Total RM'000
At 1 April 2011	200,000	3,298	203,298
Other comprehensive loss			
Net loss on changes in fair value financial investments available-for-sale	-	(144)	(144)
Transfer to profit or loss upon disposals	-	(1,206)	(1,206)
Income tax relating to other comprehensive loss	-	337	337
	-	(1,013)	(1,013)
At 31 March 2012	200,000	2,285	202,285
At 1 April 2012	200,000	2,285	202,285
Other comprehensive income			
Net gain on changes in fair value financial investments available-for-sale	-	1,320	1,320
Transfer to profit or loss upon disposals	-	(220)	(220)
Income tax relating to other comprehensive income	-	(275)	(275)
	-	825	825
At 31 March 2013	200,000	3,110	203,110

Note:

(i) Capital reserve is in respect of dilution and accretion in net attributable assets of the Group arising from capitalisation of subsidiaries' bonus issues.

(ii) The statutory reserve is maintained in compliance with the provisions of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividends.

(iii) Merger reserve represents reserve arising from the acquisition of AmResearch and AmFutures which are accounted for using the merger accounting method.

(iv) Available-for-sale reserve is in respect of unrealised fair value gains and losses on financial investments available-for-sale.

(v) Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(vi) The Bank has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of all its retained earnings as at 31 March 2013.

25. INTEREST INCOME

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Short-term funds and deposits with financial institutions	14,422	15,509	12,356	12,901
Financial investments available-for-sale	1,612	1,596	1,612	1,596
Financial investments held-to-maturity	446	-	446	-
Loans, advances and financing	33,657	32,345	33,657	32,345
Others	1,512	1,629	222	145
Gross interest income	51,649	51,079	48,293	46,987
Amortisation of premium less accretion of discount	895	929	895	929
	52,544	52,008	49,188	47,916

26. INTEREST EXPENSE

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Deposits from customers	-	208	-	208
Deposits of banks and other financial institutions	28,670	26,481	28,669	26,480
Others	1,672	1,261	-	-
	30,342	27,950	28,669	26,688

27. OTHER OPERATING INCOME

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Fee and commission income:				
Brokerage fees and commissions	125,463	141,825	83,386	104,221
Corporate advisory	24,777	27,268	24,297	26,637
Fees on loans and securities	9,711	18,077	9,711	18,077
Guarantee fees	554	684	554	684
Portfolio management fees	1,791	621	1,791	621
Underwriting commission	8,546	9,216	7,133	7,028
Wealth management fees	24,069	22,752	24,069	22,752
Other fee and commission income	3,907	11,404	2,310	8,184
	198,818	231,847	153,251	188,204
Investment and trading income:				
Gross dividend income from:				
Subsidiaries	-	-	-	3,256
Associate	-	-	1,160	-
Financial assets held-for-trading	571	191	569	180
Financial investments available-for-sale	2,718	1,330	2,718	1,330
Net foreign exchange gain/(loss)[1]	447	(85)	445	(87)
Net gain on revaluation of derivatives	4	84	7	86
Net gain/(loss) on sale of derivatives	418	(2,276)	415	(2,278)
Net (loss)/gain on revaluation of financial assets held-for-trading	(457)	1,367	(453)	475
Net (loss)/gain from sale of financial assets held-for-trading	(235)	(327)	(179)	1,708
Net gain from sale of financial investments available-for-sale	220	1,206	220	1,206
Gain on liquidation of subsidiary	-	-	240	-
Portfolio income	5,448	38,057	5,448	38,057
	9,134	39,547	10,590	43,933
Other income:				
Net gain on disposal of property and equipment	5	208	5	9
Net non-trading foreign exchange gain	683	592	1	164
Rental income	2,328	2,346	2,328	2,346
Others	1,206	125	1,146	96
	4,222	3,271	3,480	2,615
	212,174	274,665	167,321	234,752

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

28. DIRECT COSTS

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Dealers incentive	11,780	26,342	11,780	26,342
Brokerage commission	33,343	25,395	16,821	9,745
Others	9,098	10,507	9,098	10,507
	54,221	62,244	37,699	46,594

29. OTHER OPERATING EXPENSES

	Note	Group 31 March 2013 RM'000	Group 31 March 2012 RM'000	Bank 31 March 2013 RM'000	Bank 31 March 2012 RM'000
Personnel costs:					
- Salaries, allowances and bonuses		101,231	99,809	84,157	80,264
- Scheme shares and options granted under AMMB Executives' Share Scheme		11,884	8,699	10,691	7,607
- Others		38,411	46,121	30,245	39,339
		151,526	154,629	125,093	127,210
Establishment costs:					
- Amortisation of intangible assets	18(b)	801	699	788	689
- Computerisation costs		7,407	7,256	108	455
- Depreciation of property and equipment	17	4,550	5,120	3,587	3,931
- Rental		13,433	12,988	9,638	9,485
- Others		6,170	5,000	3,392	3,064
		32,361	31,063	17,513	17,624
Marketing and communication expenses:					
- Advertising, promotional and other marketing activities		4,700	4,964	4,487	4,771
- Sales commission		678	1,748	678	1,748
- Travel and entertainment		3,538	3,669	2,818	2,867
- Others		4,299	5,711	3,188	4,482
		13,215	16,092	11,171	13,868
Administration and general expenses:					
- Professional services		2,053	6,537	1,329	6,064
- Others		3,029	16,408	1,159	14,522
		5,082	22,945	2,488	20,586
Service transfer pricing, net		(16,137)	(20,450)	(12,773)	(15,973)
		186,047	204,279	143,492	163,315

The above expenditure includes the following statutory disclosure:

	Group 31 March 2013 RM'000	Group 31 March 2012 RM'000	Bank 31 March 2013 RM'000	Bank 31 March 2012 RM'000
Auditors' remuneration:				
Parent auditor:				
Audit	179	157	140	125
Assurance related	32	31	32	31
Firms affiliated with parent auditor:				
Audit	164	169	-	-
Hire of motor vehicles and office equipment	2,024	1,171	927	685
Property and equipment written off	116	20	-	-
Sundry receivables written off	-	2,450	-	2,450

Personnel costs include salaries, bonuses, contributions to Employees Provident Fund ("EPF") and all other staff related expenses. Contributions to EPF, a substantial shareholder of the holding company, by the Group and the Bank amounted to RM16,760,000 (2012: RM17,193,000) and RM14,459,000 (2012: RM14,864,000), respectively.

30. CHIEF EXECUTIVE OFFICER'S AND DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of the chief executive officer's and directors of the Group and of the Bank are as follows:

31 March 2013	Fees RM'000	Salaries RM'000	Bonus RM'000	Other remuneration RM'000	Benefits-in kind RM'000	Total RM'000
Chief Executive Officer:						
Kok Tuck Cheong*	60	1,020	938	714	99	2,831
Non-Executive Directors:						
Tan Sri Azman Hashim	-	-	-	258	7	265
Tun Mohammed Hanif Omar	73	-	-	18	-	91
Tan Sri Datuk Clifford Francis Herbert	82	-	-	22	-	104
Tan Sri Datuk Dr Aris Osman	82	-	-	28	-	110
Cheah Tek Kuang	60	-	-	28	-	88
Ashok Ramamurthy	60	-	-	-	-	60
Loh Chen Peng	-	-	-	5	-	5
Christopher Robin Page	-	-	-	4	-	4
	357	-	-	363	7	727
Total directors' remuneration	417	1,020	938	1,077	106	3,558
31 March 2012						
Chief Executive Officer:						
Kok Tuck Cheong*	29	720	564	872	102	2,287
Non-Executive Directors:						
Tan Sri Azman Hashim	-	-	-	264	7	271
Tan Sri Datuk Dr Aris Osman	72	-	-	23	-	95
Tan Sri Datuk Clifford Francis Herbert	82	-	-	21	-	103
Dato' Izham Mahmud	70	-	-	17	-	87
Tun Mohammed Hanif Omar	60	-	-	14	-	74
Cheah Tek Kuang	29	-	-	21	-	50
	313	-	-	360	7	680
Total directors' remuneration	342	720	564	1,232	109	2,967

*Resigned as an Executive Director with effect from 1 January 2012

31. WRITEBACK OF ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Allowance for impairment (written back)/made for loans, advances and financing:				
Individual allowance (Note 11(i))	(730)	(1,213)	(730)	(1,213)
Collective allowance (Note 11(i))	(450)	194	(450)	194
Impaired loans, advances and financing Recovered	-	(2)	-	(2)
	(1,180)	(1,021)	(1,180)	(1,021)

32. TAXATION

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Current tax:				
Estimated tax payable	3,102	22,264	3,327	21,851
Over provision of taxation in respect of prior years	(22,348)	(3,306)	(22,348)	(3,222)
	(19,246)	18,958	(19,021)	18,629
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences	530	(531)	527	(540)
Under provision in prior year	3,748	218	3,748	3,193
	4,278	(313)	4,275	2,653
Taxation	(14,968)	18,645	(14,746)	21,282

Domestic income tax is calculated at the statutory tax rate of 25% (2012: 25%) on the estimated chargeable profit for the financial year.

As at the end of the current financial year, the Group and the Bank have tax exempt income totalling RM8,808,622 (2012: RM8,698,282) and RM8,484,090 (2012: RM8,373,750) respectively pertaining to subsidiaries.

Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

32. TAXATION (CONTD.)

A reconciliation of taxation applicable to profit before taxation at the statutory tax rate to taxation at the effective tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Profit before taxation	5,769	63,919	23,605	81,450
Taxation at Malaysian statutory tax rate of 25.0% (2012: 25.0%)	1,442	15,980	5,901	20,363
Effect of different tax rates in certain subsidiaries	1,101	1,141	-	-
Over provision of current tax in prior years	(22,348)	(3,306)	(22,348)	(3,222)
Utilisation of tax losses and capital allowances not previously recognised	280	3,066	-	-
Deferred tax asset recognised on income subject to tax remission	(112)	-	(112)	-
Over provision of deferred tax in prior years	3,748	218	3,748	3,193
Income not subject to tax	(4,263)	(3,015)	(4,226)	(3,165)
Expenses not deductible for tax purposes	2,909	4,561	2,291	4,113
Deferred tax assets not recognised	2,275	-	-	-
Taxation	(14,968)	18,645	(14,746)	21,282

33. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Net profit attributable to shareholder of the Bank	20,737	45,274	38,351	60,168
Weighted average number of of ordinary shares in issue	200,000	200,000	200,000	200,000
Basic earnings per share (sen)	10.4	22.6	19.2	30.1

(b) Diluted earnings per share

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

The Bank did not have any dilutive potential ordinary shares.

34. DIVIDENDS

Dividends paid by the Bank are as follows:

	Bank RM'000
In respect of financial year ended 31 March 2012	
First and final ordinary dividend paid - 15.7%, less 25.0% taxation, on 200,000,000 ordinary shares of RM1.00 each	23,600

In the previous financial year, the Bank paid a final dividend of 33.3% less 25.0% taxation for the financial year ended 31 March 2011 amounting to RM50,000,000 for the ordinary shares and which have been reported in the directors' report for that financial year.

An interim dividend of 24.0% less 25.0% taxation for the financial year ended 31 March 2012 amounting to RM36,000,000 for the ordinary shares was paid on 30 November 2011 to AMMB Holdings Berhad.

During the financial year, the Bank paid a final ordinary dividend of 15.7% less 25.0% taxation in respect of the previous financial year amounting to RM23,600,000 on 14 August 2012.

35. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or if one party control both parties.

The related parties of the Group and of the Bank are:

(i) Subsidiaries

Details of the subsidiaries are disclosed in Note 14.

Transactions between the Bank and its subsidiaries have been eliminated on consolidation.

(ii) Related companies

These are subsidiaries of the holding company.

(iii) Associates

Details of associates are disclosed in Note 15.

(iv) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank, either directly or indirectly. The key management personnel of the Group and the Bank include Executive and Non-Executive Directors of the Bank and of the Group (including close members of their families).

(v) Companies in which certain Directors have substantial financial interest

These are entities in which significant voting power in such entities, either directly or indirectly, resides with certain Directors of the Bank.

(vi) Companies which have significant influence over the Group

These are entities who are substantial shareholders of the holding company of the Bank.

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the year:

	Companies in which certain Directors have substantial financial interest		Companies which have significant influence over the Group	
Group and Bank	**31 March 2013 RM'000**	**31 March 2012 RM'000**	**31 March 2013 RM'000**	**31 March 2012 RM'000**
Expenses				
Cleaning and maintenance	-	1	-	-
Rental of premises	8,154	8,437	-	-
Insurance premiums	1,296	488	-	-
Travelling expenses	320	601	-	-
Food and beverage	58	60	-	-
Other expenses	44	32	-	-
	9,872	9,619	-	-
Capital expenditure				
Purchase of computer hardware, software and related consultancy services	-	26	-	-

35. RELATED PARTY TRANSACTIONS (CONTD.)

The significant outstanding balances of the Group and of the Bank with its related parties are as follows:

Group	Related Companies 31 March 2013 RM'000	Related Companies 31 March 2012 RM'000	Associates 31 March 2013 RM'000	Associates 31 March 2012 RM'000
Income				
Interest on deposits and placements	18,147	18,274	-	-
Rental income	2,122	2,095		
	20,269	20,369	-	-
Expenses				
Interest on deposits and placements	28,673	26,506	-	-
Service transfer pricing, net	(15,717)	(19,949)	(420)	(501)
	12,956	6,557	(420)	(501)

Group	Related Companies 31 March 2013 RM'000	Related Companies 31 March 2012 RM'000	Associates 31 March 2013 RM'000	Associates 31 March 2012 RM'000
Amount due from related parties				
Cash and short-term funds	533,660	521,350	-	-
Deposits and placements with banks and other financial institutions	-	1,808	-	-
Interest receivable	724	761	-	-
Others	3,701	3,024	-	-
	538,085	526,943	-	-
Amount due to related parties				
Deposits and placements of banks and other financial institutions	1,468,022	878,697	-	-
Interest payable	6,269	6,284	-	-
Others	9,208	6,713	-	-
	1,483,499	891,694	-	-

Bank	Subsidiaries 31 March 2013 RM'000	Subsidiaries 31 March 2012 RM'000	Related Companies 31 March 2013 RM'000	Related Companies 31 March 2012 RM'000	Associates 31 March 2013 RM'000	Associates 31 March 2012 RM'000
Income						
Interest on deposits and placements	-	-	18,077	17,974	-	-
Rental income	-	-	2,122	2,095		
	-	-	20,199	20,069	-	-
Expenses						
Interest on deposits and placements	-	-	28,673	26,506	-	-
Service transfer pricing, net	6,540	6,528	(18,893)	(22,000)	(420)	(501)
	6,540	6,528	9,780	4,506	(420)	(501)

35. RELATED PARTY TRANSACTIONS (CONTD.)

Bank	Subsidiaries 31 March 2013 RM'000	Subsidiaries 31 March 2012 RM'000	Related Companies 31 March 2013 RM'000	Related Companies 31 March 2012 RM'000	Associates 31 March 2013 RM'000	Associates 31 March 2012 RM'000
Amount due from related parties						
Cash and short-term funds	-	-	533,660	521,350	-	-
Deposits and placements with banks and other financial institutions	-	-	-	1,808	-	-
Interest receivable	-	-	724	757	-	-
Others	334	120	3,688	2,956	249	227
	334	120	538,072	526,871	249	227
Amount due to related parties						
Deposits and placements of banks and other financial institutions	-	-	1,468,022	878,697	-	-
Interest payable	-	-	6,269	6,284	-	-
Others	318	1,035	7,898	6,329	-	-
	318	1,035	1,482,189	891,310	-	-

(b) There were no loans granted to the Directors of the Bank. Loans made to other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees of the Group. All related party transactions are conducted at terms agreed between parties during the financial year. None of the loans granted to key management personnel (2012: RM NIL) are impaired.

(c) Key management personnel compensation

The remuneration of Directors and other members of key management during the year are as follows:

	Group 31 March 2013 RM'000	Group 31 March 2012 RM'000	Bank 31 March 2013 RM'000	Bank 31 March 2012 RM'000
Directors:				
Fees	417	342	357	284
Salaries and other remuneration	3,035	2,516	3,035	2,516
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	106	109	106	109
Total short-term employee benefits	3,558	2,967	3,498	2,909
Other key management personnel:				
Salaries and other remuneration	2,189	4,226	2,189	4,226
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	80	96	80	96
Total short-term employee benefits	2,269	4,322	2,269	4,322

36. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group and Bank	
	31 March 2013	31 March 2012
Outstanding credit exposures with connected parties (RM'000)	24,040	2,818
Percentage of outstanding credit exposures to connected parties as a proportion to total credit exposures (%)	2.11%	0.35%

The disclosure on credit transactions and exposures with connected parties above is presented in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties. Based on theses guidelines, a connected party referes to the following:

(i) Directors of the Bank and their close relatives;

(ii) Controlling shareholder and their close relatives;

(iii) Executive officer and his close relatives being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank;

(iv) Officers and their close relatives who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually;

(v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have interest as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and

(vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposure such as guarantees, trade-related facilities and loan commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

37. FIDUCIARY DUTY IN RESPECT OF INVESTMENT PORTFOLIO MANAGEMENT

Investment portfolio funds managed by the Group and the Bank on behalf of customers as at 31 March 2013 amounted to RM5,173,116,000 (2012: RM4,454,504,000).

38. CAPITAL COMMITMENTS

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Authorised and contracted but not provided for:				
Uncalled portion of total subscription price in the share capital of AmTrustee Berhad	-	100	-	100
Purchase of office equipment, information technology equipment and solutions	46	359	46	359
	46	459	46	459
Authorised but not contracted for:				
Purchase of office equipment, information technology equipment and solutions	2,378	1,686	1,365	1,686
	2,424	2,145	1,411	2,145

39. OPERATING LEASE COMMITMENTS

The Group and the Bank have lease commitments in respect of rental of premises and equipment on hire, all of which are classified as operating leases. The future minimum lease payments under the non-cancellable operating leases, net of sub-leases are as follows:

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
12 months ending 31 March				
Within one year	22,460	19,616	17,630	16,111
One to five years	20,781	18,182	12,033	17,602
More than five years	-	2	-	-
	43,241	37,800	29,663	33,713

The minimum lease rentals are not adjusted for operating expenses which the Group and the Bank are obligated to pay. These amounts are insignificant in relation to the minimum lease obligations. In the normal course of business, leases that expire will be renewed or replaced by leases on other properties, thus it is anticipated that future annual minimum lease commitments will not be less than rental expenses for the financial year.

40. 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 their 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 notional amounts of the commitments and contingencies of the Group and the Bank are as follows:

	31 March 2013	31 March 2012	1 April 2011
Group	RM'000	RM'000	RM'000
Commitments			
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	287,902	353,134	223,263
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	175	-
	287,921	353,309	223,263
Contingent Liabilities			
Direct credit substitutes	130,205	181,890	209,579
Obligations under an on-going underwriting agreement	-	148,100	-
Others	100	-	-
	130,305	329,990	209,579
Derivative Financial Instruments			
Foreign exchange related contracts:			
- One year or less	3,977	1,293	2,375
Equity related contracts:			
- One year or less	5,822	30,429	2,247
- Over five years	21	20	13,480
	9,820	31,742	18,102
	428,046	715,041	450,944
Bank			
Commitments			
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	287,902	353,134	223,263
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	175	-
	287,921	353,309	223,263
Contingent Liabilities			
Direct credit substitutes	130,205	181,890	209,579
Obligations under an on-going underwriting agreement	-	148,100	-
Others	100	-	-
	130,305	329,990	209,579
Derivative Financial Instruments			
Foreign exchange related contracts:			
- One year or less	763	-	-
Equity related contracts:			
- One year or less	5,822	30,429	2,247
	6,585	30,429	2,247
	424,811	713,728	435,089

40. COMMITMENTS AND CONTINGENCIES (CONTD.)

AmTrustee Berhad ("AmTrustee"), an associated company of the Bank 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 RM27,606,170 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 RM19,640,178 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.

In the MAA Suit, AmTrustee filed a Third Party Notice against Meridian on 6 November 2006 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 have filed several interim applications in the Meridian Suit amongst which was an Application by Meridian to add the Bank to the Meridian Suit as the Co-Defendant and also to increase the alleged loss and damage from RM27,606,170 to RM36,967,167.

The High Court dismissed Meridian's application to add the Bank as a party to the Meridian's Suit ("Decision") but allowed Meridian's application to increase its claim against AmTrustee from RM27,606,170 to RM36,967,167. No appeal was filed by Meridian against this Decision, hence no litigation is pending today against the Bank 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 is fixed for decision and or clarification on 11 April 2013.

After clarification of the matter on 11 April 2013 the court decided as follows:

In the MAA Suit:

- the court dismissed MAA's claim against AmTrustee with costs of RM100,000.00 and interest 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.

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.

AmTrustee is currently taking solicitors' advice on the Decision.

41. MONIES IN TRUST

Monies in trust in relation to the Group's and the Bank's stockbroking business excluded from the statement of financial position in accordance with FRSIC 18 as disclosed in Note 2.2:

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Clients trust balances' and dealers representative balances	383,647	339,158	229,881	197,676
Remisiers trust balances	25,083	20,822	21,083	17,943
	408,730	359,980	250,964	215,619

42. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

31 March 2013	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
Group			
ASSETS			
Cash and short-term funds	570,797	-	570,797
Deposits and placements with banks and other financial institutions	713	-	713
Derivative financial assets	7	2	9
Financial assets held-for-trading	4,082	-	4,082
Financial investments available-for-sale	-	54,964	54,964
Financial investments held-to-maturity	190,809	75,100	265,909
Loans, advances and financing	940,868	6,216	947,084
Other assets	825,372	115,900	941,272
Statutory deposit with Bank Negara Malaysia	-	14,049	14,049
Deferred tax assets	-	14,750	14,750
Investments in associates	-	1,338	1,338
Property and equipment	-	26,510	26,510
Intangible assets	-	13,646	13,646
TOTAL ASSETS	2,532,648	322,475	2,855,123
LIABILITIES			
Deposits and placements of banks and other financial institutions	1,468,022	-	1,468,022
Derivative financial liabilities	5	-	5
Term funding	75,129	-	75,129
Other liabilities	687,085	90,742	777,827
TOTAL LIABILITIES	2,230,241	90,742	2,320,983

42. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTD.)

31 March 2012 Group	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
ASSETS			
Cash and short-term funds	597,533	-	597,533
Deposits and placements with banks and other financial institutions	2,498	-	2,498
Derivative financial assets	87	-	87
Financial assets held-for-trading	30,821	-	30,821
Financial investments available-for-sale	-	48,299	48,299
Financial investments held-to-maturity	-	100	100
Loans, advances and financing	602,655	7,745	610,400
Other assets	935,628	80,001	1,015,629
Statutory deposit with Bank Negara Malaysia	-	12,123	12,123
Deferred tax assets	-	19,221	19,221
Investments in associates	-	3,097	3,097
Property and equipment	-	28,950	28,950
Intangible assets	-	13,672	13,672
TOTAL ASSETS	2,169,222	213,208	2,382,430
LIABILITIES			
Deposits and placements of banks and other financial institutions	878,697	-	878,697
Derivative financial liabilities	1	2	3
Term funding	41,402	-	41,402
Other liabilities	811,389	112,918	924,307
TOTAL LIABILITIES	1,731,489	112,920	1,844,409

1 April 2011 Group	Less than 12 months RM'000	Over 12 months RM'000	Total RM'000
ASSETS			
Cash and short-term funds	705,060	-	705,060
Deposits and placements with banks and other financial institutions	676	-	676
Derivative financial assets	10	303	313
Financial assets held-for-trading	7,385	-	7,385
Financial investments available-for-sale	15,784	38,911	54,695
Financial investments held-to-maturity	-	100	100
Loans, advances and financing	544,419	9,103	553,522
Other assets	735,078	74,706	809,784
Statutory deposit with Bank Negara Malaysia	-	2,031	2,031
Deferred tax assets	-	18,571	18,571
Investments in associates	-	2,729	2,729
Property and equipment	-	29,962	29,962
Intangible assets	-	13,787	13,787
TOTAL ASSETS	2,008,412	190,203	2,198,615
LIABILITIES			
Deposits and placements of banks and other financial institutions	878,225	-	878,225
Derivative financial liabilities	66	303	369
Deposits from customers	12,982	-	12,982
Term funding	2,401	-	2,401
Other liabilities	606,360	117,759	724,119
TOTAL LIABILITIES	1,500,034	118,062	1,618,096

42. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTD.)

31 March 2013 **Bank**	**Less than 12 months RM'000**	**Over 12 months RM'000**	**Total RM'000**
ASSETS			
Cash and short-term funds	545,150	-	545,150
Derivative financial assets	7	-	7
Financial assets held-for-trading	3,820	-	3,820
Financial investments available-for-sale	-	52,762	52,762
Financial investments held-to-maturity	190,809	75,100	265,909
Loans, advances and financing	940,868	6,216	947,084
Other assets	478,773	104,199	582,972
Statutory deposit with Bank Negara Malaysia	-	14,049	14,049
Deferred tax assets	-	11,512	11,512
Investments in subsidiaries	-	87,981	87,981
Investments in associates	-	100	100
Property and equipment	-	24,526	24,526
Intangible assets	-	2,347	2,347
TOTAL ASSETS	2,159,427	378,792	2,538,219
LIABILITIES			
Deposits and placements of banks and other financial institutions	1,468,022	-	1,468,022
Other liabilities	467,258	81,522	548,780
TOTAL LIABILITIES	1,935,280	81,522	2,016,802

31 March 2012 **Bank**	**Less than 12 months RM'000**	**Over 12 months RM'000**	**Total RM'000**
ASSETS			
Cash and short-term funds	548,051	-	548,051
Deposits and placements with banks and other financial institutions	1,808	-	1,808
Derivative financial assets	86	-	86
Financial assets held-for-trading	30,777	-	30,777
Financial investments available-for-sale	-	46,098	46,098
Financial investments held-to-maturity	-	100	100
Loans, advances and financing	602,655	7,745	610,400
Other assets	643,179	71,444	714,623
Statutory deposit with Bank Negara Malaysia	-	12,123	12,123
Deferred tax assets	-	16,062	16,062
Investments in subsidiaries	-	88,231	88,231
Investments in associates	-	100	100
Property and equipment	-	26,629	26,629
Intangible assets	-	2,406	2,406
TOTAL ASSETS	1,826,556	270,938	2,097,494
LIABILITIES			
Deposits and placements of banks and other financial institutions	878,697	-	878,697
Other liabilities	604,731	104,778	709,509
TOTAL LIABILITIES	1,483,428	104,778	1,588,206

42. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTD.)

1 April 2011 **Bank**	**Less than 12 months RM'000**	**Over 12 months RM'000**	**Total RM'000**
ASSETS			
Cash and short-term funds	662,614	-	662,614
Financial assets held-for-trading	4,798	-	4,798
Financial investments available-for-sale	15,784	36,711	52,495
Financial investments held-to-maturity	-	100	100
Loans, advances and financing	544,411	9,084	553,495
Other assets	493,736	66,821	560,557
Statutory deposit with Bank Negara Malaysia	-	2,031	2,031
Deferred tax assets	-	18,378	18,378
Investments in subsidiaries	-	88,231	88,231
Investments in associates	-	100	100
Property and equipment	-	27,383	27,383
Intangible assets	-	2,520	2,520
TOTAL ASSETS	1,721,343	251,359	1,972,702
LIABILITIES			
Deposits and placements of banks and other financial institutions	878,225	-	878,225
Derivative financial liabilities	66	-	66
Deposits from customers	12,982	-	12,982
Other liabilities	432,089	111,171	543,260
TOTAL LIABILITIES	1,323,362	111,171	1,434,533

43. CAPITAL MANAGEMENT

The capital and risk management of the banking subsidiaries of AMMB are managed collectively at Group level. The Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board of Directors. The capital plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained by the Group to support its strategy.

The capital plan takes the following into account:

(a) Regulatory capital requirements:
- forecast demand for capital to support the credit ratings; and
- increases in demand for capital due to business growth and market shocks.

(b) Or stresses:
- available supply of capital and capital raising options; and
- internal controls and governance for managing the Group's risk, performance and capital.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae the amount of capital required to support them. In addition, the models enable the Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

Stress testing and scenario analysis are used to ensure that the Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Group and how these events could be mitigated. The Group's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the Group's management disciplines.

The capital that the Group is required to hold is determined by its balance sheet, off-balance sheet, counterparty and other risk exposures after applying collateral and other mitigants, based on the Group's risk rating methodologies and systems. We discuss these outcomes with BNM on a regular basis as part of our normal regulatory liaison activities. BNM has the right to impose further capital requirements on Malaysian Financial Institutions via its Financial Market Supervision remit.

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. Where we operate in other jurisdictions, capital is maintained on the basis of the local regulator's requirements. It is overseen by the Group Assets and Liabilities Committee ("GALCO"), which is responsible for managing the Group's statement of financial position, capital and liquidity.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board of Directors. The Risk Management Committee of Directors ("RMCD") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels. The Audit and Examination Committee ("AEC") reviews specific risk areas and the issues discussed at the key capital management committees.

43. CAPITAL MANAGEMENT (CONTD.)

GALCO proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. For the current financial year ending 31 March 2013 (“FY 2013”), these ranges are 7.33 percent to 9.33 percent for the Common Equity Tier 1 capital ratio, 9.33 percent to 11.33 percent for the Tier 1 capital ratio, and 13.33 percent to 15.33 percent for the Total Capital ratio. AmInvestment has been conservatively operating above these ranges.

A dedicated team, the Capital and Balance Sheet Management Department, is responsible for the ongoing assessment of the demand for capital and the updating of the Group’s capital plan.

Appropriate policies are also in place governing the transfer of capital within the Group. These ensure that capital is remitted as appropriate, subject to complying with regulatory requirements and statutory and contractual restrictions.

There are no current material, practical or legal impediments to the prompt transfer of capital resources in excess of those required for regulatory purposes or repayment of liabilities between the parent company, AMMB, and its group entities when due.

(a) The capital adequacy ratios of the Group and the Bank as at 31 March are as follows:

	31 March 2013	
	Group	**Bank**
Before deducting proposed dividends:		
Common Equity Tier 1 ("CET1") Capital Ratio	24.4%	25.7%
Tier 1 Capital Ratio	24.4%	25.7%
Total Capital Ratio	24.4%	25.7%
After deducting proposed dividends:		
Common Equity Tier 1 ("CET1") Capital Ratio	24.4%	25.7%
Tier 1 Capital Ratio	24.4%	25.7%
Total Capital Ratio	24.4%	25.7%

	31 March 2012	
	Group	**Bank**
Before deducting proposed dividends:		
Core capital ratio	22.3%	21.5%
Risk-weighted capital ratio	22.3%	21.5%
After deducting proposed dividend:		
Core capital ratio	21.2%	20.1%
Risk-weighted capital ratio	21.2%	20.1%

The capital adequacy ratio of the Group refers to the consolidated capital base as a ratio of the consolidated risk-weighted assets of AmInvestment Bank Berhad and its subsidiaries. The capital adequacy ratio of the Bank refers to the combined capital base as a ratio of the risk-weighted assets of AmInvestment Bank Berhad for the financial year.

The capital adequacy ratios of AmInvestment Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). AmInvestment Bank has 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 8.0% for the risk-weighted capital ratio.

The comparative capital adequacy ratios are based on the Basel II accord and have not been restated based on Basel III accord as the Basel III is implemented on a prospective basis with effect from 1 January 2013.

43. CAPITAL MANAGEMENT (CONTD.)

(b) The components of Tier I and Tier II Capital of the Group and the Bank are as follows:

	31 March 2013 Group RM'000	31 March 2013 Bank RM'000
Common Equity Tier 1 ("CET1") Capital		
Ordinary shares	200,000	200,000
Retained earnings	90,519	118,307
Unrealised gains on available-for-sale ("AFS") financial instruments	3,162	3,110
Foreign exchange translation reserve	29,988	-
Statutory reserve fund	200,000	200,000
Capital reserve	2,815	-
Merger reserve	7,656	-
Less : Regulatory adjustments applied on CET1 capital		
Goodwill	(11,243)	-
Other intangibles	(2,403)	(2,347)
Deferred tax assets	(14,750)	(11,512)
55% of cumulative gains of AFS financial instruments	(1,739)	(1,711)
Regulatory adjustments applied to CET1 Capital due to insufficient Additional Tier 1 and Tier 2 Capital	(23,267)	(110,010)
CET1 capital	**480,738**	**395,837**
Tier 1 ("T1") capital	**480,738**	**395,837**
Tier 2 ("T2") capital		
Collective impairment provisions and regulatory reserves #	2,789	2,789
Less : Regulatory adjustments applied on Tier 2 capital	(2,789)	(2,789)
Tier 2 capital	**-**	**-**
Total Capital	**480,738**	**395,837**

43. CAPITAL MANAGEMENT (CONTD.)

	31 March 2012 Group RM'000	31 March 2012 Bank RM'000
Tier 1 capital		
Paid-up ordinary share capital	200,000	200,000
Statutory reserve	200,000	200,000
Capital reserve	2,815	-
Merger reserve	7,656	-
Exchange fluctuation reserve	28,066	-
Prior year's profit (MFRS139)	4,704	4,704
Unappropriated profits at end of financial year	92,444	102,299
Total	535,685	507,003
Less: Goodwill	(11,243)	-
Deferred tax assets, net	(19,983)	(16,824)
Total tier 1 capital	504,459	490,179
Deduction in excess of allowable Tier 2 Capital	(19,164)	(107,395)
Maximum allowable Tier 1 Capital	485,295	382,784
Tier 2 capital		
Collective allowance for bad and doubtful debts #	3,914	3,914
Total tier 2 capital	3,914	3,914
Less: Excess tier 2 capital	-	-
Maximum allowable tier 2 capital	3,914	3,914
Total capital funds	489,209	386,698
Less: Investment in capital of related financial institutions	(23,078)	(23,078)
Less: Investment in subsidiaries	-	(88,231)
Deduction in excess of allowable Tier 2 capital made against Tier 1 Capital	19,164	107,395
Capital base	485,295	382,784

#Excludes collective allowance on impaired loans restricted from Tier 2 capital of the Group and the Bank of RM875,275 for 2013 (2012 : RM825,000).

The breakdown of risk-weighted assets of the Group and the Bank in the various risk categories are as follows:

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Credit risk	1,487,710	1,390,966	1,118,859	1,060,041
Market risk	13,146	244,639	9,366	244,709
Operational risk	470,556	541,955	409,052	478,318
	1,971,412	2,177,560	1,537,277	1,783,068

44. RISK MANAGEMENT

44.1 General Risk Management

The Risk Management Framework takes its lead from the Board of Directors' ("Board") Approved Risk Appetite Framework which provides the catalyst to setting the risk/reward profile required by the Board of Directors, together with the related business strategies, limit framework and policies required to enable successful execution.

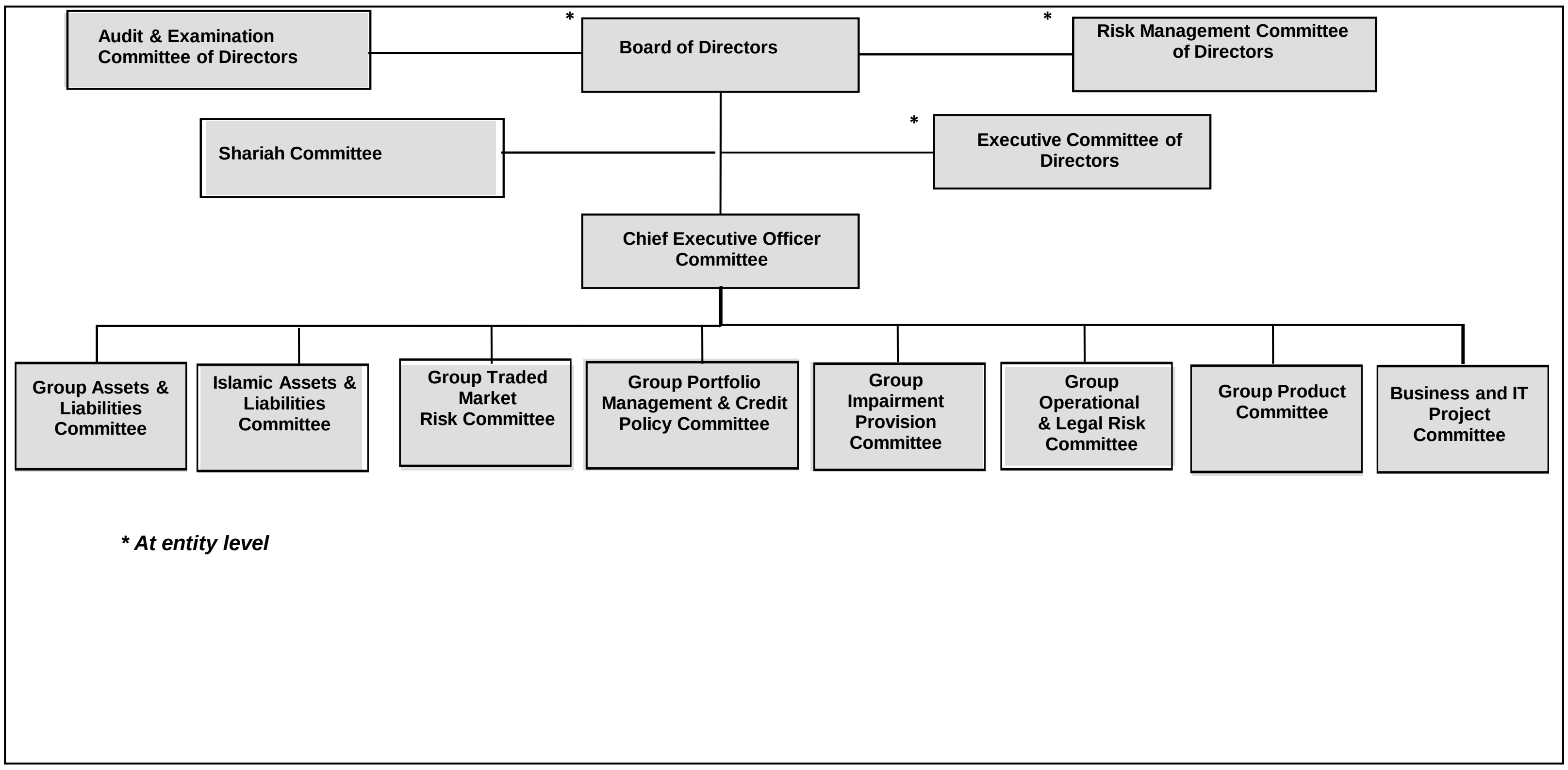
The Risk Appetite Framework is approved annually by the Board taking into account the banking subsidiaries of AmBank Group's desired external rating and targeted profitability/return on equity ("ROE") and is reviewed periodically throughout the financial year by both the executive management and the Board of Directors to consider any fine tuning/amendments taking into account prevailing or expected changes to the operational environment.

The Risk Appetite Framework provides portfolio parameters for Credit Risk, Traded Market Risk, Non-Traded Market Risk and Operational Risk incorporating, inter alia, limit structures for countries, industries, single counterparty, value at risk, capital at risk, earnings at risk, stop loss, stable funding ratio and liquidity. Each Business Unit has asset writing strategies which tie into the overall Risk Appetite Framework providing detailed strategies of how the Business Units will execute their business plans in compliance with the Risk Appetite Framework.

Risk Management Governance

The Board of Directors is ultimately responsible for the management of risks within the Bank. The Risk Management Committee of Directors is formed to assist the Board of Directors in discharging its duties in overseeing the overall management of all risks covering market risk management, liquidity risk management, credit risk management and operational risk management.

The Board of Directors has also established various Management Committees at the Group level to assist it in managing the risks and businesses of the Bank. The following chart sets out the organisational structure of the risk management committees and an overview of the respective committee's roles and responsibilities up to the financial year end:



44. RISK MANAGEMENT (CONTD.)

44.1 General Risk Management (Contd.)

Risk Management Governance (Contd.)

Committee	Roles & Responsibilities
Risk Management Committee of Directors ("RMCD")	- Oversee senior management activities in managing risk (covering credit, market, funding, operational, legal, regulatory capital and strategic risk) and to ensure that the risk management process is in place and functioning. - Report and advise the Board on risk issues.
Audit & Examination Committee of Directors ("AEC")	- Provide assistance to the Board in relation to fulfilling fiduciary responsibilities and monitoring of the accounting and financial reporting practices of the Group. - Provide assistance to Board of Directors in ensuring the Islamic Banking operations of the Group are Shariah compliant.
Shariah Committee	- Responsible and accountable on matters related to Shariah, which includes advising Board of Directors and management on Shariah matters and endorsing and validating products and services, and the relevant documentations in relation to Islamic Banking operations of the Group.
Executive Committee of Directors ("EXCO")	- Responsible to consider and approve credit facilities and commitment that are not in accordance with the policies approved by the Board for which EXCO has been granted powers to exempt. - Review credit facilities and commitment that exceeds certain thresholds.
Chief Executive Officer Committee ("CEO Committee")	- Responsible for overall day to day operations of the Group such as oversee management's activities in managing risk, review high level risk exposures, portfolio composition and risk strategies; and evaluate the existence and effectiveness of the control and risk management infrastructure. - Report and advise the Board of Directors on risk issues.
Group Assets and Liabilities Committee (Conventional and Islamic) ("GALCO")	- Responsible for the development of capital and balance sheet management policy, approve and oversee non-traded interest/profit rate risk exposures, liquidity and funding framework and hedging and management of structural foreign exposure. Ensure fund transfer pricing are effective and fair and capital is managed.
Islamic Assets and Liabilities Committee	- Responsible for the development of Islamic capital and balance sheet management policy, approve and oversee rate of return risk exposures, liquidity and funding framework and hedging and management of structural foreign exposure. Ensure fund transfer pricing are effective and fair and capital is managed.
Group Traded Market Risk Committee ("GTMRC")	- Responsible for development of traded market risk policy framework, Oversee the trading book portfolio, approve new trading products and ensure the compliance with the internal and regulatory requirements throughout the Group.
Group Portfolio Management and Credit Policy Committee ("GPMCP")	- Responsible for development of credit policy framework, oversee credit portfolio, endorse asset writing strategies, review credit provisioning policies and process and ensuring the compliance with the internal and regulatory requirements throughout the Group.
Group Impairment Provision Committee	- Responsible for the development of key policies relating to impairment provisions, ensure provision are assessed and made in accordance with Board approved policies and MFRS 139 and 137 standards and establish adequate management governance for the determination of provisions.
Group Operational and Legal Risk Committee ("GOLRC")	- Responsible for endorsing operational risk, legal risk and regulatory compliance framework, oversee operational risk and legal risk management and reviews regulatory actions or any incidences that may give rise to operational and legal risk along with the actions taken to mitigate such risks.
Group Product Committee ("GPC")	- Responsible for ensuring adequate infrastructure and resources are in place for product management, endorse proposal for new product and product launching strategies, approve proposal for product variation and reactivation of dormant product and review post implementation activities and product performance.

44. RISK MANAGEMENT (CONTD.)

44.1 General Risk Management (Contd.)

Risk Management Governance (Contd.)

Business and IT Project Committee (“BITPC”)	- Responsible to review and approve (or where required recommend for approval) requests relating to the Group’s major Business and IT investments. - To ensure all projects are aligned to the Business and IT plans, appropriate prioritisation of Business and IT projects, and the allocation of resources. - Responsible to optimise the allocation of shared resources and change capacity to programmes, projects and initiatives across the Group.

Effective in April 2013, Board approved the consolidation of the Executive Risk Management Committees (ERMCs) into one single committee namely, Group CEOs Committee. This centralisation will assist the Board with the following:

- to streamline the management process of the ERMCs as well as enabling senior management time to concentrate on business issues; and
- to help in co-ordinating matters for each area of risk management and avoid issues/matters from flowing through too many committees for approval.

The current CEOs Committee will be renamed to CEOs’ Forum where business updates and related strategies and HR issues would continue to be deliberated.

44.2 Credit Risk Management

The credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits, Benchmark Returns • Collateral and tailored facility structures
Monitoring/ Review	• Monitoring of portfolio and reporting • Watchlist review • Post mortem review

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Bank's transaction and/or positions as well as Shariah compliance risk.

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group’s Risk Appetite Framework and related credit policies.

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

Lending activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board. The Group's Risk Appetite Framework is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix. Credit Risk portfolio management strategies include, amongst others:

- Concentration threshold/review trigger on single counterparty credit;
- Asset writing strategies for group of customers;
- Setting Loan to Value limits for asset backed loans (i.e., exchange traded shares and other collateral); and
- Watchlist processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers.

Individual credit risk exposure is reported to Credit and Commitment Committee ("CACC"). In the event such exposure exceeds CACC authority, it will be reported to EXCO. Portfolio credit risk is reported to the relevant management and board committees.

The GPMCP/Group CEOs Committee regularly meets to review the quality and diversification of the Bank's loan portfolio, approve new and amended credit risk policy, review watchlist reports and post mortem review of loans (to extract lessons learned for facilitating credit training and refinement of credit policies or guidelines, towards enhancing risk identification and control).

Group Risk prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan delinquency buckets and exposures by industry sectors are reported monthly by Group Risk to executive management and to all meetings of the Board.

The Bank applies the Standardised Approach to determine the regulatory capital charge related to credit risk exposure.

44.2.1 Maximum credit risk exposure and concentration

Credit risk exposure and concentration

The Bank's concentrations of risk are managed by industry sector, risk grade asset quality and single customer limit. The Bank applies single customer limits ("SCL") to monitor the large exposures to single counterparty risk.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements equals the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For committed facilities which are undrawn, the maximum exposure to credit risk is the full amount of the committed facilities.

The following tables show the maximum exposure to credit risk from financial instruments, including derivatives, by industry and by geography, before taking account of any collateral held or other credit enhancements.

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1a Industry Analysis of the Group

	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale, Retail, Restaurant, and Hotel	Transport, Storage and Communication	Finance and Insurance	Government and Central Banks	Real Estate	Business Activities	Education, and Health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group															
31 March 2013															
Cash and short-term funds	-	-	-	-	-	-	-	570,797	-	-	-	-	-	-	570,797
Deposit and placement with banks and other financial institutions	-	-	-	-	-	-	-	713	-	-	-	-	-	-	713
Derivative financial assets	-	-	-	-	-	-	-	9	-	-	-	-	-	-	9
Financial investments available-for-sale															
Money Market Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unquoted Private Debt Securities	-	-	-	-	-	-	-	24,718	-	-	-	-	-	-	24,718
Financial investments held-to-maturity															
Money Market Securities	-	-	-	-	-	-	-	-	190,809	-	-	-	-	-	190,809
Unquoted Private Debt Securities	-	-	-	-	-	-	-	100	75,000	-	-	-	-	-	75,100
															265,909
Loans, advances and financing															
Other loans and financing net of individual allowance	6,617	-	5,075	-	-	371	-	-	-	22,208	135,109	1,655	772,318	7,395	950,748
Less: Collective allowance															(3,664)
															947,084
Other financial assets	185	82	213	31	382	309	56	56,166	15,796	312	339,036	-	431,780	294	844,642
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-	14,049	-	-	-	-	-	14,049
	6,802	82	5,288	31	382	680	56	652,503	295,654	22,520	474,145	1,655	1,204,098	7,689	2,667,921
Contingent liabilities	-	-	-	-	79,205	-	-	100	-	-	51,000	-	-	-	130,305
Commitments	2,568	-	-	-	15,258	62	-	-	-	1,800	371	48,117	212,381	7,364	287,921
Total	2,568	-	-	-	94,463	62	-	100	-	1,800	51,371	48,117	212,381	7,364	418,226

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1a Industry Analysis of the Group

	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale, Retail, Restaurant, and Hotel	Transport, Storage and Communication	Finance and Insurance	Government and Central Banks	Real Estate	Business Activities	Education, and Health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group															
31 March 2012															
Cash and short-term funds	-	-	-	-	-	-	-	597,533	-	-	-	-	-	-	597,533
Deposit and placement with banks and other financial institutions	-	-	-	-	-	-	-	2,498	-	-	-	-	-	-	2,498
Derivative financial assets	-	-	-	-	-	-	-	86	-	-	1	-	-	-	87
Financial investments available-for-sale															
Unquoted Private Debt Securities	-	-	-	-	-	-	-	23,078	-	-	-	-	-	-	23,078
Financial investments held-to-maturity															
Unquoted Private Debt Securities	-	-	-	-	-	-	-	100	-	-	-	-	-	-	100
Loans, advances and financing															
Other loans and financing net of individual allowance	4,856	-	350	-	-	3,096	-	-	-	5,947	44,977	1,861	548,209	5,220	614,516
Less: Collective allowance															(4,116)
															610,400
Other financial assets	284	-	2,350	103	140	864	-	279,886	17,907	1,275	295,037	46	365,107	227	963,226
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-		12,123			-	-	-	12,123
	5,140	-	2,700	103	140	3,960	-	903,181	30,030	7,222	340,015	1,907	913,316	5,447	2,209,045
Contingent liabilities	-	-	-	-	94,462	7,600	-	-	-	36,428	191,500	-	-	-	329,990
Commitments	1,193	-	429	-	3,709	200	-	-	-	3,662	165,253	400	176,467	1,996	353,309
Total	1,193	-	429	-	98,171	7,800	-	-	-	40,090	356,753	400	176,467	1,996	683,299

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1a Industry Analysis of the Group

	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale, Retail, Restaurant, and Hotel	Transport, Storage and Communication	Finance and Insurance	Government and Central Banks	Real Estate	Business Activities	Education, and Health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group															
1 April 2011															
Cash and short-term funds	-	-	-	-	-	-	-	705,060	-	-	-	-	-	-	705,060
Deposit and placement with banks and other financial institutions	-	-	-	-	-	-	-	676	-	-	-	-	-	-	676
Derivative financial assets	-	-	-	-	-	-	-	313	-	-	-	-	-	-	313
Financial investments available-for-sale															
Money Market Securities	-	-	-	-	-	-	-	15,784	-	-	-	-	-	-	15,784
Unquoted Private Debt Securities	-	-	-	-	-	-	-	23,838	-	-	-	-	-	-	23,838
															39,622
Financial investments held-to-maturity															
Unquoted Private Debt Securities	-	-	-	-	-	-	-	100	-	-	-	-	-	-	100
Loans, advances and financing															
Other loans and financing net of individual allowance	2,000	-	1,702	-	-	4,129	-	-	-	1,659	36,894	-	507,708	3,376	557,468
Less: Collective allowance															(3,946)
															553,522
Other financial assets	44	-	219	42	372	10	872	359,029	14,075	72	190	20	383,707	309	758,961
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-		2,031			-	-	-	2,031
	2,044	-	1,921	42	372	4,139	872	1,104,800	16,106	1,731	37,084	20	891,415	3,685	2,060,285
Contingent liabilities	-	-	-	-	80,164	-	-	-	-	36,428	92,987	-	-	-	209,579
Commitments	-	-	-	-	1,149	-	-	-	-	3,572	205,167	200	12,925	250	223,263
Total	-	-	-	-	81,313	-	-	-	-	40,000	298,154	200	12,925	250	432,842

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1a Industry Analysis of the Bank

	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale, Retail, Restaurant, and Hotel	Transport, Storage and Communication	Finance and Insurance	Government and Central Banks	Real Estate	Business Activities	Education, and Health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank															
31 March 2013															
Cash and short-term funds	-	-	-	-	-	-	-	545,150	-	-	-	-	-	-	545,150
Derivative financial assets	-	-	-	-	-	-	-	7	-	-	-	-	-	-	7
Financial investments available-for-sale															
Unquoted Private Debt Securities	-	-	-	-	-	-	-	24,718	-	-	-	-	-	-	24,718
Financial investments held-to-maturity															
Money Market Securities	-	-	-	-	-	-	-	-	190,809	-	-	-	-	-	190,809
Unquoted Private Debt Securities	-	-	-	-	-	-	-	100	75,000	-	-	-	-	-	75,100
															265,909
Loans, advances and financing															
Other loans and financing net of individual allowance	6,617	-	5,075	-	-	371	-	-	-	22,208	135,109	1,655	772,318	7,395	950,748
Less: Collective allowance															(3,664)
															947,084
Other financial assets	185	82	213	31	382	309	56	47,080	15,796	312	1,832	-	431,471	294	498,043
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-	-	14,049	-	-	-	-	-	14,049
	6,802	82	5,288	31	382	680	56	617,055	295,654	22,520	136,941	1,655	1,203,789	7,689	2,294,960
Contingent liabilities	-	-	-	-	79,205	-	-	100	-	-	51,000	-	-	-	130,305
Commitments	2,568	-	-	-	15,258	62	-	-	-	1,800	371	48,117	212,381	7,364	287,921
Total	2,568	-	-	-	94,463	62	-	100	-	1,800	51,371	48,117	212,381	7,364	418,226

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1a Industry Analysis of the Bank

	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale, Retail, Restaurant, and Hotel	Transport, Storage and Communication	Finance and Insurance	Government and Central Banks	Real Estate	Business Activities	Education, and Health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank															
31 March 2012															
Cash and short-term funds	-	-	-	-	-	-	-	548,051	-	-	-	-	-	-	548,051
Deposit and placement with banks and other financial institutions	-	-	-	-	-	-	-	1,808	-	-	-	-	-	-	1,808
Derivative financial assets	-	-	-	-	-	-	-	86	-	-	-	-	-	-	86
Financial investments available-for-sale															
Unquoted Private Debt Securities	-	-	-	-	-	-	-	23,078	-	-	-	-	-	-	23,078
Financial investments held-to-maturity															
Unquoted Private Debt Securities	-	-	-	-	-	-	-	100	-	-	-	-	-	-	100
Loans, advances and financing															
Other loans and financing net of individual allowance	4,856	-	350	-	-	3,096	-	-	-	5,947	41,895	1,861	548,209	8,302	614,516
Less : Collective allowance															(4,116)
															610,400
Other financial assets	284	-	2,350	103	140	864	-	280,165	17,907	1,275	2,548	46	364,883	227	670,792
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-		12,123			-	-	-	12,123
	5,140	-	2,700	103	140	3,960	-	853,288	30,030	7,222	44,443	1,907	913,092	8,529	1,866,438
Contingent liabilities	-	-	-	-	94,462	7,600	-	-	-	36,428	191,500	-	-	-	329,990
Commitments	1,193	-	429	-	3,709	200	-	-	-	3,662	165,253	400	176,467	1,996	353,309
Total	1,193	-	429	-	98,171	7,800	-	-	-	40,090	356,753	400	176,467	1,996	683,299

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1a Industry Analysis of the Bank

	Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale, Retail, Restaurant, and Hotel	Transport, Storage and Communication	Finance and Insurance	Government and Central Banks	Real Estate	Business Activities	Education, and Health	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank															
1 April 2011															
Cash and short-term funds	-	-	-	-	-	-	-	662,614	-	-	-	-	-	-	662,614
Derivative financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial investments available-for-sale															
Money Market Securities	-	-	-	-	-	-	-	15,784	-	-	-	-	-	-	15,784
Unquoted Private Debt Securities	-	-	-	-	-	-	-	23,838	-	-	-	-	-	-	23,838
															39,622
Financial investments held-to-maturity															
Unquoted Private Debt Securities	-	-	-	-	-	-	-	100	-	-	-	-	-	-	100
Loans, advances and financing															
Other loans and financing net of individual allowance	2,000	-	1,702	-	-	4,129	-	-	-	1,659	36,894	-	507,681	3,376	557,441
Less : Collective allowance															(3,946)
															553,495
Other financial assets	44	-	219	5	372	10	832	110,788	14,075	72	190	20	383,707	309	510,643
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	-		2,031			-	-	-	2,031
	2,044	-	1,921	5	372	4,139	832	813,124	16,106	1,731	37,084	20	891,388	3,685	1,768,505
Contingent liabilities	-	-	-	-	80,164	-	-	-	-	36,428	92,987	-	-	-	209,579
Commitments	-	-	-	-	1,149	-	-	-	-	3,572	205,167	200	12,925	250	223,263
Total	-	-	-	-	81,313	-	-	-	-	40,000	298,154	200	12,925	250	432,842

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1b Geographical Analysis of the Group

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Group			
31 March 2013			
Cash and short-term funds	556,698	14,099	570,797
Deposit and placement with banks and other financial institutions	713	-	713
Derivative financial assets	7	2	9
Financial investments available-for-sale			
Unquoted Private Debt Securities	-	24,718	24,718
Financial investments held-to-maturity			
Money Market Securities	190,809	-	190,809
Unquoted Private Debt Securities	75,100	-	75,100
Loans, advances and financing			
Other loans and financing net of individual allowance	941,353	9,395	950,748
Less : Collective allowance	-	-	(3,664)
	941,353	9,395	947,084
Other financial assets	515,097	329,545	844,642
Statutory deposit with Bank Negara Malaysia	14,049	-	14,049
Total financial assets	2,293,826	377,759	2,667,921
Contingent liabilities	130,305	-	130,305
Commitments	287,921	-	287,921
Total commitment & contingent liabilities	418,226	-	418,226

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1b Geographical Analysis of the Group

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Group			
31 March 2012			
Cash and short-term funds	571,102	26,431	597,533
Deposit and placement with banks and other financial institutions	2,498	-	2,498
Derivative financial assets	86	1	87
Financial investments available-for-sale			
Unquoted Private Debt Securities	-	23,078	23,078
Financial investments held-to-maturity			
Unquoted Private Debt Securities	100	-	100
Loans, advances and financing			
Other loans and financing net of individual allowance	609,084	5,432	614,516
Less : Collective allowance	-	-	(4,116)
	609,084	5,432	610,400
Other financial assets	677,123	286,103	963,226
Statutory deposit with Bank Negara Malaysia	12,123	-	12,123
Total financial assets	1,872,116	341,045	2,209,045
Contingent liabilities	329,990	-	329,990
Commitments	353,309	-	353,309
Total commitment & contingent liabilities	683,299	-	683,299

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1b Geographical Analysis of the Group

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Group			
1 April 2011			
Cash and short-term funds	692,101	12,959	705,060
Deposit and placement with banks and other financial institutions	676	-	676
Derivative financial assets	-	313	313
Financial investments available-for-sale			
Money Market Securities:	15,784	-	15,784
Unquoted Private Debt Securities	-	23,838	23,838
Financial investments held-to-maturity			
Unquoted Private Debt Securities	100	-	100
Loans, advances and financing			
Other loans and financing net of individual allowance	554,786	2,682	557,468
Less : Collective allowance	-	-	(3,946)
	554,786	2,682	553,522
Other financial assets	510,336	248,625	758,961
Statutory deposit with Bank Negara Malaysia	2,031	-	2,031
Total financial assets	1,775,814	288,417	2,060,285
Contingent liabilities	209,579	-	209,579
Commitments	223,263	-	223,263
Total commitment & contingent liabilities	432,842	-	432,842

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1b Geographical Analysis of the Bank

Bank **31 March 2013**	**In Malaysia** **RM'000**	**Outside Malaysia** **RM'000**	**Total** **RM'000**
Cash and short-term funds	541,602	3,548	545,150
Derivative financial assets	7	-	7
Financial investments available-for-sale			
Unquoted Private Debt Securities	-	24,718	24,718
Financial investments held-to-maturity			
Money Market Securities	190,809	-	190,809
Unquoted Private Debt Securities	75,100	-	75,100
Loans, advances and financing			
Other loans and financing net of individual allowance	941,353	9,395	950,748
Less : Collective allowance	-	-	(3,664)
	941,353	9,395	947,084
Other financial assets	497,328	715	498,043
Statutory deposit with Bank Negara Malaysia	14,049	-	14,049
Total financial assets	2,260,248	38,376	2,294,960
Contingent liabilities	130,305	-	130,305
Commitments	287,921	-	287,921
Total commitment & contingent liabilities	418,226	-	418,226

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1b Geographical Analysis of the Bank

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Bank			
31 March 2012			
Cash and short-term funds	544,687	3,364	548,051
Deposit and placement with banks and other financial institutions	1,808	-	1,808
Derivative financial assets	86	-	86
Financial investments available-for-sale			
Unquoted Private Debt Securities	-	23,078	23,078
Financial investments held-to-maturity			
Unquoted Private Debt Securities	100	-	100
Loans, advances and financing			
Other loans and financing net of individual allowance	609,084	5,432	614,516
Less : Collective allowance	-	-	(4,116)
	609,084	5,432	610,400
Other financial assets	669,448	1,344	670,792
Statutory deposit with Bank Negara Malaysia	12,123	-	12,123
Total financial assets	1,837,336	33,218	1,866,438
Contingent liabilities	329,990	-	329,990
Commitments	353,309	-	353,309
Total commitment & contingent liabilities	683,299	-	683,299

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.1b Geographical Analysis of the Bank

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Bank			
1 April 2011			
Cash and short-term funds	662,326	288	662,614
Derivative financial assets	-	-	-
Financial investments available-for-sale			
Money Market Securities:	15,784	-	15,784
Unquoted Private Debt Securities	-	23,838	23,838
Financial investments held-to-maturity			
Unquoted Private Debt Securities	100	-	100
Loans, advances and financing			
Other loans and financing net of individual allowance	554,759	2,682	557,441
Less : Collective allowance	-	-	(3,946)
	554,759	2,682	553,495
Other financial assets	509,042	1,601	510,643
Statutory deposit with Bank Negara Malaysia	2,031	-	2,031
Total financial assets	1,744,042	28,409	1,768,505
Contingent liabilities	209,579	-	209,579
Commitments	223,263	-	223,263
Total commitment & contingent liabilities	432,842	-	432,842

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.2 Main types of collateral

Main Types of Collateral Taken by the Bank

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. Types of collateral typically taken by the Bank include:

- Cash and term deposits
- Exchange traded shares, bonds, sukuk, convertible bonds and marketable securities
- Non-exchange traded debt securities/sukuk
- Unit trusts (including Amanah Saham Nasional, Amanah Saham Bumiputera and mutual funds)

Where the customer risk profile is considered very sound, a transaction may be provided on an “unsecured” basis, i.e., not be supported by collateral.

The Bank has internal policy to determine the criteria for acceptable financial asset as collateral. This is to ensure the collateral can be liquidated in a timely manner if required.

Processes for Collateral Management

To support the development of processes around collateral valuation and management, the concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Bank has standard collateral instruments, and where applicable, security interests are registered.

Guarantee Support

Currently, the Bank does not use guarantee support for risk mitigation.

Use of Credit Derivatives for Risk Mitigation

Currently, the Bank does not use credit derivatives for risk mitigation.

Transaction Structuring to Mitigate Credit Risk

Besides tangible security described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the number of years the loan is extended, amortisation schedules and loan covenants. These assist in managing credit risk and in providing early warning signals, whereby should loan covenants be breached, the Bank and the customer can work together to address the underlying causes and as appropriate, restructure facilities.

Concentrations of Credit Risk Mitigation

The Bank carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its Risk Appetite Framework and related policies governing Loan to Value metrics.

The main types of collateral undertaken by the Bank are exchange traded shares and unit trusts.

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.3 Credit Quality

The credit quality of financial assets are analysed based on broad categories. Internal credit rating grades assigned to corporate and retail lending business are mapped to the following categories based on the descriptions appended below.

Description of the Categories

Category	Description
Very Strong	Counterparty's profile reflects very strong capacity to meet its financial commitments and exhibits a high degree of resilience to adverse domestic and external development. These companies/business entities have very strong business fundamentals such as: i. In good industries with stable revenues with long term growth potential; ii. Exhibits very strong financial position such as very low leverage ratio and superior cash flows position; iii. Very low risk business franchise with dominant market position; and iv. Very strong management capability.
Strong	Counterparty has strong capacity to meet its financial commitments and is generally in a position to withstand adverse domestic and external developments. These companies/business entities have strong business fundamentals such as good business track records, strong financials, sustained market position, and strong management capability.
Satisfactory	Counterparty has adequate capacity to meet its financial commitments as the business entity is generally in a position to resolve any apparent shortcoming within an acceptable timeframe. While adverse domestic or external developments are likely to weaken its capacity to meet its financial commitments, these companies/ business entities exhibits satisfactory business fundamentals such as acceptable business track records, satisfactory overall financials, reasonable market position, and satisfactory management capability.
Sub-Standard	Counterparty exhibits some weaknesses in its business fundamentals, financials and management capacity. While currently able to meets its financial commitments, the counterparty's financial capacity over the medium and longer terms may be vulnerable to adverse domestic or external developments.
Impaired	Counterparty has been classified as "impaired" as per the Policy on Definition of Default/Impaired for Credit Facility.
Unrated	Exposures that are not rated.
Past due but not Impaired	Exposures considered past due when any payment (whether principal and/or interest/rate of return) due under the contractual terms are received late or missed one or more days after the contractual due date.

The table below provides the External Credit Assessment Institutions (ECAIs) rating that broadly corresponds to the broad internal credit quality categories.

Credit Quality Classification	Moody's	S&P	Fitch IBCA	RAM	MARC
Very Strong	AAA to Baa3	AAA to BBB-	AAA to BBB-	AAA to AA3	AAA to A
Strong	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	A1 to BBB3	AA- to A+
Satisfactory	B1 to B3	B+ to B-	B+ to B-	BB1 to B1	A to BBB-
Sub-Standard	Caa1 to C	CCC+ to C	CCC to C	B2 to C3	BB+ to C
Impaired	D	D	D	D	D

The above ECAIs used by the Group are:

- Standard & Poor's Rating services ("S&P")
- Moody's Investors Service ("Moody's")
- Fitch Rating ("Fitch")
- Malaysian Rating Corporation Berhad ("MARC")
- RAM Rating Services Berhad ("RAM")

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.4 Impairment

Definition of past due and impaired loans
All loans and advances are categorised as either :

- Neither past due nor impaired;
- Past due but not impaired; or
- Impaired.

An asset is considered past due when any payment (whether principal and/or interest/rate of return) due under the contractual terms are received late or missed.

A loan is classified as impaired under the following circumstances:

(a) where the principal or interest/profit or both is past due or the amount outstanding is in excess of approved limit (for revolving facilities), each for more than 90 days or 3 months; or

(b) the loan exhibits weaknesses that render a classification appropriate to the Group's Credit Risk Rating Framework, which requires it to fall under the "unlikeliness to repay" category under the the Bank's Watchlist Policy.

(c) for loans with repayment schedules on quarterly basis or longer intervals to be classified as impaired as soon as default[1] occurs, unless it does not exhibit any weakness that would render it classified according to the Bank's Credit Risk Rating Framework. Notwithstanding that, these loans shall be classified as impaired when the principal or interest/profit or both is past due for more than 90 days or 3 months.

(d) for distressed rescheduled and restructured ("R/R") facilities, these loans are categorised as "unlikeliness to repay" and classified as impaired. Non-performing R/R facilities remain impaired until re-aged.

[1] "Default" is defined for loans with repayment schedules on a quarterly basis or longer as 1 day past due + 30 days.

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.5 Group Credit Quality By Class of Financial Assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system.

	<----------------------------Neither past due nor impaired				--------------------------------->						
	Very Strong Credit Profile	**Strong Credit Profile**	**Satisfactory Risk**	**Sub-standard**	**Unrated**	**Past Due but not Impaired**	**Impaired**	**Total**	**Gross Amount Individually Impaired**	**Individual Allowance**	**Fair Value of Collateral**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group											
31 March 2013											
Derivative financial assets	-	7	-	-	2	-	-	9	-	-	-
Financial investments available-for-sale											
Unquoted Private Debt Securities	-	-	24,718	-	-	-	-	24,718	-	-	-
Financial investments held-to-maturity											
Money Market Securities	190,809	-	-	-	-	-	-	190,809			
Unquoted Private Debt Securities	75,000	-	-	-	100	-	-	75,100	-	-	-
Gross loans, advances and financing											
Other loans and financing	-	943,569	6,156	-	-	-	3,854	953,579	3,727	(2,831)	2,199,827
Other financial assets	22,097	44,861	11,151	10,490	674,726	75,154	30,285	868,764	30,285	(24,122)	
Statutory deposit with Bank Negara Malaysia	14,049	-	-	-	-	-	-	-	-	-	-
	301,955	988,437	42,025	10,490	674,828	75,154	34,139	2,112,979	34,012	(26,953)	2,199,827
Contingent liabilities	26,650	52,555	-	-	51,100	-	-	130,305	-	-	-
Commitments	1,664	20,651	9,542	580	255,484	-	-	286,257	-	-	-
Total	28,314	73,206	9,542	580	306,584	-	-	416,562	-	-	-

* The amounts presented are gross of impairment losses.

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.5 Group Credit Quality By Class of Financial Assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system.

	<----Neither past due nor impaired----					>					
	Very Strong Credit Profile	**Strong Credit Profile**	**Satisfactory Risk**	**Sub-standard**	**Unrated**	**Past Due but not Impaired**	**Impaired**	**Total**	**Gross Amount Individually Impaired**	**Individual Allowance**	**Fair Value of Collateral**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group											
31 March 2012											
Derivative financial assets	-	86	-	-	1	-	-	87	-	-	-
Financial investments available-for-sale											
Unquoted Private Debt Securities	-	-	23,078	-	-	-	-	23,078	-	-	-
Financial investments held-to-maturity											
Unquoted Private Debt Securities	-	-	-	-	100	-	-	100	-	-	-
Gross loans, advances and financing											
Other loans and financing	-	606,093	7,430	-	-	-	4,554	618,077	4,554	(3,561)	1,508,437
Other financial assets	37,427	263,192	12,435	8,882	568,992	60,877	28,859	980,664	28,859	(17,438)	-
Statutory deposit with Bank Negara Malaysia	12,123	-	-	-	-	-	-	12,123	-	-	-
	49,550	869,371	42,943	8,882	569,093	60,877	33,413	1,634,129	33,413	(20,999)	1,508,437
Contingent liabilities	-	130,890	-	-	199,100	-	-	329,990	-	-	-
Commitments	-	11,929	23,813	6,915	310,652	-	-	353,309	-	-	-
Total	-	142,819	23,813	6,915	509,752	-	-	683,299	-	-	-

* The amounts presented are gross of impairment losses.

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.5 Group Credit Quality By Class of Financial Assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system.

	<----------------------------Neither past due nor impaired			--------------------------------->							
	Very Strong Credit Profile	**Strong Credit Profile**	**Satisfactory Risk**	**Sub-standard**	**Unrated**	**Past Due but not Impaired**	**Impaired**	**Total**	**Gross Amount Individually Impaired**	**Individual Allowance**	**Fair Value of Collateral**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group											
1 April 2011											
Derivative financial assets	-	-	-	-	313	-	-	313	-	-	-
Financial investments available-for-sale											
Money Market Securities:	-	15,784	-	-	-	-	-	15,784	-	-	-
Unquoted Private Debt Securities	-	-	23,838	-	-	-	-	23,838	-	-	-
Financial investments held-to-maturity											
Unquoted Private Debt Securities	-	-	-	-	100	-	-	100	-	-	-
Gross loans, advances and financing											
Other loans and financing	-	547,685	8,748	-	-	-	5,920	562,353	5,920	(4,912)	1,449,526
Other financial assets	40,465	93,638	15,540	15,402	557,870	32,988	23,884	779,787	23,884	(20,816)	
Statutory deposit with Bank Negara Malaysia	2,031	-	-	-	-	-	-	2,031	-	-	-
	42,496	657,107	48,126	15,402	558,283	32,988	29,804	1,384,206	29,804	(25,728)	1,449,526
Contingent liabilities	-	143,242	66,337	-	-	-	-	209,579	-	-	-
Commitments	-	8,831	20,143	3,942	190,347	-	-	223,263	-	-	-
Total	-	152,073	86,480	3,942	190,347	-	-	432,842	-	-	-

* The amounts presented are gross of impairment losses.

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.5 Bank Credit Quality By Class of Financial Assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system.

	<----------------------------Neither past due nor impaired-------------------------------->										
	Very Strong Credit Profile	**Strong Credit Profile**	**Satisfactory Risk**	**Sub-standard**	**Unrated**	**Past Due but not Impaired**	**Impaired**	**Total**	**Gross Amount Individually Impaired**	**Individual Allowance**	**Fair Value of Collaterals**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Bank											
31 March 2013											
Derivative financial assets	-	7	-	-	-	-	-	7	-	-	-
Financial investments available-for-sale											
Unquoted Private Debt Securities	-	-	24,718	-	-	-	-	24,718	-	-	-
Financial investments held-to-maturity											
Money Market Securities	190,809	-	-	-	-	-	-	190,809	-	-	-
Unquoted Private Debt Securities	75,000	-	-	-	100	-	-	75,100	-	-	-
Gross loans, advances and financing											
Other loans and financing	-	943,569	6,156	-	-	-	3,854	953,579	3,727	(2,831)	2,199,827
Other financial assets	22,091	44,861	11,151	10,490	403,713	2,578	14,373	509,257	14,373	(11,214)	
Statutory deposit with Bank Negara Malaysia	14,049	-	-	-	-	-	-	14,049	-	-	-
	301,949	988,437	42,025	10,490	403,813	2,578	18,227	1,767,519	18,100	(14,045)	2,199,827
Contingent liabilities	26,650	52,555	-	-	51,100	-	-	130,305	-	-	-
Commitments	1,664	20,651	9,542	580	255,484	-	-	287,921	-	-	-
Total	28,314	73,206	9,542	580	306,584	-	-	418,226	-	-	-

* The amounts presented are gross of impairment losses.

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.5 Bank Credit Quality By Class of Financial Assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system.

	<----------------------------Neither past due nor impaired--------------------------------->										
	Very Strong Credit Profile	**Strong Credit Profile**	**Satisfactory Risk**	**Sub-standard**	**Unrated**	**Past Due but not Impaired**	**Impaired**	**Total**	**Gross Amount Individually Impaired**	**Individual Allowance**	**Fair Value of Collaterals**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Bank											
31 March 2012											
Derivative financial assets	-	86	-	-	-	-	-	86	-	-	-
Financial investments available-for-sale											
Unquoted Private Debt Securities	-	-	23,078	-	-	-	-	23,078	-	-	-
Financial investments held-to-maturity											
Unquoted Private Debt Securities	-	-	-	-	100	-	-	100	-	-	-
Gross loans, advances and financing											
Other loans and financing	-	606,093	7,430	-	-	-	4,554	618,077	4,554	(3,561)	1,508,437
Other financial assets	37,364	263,192	12,435	8,882	339,693	7,693	11,664	680,923	11,664	(10,131)	
Statutory deposit with Bank Negara Malaysia	12,123	-	-	-	-	-	-	12,123	-	-	-
	49,487	869,371	42,943	8,882	339,793	7,693	16,218	1,334,387	16,218	(13,692)	1,508,437
Contingent liabilities	-	130,890	-	-	199,100	-	-	329,990	-	-	-
Commitments	-	11,929	23,813	6,915	310,652	-	-	353,309	-	-	-
Total	-	142,819	23,813	6,915	509,752	-	-	683,299	-	-	-

* The amounts presented are gross of impairment losses.

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.5 Bank Credit Quality By Class of Financial Assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system.

	<----------------------------Neither past due nor impaired--------------------------------->										
	Very Strong Credit Profile	**Strong Credit Profile**	**Satisfactory Risk**	**Sub-standard**	**Unrated**	**Past Due but not Impaired**	**Impaired**	**Total**	**Gross Amount Individually Impaired**	**Individual Allowance**	**Fair Value of Collaterals**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Bank											
1 April 2011											
Derivative financial assets	-	-	-	-	-	-	-	-	-	-	-
Financial investments available-for-sale											
Money Market Securities:		15,784	-	-	-	-	-	15,784	-	-	-
Unquoted Private Debt Securities	-	-	23,838	-	-	-	-	23,838	-	-	-
Financial investments held-to-maturity											
Unquoted Private Debt Securities	-	-	-	-	100	-	-	100	-	-	-
Gross loans, advances and financing											
Other loans and financing	-	547,685	8,748	-	-	-	5,920	562,353	5,920	(4,912)	1,449,526
Other financial assets	40,392	93,614	15,540	15,402	343,199	1,328	18,022	527,497	18,022	(16,854)	
Statutory deposit with Bank Negara Malaysia	2,031	-	-	-	-	-	-	2,031	-	-	-
	42,423	657,083	48,126	15,402	343,299	1,328	23,942	1,131,603	23,942	(21,766)	1,449,526
Contingent liabilities	-	143,242	66,337	-	-	-	-	209,579	-	-	-
Commitments	-	8,831	20,143	3,942	190,347	-	-	223,263	-	-	-
Total	-	152,073	86,480	3,942	190,347	-	-	432,842	-	-	-

* The amounts presented are gross of impairment losses.

44. RISK MANAGEMENT (CONTD.)

44.2.6 Group Aging Analysis of Past Due But Not Impaired By Class of Financial Assets

	Up to 1 month RM'000	>1 to 3 months RM'000	>3 months RM'000	Total RM'000
Group				
31 March 2013				
Other financial assets	71,507	1,652	1,995	75,154
31 March 2012				
Other financial assets	29,070	28,238	3,569	60,877
1 April 2011				
Other financial assets	31,926	162	900	32,988
Bank				
31 March 2013				
Other financial assets	-	1,652	926	2,578
31 March 2012				
Other financial assets	75	5,423	2,195	7,693
1 April 2011				
Other financial assets	672	162	494	1,328

44.2.7 Carrying amount by class of financial assets whose terms have been renegotiated

The Group and the Bank have policy and processes in place for restructured and rescheduled credit facilities. Restructured/rescheduled loan/financing is to assist the counterparty to overcome its shorter term financial difficulties particularly where the longer term prospect of the business or project is deemed to be viable.

As at 31 March 2013, the Group and the Bank do not have any financial assets whose terms have been renegotiated which are not impaired.

44.2.8 Collateral repossessed

Assets obtained by taking possession of collateral held as security against loans, advances and financing, and held as at the end of the year are as follows:

	Group and Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Residential properties	265	265	265

The above assets are accounted for as foreclosed properties under Other Assets in the Statements of Financial Position. There were no new assets obtained for the financial year ended 2013.

44. RISK MANAGEMENT (CONTD.)

44.2 Credit Risk Management (Contd.)

44.2.9 Methodology for Determination of Individual and Collective Provisions

An assessment is performed to determine whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant or not individually impaired.

Individual Assessment
Individual assessment is divided into 2 main processes – detection of an event(s) and an assessment of impairment:

(a) Trigger management
In trigger management, financial assets which are above the pre-set individual assessment threshold are assessed using the relevant impairment triggers for objective evidence of impairment.

(b) Valuation of assets
Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value or fair value is less than the carrying value.

Collective Assessment
Loans,advances and financing, and commitments and contingencies below the significant threshold and those not assessed to be individually impaired, will be subject to collective assessment and a collective allowance will be computed accordingly. The collective impairment assessment and provisioning methodology uses historical loss data to derive the level of provisions. The collective provisions is computed after making the necessary adjustments to reflect current economic conditions.

44.3 Liquidity Risk and Funding Management

Liquidity risk is the risk that the organization either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding management may lead to a liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management of the Group is aligned with the New Liquidity Framework issued by Bank Negara Malaysia. The primary objective of the Group's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honor all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

GALCO/Group CEOs Committee is the responsible governing body that approves the Group's liquidity management and strategies policies, and is responsible for setting liquidity limits, proposing liquidity risk policies and contingency funding plan, and practices to be in compliance with local regulatory requirements, and monitor liquidity on an ongoing basis. The Capital and Balance Sheet Management division and Group Risk Management propose and oversee the implementation of policies and other controls relating to the above risks.

The Group has put in place a Contingency Funding Plan to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Group's liquidity at risk. The stress testing output contributes to the development of the liquidity risk limits and the Group's Contingency Funding Plan.

AmBank Group stresses the importance of customer deposit accounts as a source of funds to finance lending to customers. They are monitored using the adjusted loan/financing to deposit ratio, which compares loans,advances and financing to customers as a percentage of customer deposit accounts, together with term funding with original term of maturity in excess of three years.

44. RISK MANAGEMENT (CONTD.)

44.3 Liquidity Risk and Funding Management (Contd.)

In preparation to the impending implementation of Basel III liquidity metrics, the Group is putting in place the measurement mechanism and strategizing for ensuring availability of cost effective liquidity. Subject to finalisation of the detailed regulations, the Group is confident of meeting Bank Negara Malaysia's requirements on Basel III liquidity metrics in accordance with its recently approved timetable for implementation.

44.3.1 Liquidity Metrics

The Group monitors key liquidity metrics on a regular basis. Liquidity is managed on an entity basis and in aggregate across the Group. The key metric is Adjusted Loans/Financing to Deposit Ratio ("LDR"):

Adjusted Loans/Financing to Deposit Ratio ("LDR")
This is defined as the ratio of total outstanding loans, advances and financing to customers (before deduction of Islamic financing sold to Cagamas Berhad), net of allowance for impairment on loans, advances and financing, relative to total customer deposits (inclusive of loans and financing sold to Cagamas Berhad and term funding with original term of maturity of 3 years and above). This ratio reflects the percentage of customer loans, advances and financing that are funded by customer deposits. A ratio below 100% indicates that our loans/financing portfolio is completely funded by customer deposits. A low LDR demonstrates that customer deposits exceed customer loans/financing resulting from emphasis placed on generating a high level of stable funding from customers.

Given the universal banking model of AmBank Group, the centralisation of treasury functions and deposit gathering within AmBank (M) Berhad ("AmBank"), a related company of the Bank, the adjusted LDR ratios are not relevant to the activities undertaken by the Group. The Group is predominantly funded via AmBank and thus its liquidity risks are captured within AmBank's liquidity risk metrics.

44. RISK MANAGEMENT (CONTD.)

44.3 Liquidity Risk and Funding Management

44.3.2 Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's and the Bank's financial assets and liabilities as at 31 March. All derivatives used for hedging purposes are shown by maturity, based on their contractual undiscounted repayment obligations.

Repayment which are subject to notice are treated as if notice were to be given immediately. However, the Group and the Bank expect that many customers will not request repayment on the earliest date the Group and the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Group's and the Bank's deposit retention history.

	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	No maturity specified	Total
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 March 2013								
Financial Assets								
Cash and short-term funds	571,500	-	-	-	-	-	-	571,500
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	14,049	-	14,049
Deposit and placement with banks and other financial institutions	-	695	18	-	-	-	-	713
Financial assets held-for-trading	-	-	-	-	-	-	4,082	4,082
Gross loans, advances and financing	340,889	171,858	327,427	114,650	8,444	2,747	-	966,015
Financial investments available-for-sale	-	-	811	797	27,045	-	30,246	58,899
Financial investments held-to-maturity	-	191,670	1,585	1,577	12,619	106,258	-	313,709
Other financial assets	844,642	-	-	-	3,759	-	-	848,401
Total Undiscounted Financial Assets	1,757,031	364,223	329,841	117,024	51,867	123,054	34,328	2,777,368
Financial Liabilities								
Deposits and placements of banks and other financial institutions	458,528	306,738	414,675	305,943	-	-	-	1,485,884
Debt issued and other borrowed funds	75,129	-	-	-	-	-	-	75,129
Other financial liabilities	687,085	-	-	-	-	-	-	687,085
Total Undiscounted Financial Liabilities	1,220,742	306,738	414,675	305,943	-	-	-	2,248,098
Net Undiscounted Financial Assets/(Liabilities)	536,289	57,485	(84,834)	(188,919)	51,867	123,054	34,328	529,270

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. It should be noted that this is not how the Group manages its liquidity risk for off-balance sheet exposures.

31 March 2013

	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	No maturity specified	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial guarantees	51,000	-	-	-	52,555	26,650	100	130,305
Other undrawn commitments to lend	9,549	9,821	37,620	7,909	2,487	220,535	-	287,921
Total commitments and guarantees	60,549	9,821	37,620	7,909	55,042	247,185	100	418,226

44. RISK MANAGEMENT (CONTD.)

44.3 Liquidity Risk and Funding Management

44.3.2 Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (Contd.)

Group 31 March 2012	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Financial Assets								
Cash and short-term funds	598,295	-	-	-	-	-	-	598,295
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	12,123	-	12,123
Deposit and placement with banks and other financial institutions	-	2,511	-	-	-	-	-	2,511
Financial assets held-for-trading	-	-	-	-	-	-	30,821	30,821
Gross loans, advances and financing	223,074	56,748	134,764	179,689	32,803	3,857	-	630,935
Financial investments available-for-sale	-	-	799	803	28,385	-	25,221	55,208
Financial investments held-to-maturity	-	-	-	-	-	100	-	100
Other financial assets	963,226	-	-	-	3,720	-	-	966,946
Total Undiscounted Financial Assets	1,784,595	59,259	135,563	180,492	64,908	16,080	56,042	2,296,939
Financial Liabilities								
Deposits and placements of banks and other financial institutions	155,030	368,595	366,853	-	-	-	-	890,478
Debt issued and other borrowed funds	41,402	-	-	-	-	-	-	41,402
Other financial liabilities	805,102	-	-	-	-	-	-	805,102
Total Undiscounted Financial Liabilities	1,001,534	368,595	366,853	-	-	-	-	1,736,982
Net Undiscounted Financial Assets/(Liabilities)	783,061	(309,336)	(231,290)	180,492	64,908	16,080	56,042	559,957

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. It should be noted that this is not how the Group manages its liquidity risk for off-balance sheet exposures.

31 March 2012

	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Financial guarantees	-	-	-	51,000	36,428	94,462	-	181,890
Obligation under underwriting commitments	7,600	140,500	-	-	-	-	-	148,100
Other undrawn commitments to lend	7,956	7,242	11,561	13,901	1,406	311,243	-	353,309
Total commitments and guarantees	15,556	147,742	11,561	64,901	37,834	405,705	-	683,299

44. RISK MANAGEMENT (CONTD.)

44.3 Liquidity Risk and Funding Management

44.3.2 Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (Contd.)

Group 1 April 2011	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Financial Assets								
Cash and short-term funds	706,323	-	-	-	-	-	-	706,323
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	2,031	-	2,031
Deposit and placement with banks and other financial institutions	-	676	-	-	-	-	-	676
Financial assets held-for-trading	-	-	-	-	-	-	7,385	7,385
Gross loans, advances and financing	235,925	42,461	32,265	237,352	23,156	17,436	-	588,595
Financial investments available-for-sale	-	-	16,789	101	25,654	-	15,073	57,617
Financial investments held-to-maturity	-	-	-	-	-	100	-	100
Other financial assets	758,961	-	-	-	3,720	-	-	762,681
Total Undiscounted Financial Assets	1,701,209	43,137	49,054	237,453	52,530	19,567	22,458	2,125,408
Financial Liabilities								
Deposits and placements of banks and other financial institutions	274,813	318,928	294,572	-	-	-	-	888,313
Deposits from customers	-	-	13,200	-	-	(218)	-	12,982
Debt issued and other borrowed funds	2,401	-	-	-	-	-	-	2,401
Other financial liabilities	600,548	-	-	-	-	-	-	600,548
Total Undiscounted Financial Liabilities	877,762	318,928	307,772	-	-	(218)	-	1,504,244
Net Undiscounted Financial Assets/(Liabilities)	823,447	(275,791)	(258,718)	237,453	52,530	19,785	22,458	621,164

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. It should be noted that this is not how the Group manages its liquidity risk for off-balance sheet exposures.

1 April 2011

	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Financial guarantees	-	-	-	15,337	194,242	-	-	209,579
Other undrawn commitments to lend	26,363	26,547	38,291	124,613	7,449	-	-	223,263
Total commitments and guarantees	26,363	26,547	38,291	139,950	201,691	-	-	432,842

44. RISK MANAGEMENT (CONTD.)

44.3 Liquidity Risk and Funding Management

44.3.2 Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (Contd.)

Bank	**Up to 1 month RM'000**	**>1 to 3 months RM'000**	**>3 to 6 months RM'000**	**>6 to 12 months RM'000**	**>1 to 5 years RM'000**	**Over 5 years RM'000**	**No maturity specified RM'000**	**Total RM'000**
31 March 2013								
Financial Assets								
Cash and short-term funds	545,852	-	-	-	-	-	-	545,852
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	14,049	-	14,049
Deposit and placement with banks and other financial institutions	-	-	-	-	-	-	-	-
Financial assets held-for-trading	-	-	-	-	-	-	3,820	3,820
Gross loans, advances and financing	340,889	171,858	327,427	114,650	8,444	2,747	-	966,015
Financial investments available-for-sale	-	-	811	797	27,045	-	28,044	56,697
Financial investments held-to-maturity	-	191,670	1,585	1,577	12,619	106,258	-	313,709
Other financial assets	498,043	-	-	-	3,759	-	-	501,802
Total Undiscounted Financial Assets	1,384,784	363,528	329,823	117,024	51,867	123,054	31,864	2,401,944
Financial Liabilities								
Deposits and placements of banks and other financial institutions	458,528	306,738	414,675	305,943	-	-	-	1,485,884
Other financial liabilities	467,258	-	-	-	-	-	-	467,258
Total Undiscounted Financial Liabilities	925,786	306,738	414,675	305,943	-	-	-	1,953,142
Net Undiscounted Financial Assets/(Liabilities)	458,998	56,790	(84,852)	(188,919)	51,867	123,054	31,864	448,802

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. It should be noted that this is not how the Bank manages its liquidity risk for off-balance sheet exposures.

31 March 2013

	Up to 1 month RM'000	**>1 to 3 months RM'000**	**>3 to 6 months RM'000**	**>6 to 12 months RM'000**	**>1 to 5 years RM'000**	**Over 5 years RM'000**	**No maturity specified RM'000**	**Total RM'000**
Financial guarantees	51,000	-	-	-	52,555	26,650	100	130,305
Other undrawn commitments to lend	9,549	9,821	37,620	7,909	2,487	220,535	-	287,921
Total commitments and guarantees	60,549	9,821	37,620	7,909	55,042	247,185	100	418,226

44. RISK MANAGEMENT (CONTD.)

44.3 Liquidity Risk and Funding Management

44.3.2 Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (Contd.)

Bank	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
31 March 2012								
Financial Assets								
Cash and short-term funds	548,813	-	-	-	-	-	-	548,813
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	12,123	-	12,123
Deposit and placement with banks and other financial institutions	-	1,821	-	-	-	-	-	1,821
Financial assets held-for-trading	-	-	-	-	-	-	30,777	30,777
Gross loans, advances and financing	223,074	56,748	134,764	179,689	32,803	3,857	-	630,935
Financial investments available-for-sale	-	-	799	803	28,385	-	23,020	53,007
Financial investments held-to-maturity	-	-	-	-	-	100	-	100
Other financial assets	670,792	-	-	-	3,720	-	-	674,512
Total Undiscounted Financial Assets	1,442,679	58,569	135,563	180,492	64,908	16,080	53,797	1,952,088
Financial Liabilities								
Deposits and placements of banks and other financial institutions	155,030	368,595	366,853	-	-	-	-	890,478
Other financial liabilities	598,448	-	-	-	-	-	-	598,448
Total Undiscounted Financial Liabilities	753,478	368,595	366,853	-	-	-	-	1,488,926
Net Undiscounted Financial Assets/(Liabilities)	689,201	(310,026)	(231,290)	180,492	64,908	16,080	53,797	463,162

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. It should be noted that this is not how the Bank manages its liquidity risk for off-balance sheet exposures.

31 March 2012

	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Total RM'000
Financial guarantees	-	-	-	51,000	36,428	94,462	-	181,890
Obligation under underwriting commitments	7,600	140,500	-	-	-	-	-	148,100
Other undrawn commitments to lend	7,956	7,242	11,561	13,901	1,406	311,243	-	353,309
Total commitments and guarantees	15,556	147,742	11,561	64,901	37,834	405,705	-	683,299

44. RISK MANAGEMENT (CONTD.)

44.3 Liquidity Risk and Funding Management

44.3.2 Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (Contd.)

Bank **1 April 2011**	**Up to 1 month RM'000**	**>1 to 3 months RM'000**	**>3 to 6 months RM'000**	**>6 to 12 months RM'000**	**>1 to 5 years RM'000**	**Over 5 years RM'000**	**No maturity specified RM'000**	**Total RM'000**
Financial Assets								
Cash and short-term funds	663,877	-	-	-	-	-	-	663,877
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	2,031	-	2,031
Deposit and placement with banks and other financial institutions	-	-	-	-	-	-	-	-
Financial assets held-for-trading	-	-	-	-	-	-	4,798	4,798
Gross loans, advances and financing	235,925	42,461	32,265	237,325	23,156	17,436	-	588,568
Financial investments available-for-sale	-	-	16,789	101	25,654	-	12,873	55,417
Financial investments held-to-maturity	-	-	-	-	-	100	-	100
Other financial assets	510,643	-	-	-	3,720	-	-	514,363
Total Undiscounted Financial Assets	1,410,445	42,461	49,054	237,426	52,530	19,567	17,671	1,829,154
Financial Liabilities								
Deposits and placements of banks and other financial institutions	274,813	318,928	294,572	-	-	-	-	888,313
Deposits from customers	-	-	13,200	-	-	(218)	-	12,982
Other financial liabilities	426,287	-	-	-	-	-	-	426,287
Total Undiscounted Financial Liabilities	701,100	318,928	307,772	-	-	(218)	-	1,327,582
Net Undiscounted Financial Assets/(Liabilities)	709,345	(276,467)	(258,718)	237,426	52,530	19,785	17,671	501,572

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. It should be noted that this is not how the Bank manages its liquidity risk for off-balance sheet exposures.

1 April 2011

	Up to 1 month RM'000	**>1 to 3 months RM'000**	**>3 to 6 months RM'000**	**>6 to 12 months RM'000**	**>1 to 5 years RM'000**	**Over 5 years RM'000**	**No maturity specified RM'000**	**Total RM'000**
Financial guarantees	-	-	-	15,337	194,242	-	-	209,579
Other undrawn commitments to lend	26,363	26,547	38,291	124,613	7,449	-	-	223,263
Total commitments and guarantees	26,363	26,547	38,291	139,950	201,691	-	-	432,842

44. RISK MANAGEMENT (CONTD.)

44.4 Market Risk Management

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest rates/rates of return, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two types of market risk: Traded Market Risk ("TMR") and Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB"). Assessment, control and monitoring of these risks is the responsibility of the Group Market Risk ("GMR"). For Islamic products and activities, the Shariah compliance risk is also assessed and monitored.

Traded Market Risk

The traded market risk ("TMR") management process is depicted in the diagram below.

Identification	• Identify market risks within existing and new products • Review market-related information such as market trends and economic data
Assessment/ Measurement	• Value-at-Risk ("VaR") • Profit-at-Risk ("PaR") • Capital-at-Risk ("CaR")
Controls/ Mitigation	• VaR Limits • PaR Limits • CaR Limits • Loss Limits (Annual/Monthly) • Concentration Limits • Greeks Limits (Delta/Gamma/Delta-Gamma/Vega/Theta) • Present Value of One Basis Point Limits ("PV01") • Stealth Limits • Position Size Limits • Maximum Tenure Limits • Maximum Holding Period Limits
Monitoring/ Review	• Monitoring of limits • Periodical review and reporting

TMR arises from transactions in which the Group acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and to work with the business to ensure exposures are managed within the Board and Executive Management approved limit structures. This is done via robust traded market risk measurement, limit setting, limit monitoring and collaboration and agreement with Business Units.

VaR, PaR, CaR and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which applies recent historic market conditions to estimate potential losses in market value, at a certain confidence level and over a specified holding period. PaR comprises VaR and a loss limit threshold (i.e. Annual Loss Limit). Loss limit thresholds are intended to trigger management discussion on appropriate mitigation measures to be taken, once certain loss levels are reached.

To complement VaR, CaR is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, CaR is used to gauge and ensure that the Bank is able to absorb extreme, unanticipated market movements.

Apart from VaR, PaR and CaR, additional sensitivity controls (i.e. Greek Limits/PV01) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

GMR monitors and reports risk exposures against limits on a daily basis. Portfolio market risk positions are also reported to GTMRC/Group CEOs Committee, RMCD and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits. Business Units are required to provide an action plan to address any non-adherence to limits. The action plan must be approved by Senior Management.

44. RISK MANAGEMENT (CONTD.)

44.4 Market Risk Management (Contd.)

Traded Market Risk (Contd.)

The Group adopts the Standardised Approach for market risk capital charge computation. This serves as a financial buffer to withstand adverse market movements.

GMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

Non-Traded Market Risk

Interest Rate Risk/Rate of Return Risk in Banking Book

The interest rate risk/rate of return risk in banking book ("IRR/RORBB") risk management process is depicted in the diagram below:

Identification	• Identify IRR/RORBB within existing and new products • Review market-related information such as market trends and economic data
Assessment/ Measurement	• Value-at-Risk ("VaR") • Earnings-at-Risk ("EaR")
Controls/ Mitigation	• VaR Limits • EaR Limits
Monitoring/ Review	• Monitoring of limits • Periodical review and reporting

IRR/RORBB arises from changes in market interest/profit rates that impact core net interest/profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest/profit margin and implied volatilities on interest/profit rate options. The provision of retail and wholesale banking products and services (primarily lending/financing and deposit taking activities) creates interest/profit rate-sensitive positions in the Group's statements of financial position.

The principal objectives of balance sheet risk management are to manage interest/profit income sensitivity while maintaining acceptable levels of IRR/RORBB and funding risk, and to manage the market value of the Group's capital.

The Board's oversight of IRR/RORBB is supported by the GALCO/Group CEOs Committee. GALCO/Group CEOs Committee is responsible for the alignment of the Group-wide risk appetite and funding needs, taking into consideration the Group-wide business strategies. GALCO/Group CEOs Committee consistently oversees the Group's gapping positions, asset growth and liability mix against the interest/profit rate outlook. It also reviews strategies to ensure a comfortable level of interest/profit rate risk is maintained. The Group has successfully engaged long-term borrowings and written interest/profit rate swaps to manage IRR/RORBB, and maintained an acceptable gapping profile as a result. In accordance with the Group's policy, positions are monitored on a daily basis and hedging strategies are employed to ensure risk exposures are maintained within Board-established limits.

The Group measures the risk of losses arising from potential adverse movements in market interest/profit rates and volatilities using VaR. VaR is a quantitative measure of IRR/RORBB which applies recent historic market conditions to estimate the potential loss in market value, at a certain confidence level and over a specified holding period.

The Group complements VaR by stress testing interest/profit rate risk exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest/profit rates and spreads, changes in loan/financing and deposit product balances due to behavioural characteristics under different interest/profit rate environments. Material assumptions include the repricing characteristics and the stickiness of indeterminate or non-maturity deposits.

44. RISK MANAGEMENT (CONTD.)

44.4 Market Risk Management (Contd.)

Non-Traded Market Risk (Contd.)

The rate scenarios may include rapid ramping of interest/profit rates, gradual ramping of interest/profit rates, and narrowing or widening of spreads. Usually each analysis incorporates what management deems the most appropriate assumptions about customer behaviour in an interest/profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Bank's exposure to a specified event.

The Group's strategy seeks to optimise exposure to interest rate risk within Board-approved limits. This is achieved through the ability to reposition the interest/profit rate exposure of the balance sheet using dynamic product and funding strategies, supported by MFRS 139-compliant interest/profit rate hedging activities using interest/profit rate swaps and other derivatives. These approaches are governed by the Group's policies in the areas of product and liquidity management as well as the banking book policy statements and hedging policies.

IRR/RORBB is calculated daily and reported to GALCO/Group CEOs Committee.

Market Risk Sensitivity

(i) Interest Rate Risk/Rate of Return Risk

Interest rate risk/rate of return risk ("IRR/ROR") is the risk that the value of a financial instrument will fluctuate due to changes in market interest/profit rate and is managed through gap and sensitivity analysis. Interest/profit rate movements also affect the Group's income and expense from assets and liabilities as well as capital fund. The Group has adopted IRR/ROR hedging measures to cushion the interest/profit rate volatility.

The following tables demonstrate the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in interest rates with all other variables remaining constant.

The Group

	31 March 2013		31 March 2012	
	Interest Rate + 100 bps (RM'000)	Interest Rate - 100 bps (RM'000)	Interest Rate + 100 bps (RM'000)	Interest Rate - 100 bps (RM'000)
Impact on Profit before taxation	3,562	(3,562)	1,738	(1,738)
Impact on Equity	(615)	639	(606)	630

The Bank

	31 March 2013		31 March 2012	
	Interest Rate + 100 bps (RM'000)	Interest Rate - 100 bps (RM'000)	Interest Rate + 100 bps (RM'000)	Interest Rate - 100 bps (RM'000)
Impact on Profit before taxation	3,562	(3,562)	1,738	(1,738)
Impact on Equity	(615)	639	(606)	630

Note:
The sensitivity analysis presented for non-traded market risk excludes non-interest/profit rate bearing assets and liabilities. The disclosure presented conforms with the Group's and the Bank's method of managing IRR/RORBB in the banking book by including all fixed and floating rate financial assets and liabilities.

44. RISK MANAGEMENT (CONTD.)

44.4 Market Risk Management (Contd.)

ii) Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates to exposure on the Group's and the Bank's financial instruments denominated in currencies other than the functional currency of the transacting entity. Position limits are imposed to prevent the Group and the Bank from exposure to excessive foreign currency exchange risk.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation to a reasonable possible change in foreign exchange rates with all other variables remaining constant. The Group's and the Bank's equity is not affected by any changes in foreign exchange rate.

Impact on Profit before taxation

	31 March 2013		31 March 2012	
Currency	**Currency Rate + 10 % (RM'000)**	**Currency Rate - 10 % (RM'000)**	**Currency Rate + 10 % (RM'000)**	**Currency Rate - 10 % (RM'000)**
The Group				
USD	(14)	14	679	(679)
SGD	188	(188)	122	(122)
EUR	117	(117)	7	(7)
GBP	28	(28)	64	(64)
Others	119	(119)	542	(542)
The Bank				
USD	(160)	160	(282)	282
SGD	184	(184)	117	(117)
EUR	22	(22)	5	(5)
Others	2	(2)	-	-

44. RISK MANAGEMENT (CONTD.)

44.4 Market Risk Management (Contd.)

iii) Price Risk

Price risk arises from the adverse movements in the price of equities and other quoted instruments. Price risk is controlled via position size, loss limits and VaR limits.

The following table demonstrates the sensitivity of the Group's and the Bank's profit before taxation and equity to a reasonable possible change in prices with all other variables remaining constant.

The Group

	31 March 2013		31 March 2012	
	Prices + 10% (RM'000)	Prices - 10% (RM'000)	Prices + 10% (RM'000)	Prices - 10% (RM'000)
Impact on Profit before taxation	(157)	157	51	(51)
Impact on Equity	1,613	(1,613)	1,111	(1,111)

The Bank

	31 March 2013		31 March 2012	
	Prices + 10% (RM'000)	Prices - 10% (RM'000)	Prices + 10% (RM'000)	Prices - 10% (RM'000)
Impact on Profit before taxation	(200)	200	43	(43)
Impact on Equity	1,613	(1,613)	1,111	(1,111)

44.5 Operational Risk Management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk and Shariah compliance risk. It excludes strategic, systemic and reputational risk.

It is increasingly recognised that operational risk is the most widespread risk facing financial institutions today.

Operational Risk Management (“ORM”) is the discipline of continual and systematic process which includes risk identification, assessment, monitoring and reporting of risk for decision making and implementation of risk controls, which results in acceptance, mitigation, or avoidance of risk. ORM provides the oversight of operational risk, including the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents.

The Bank minimises operational risk by putting in place appropriate policies, internal controls and procedures as well as maintaining back-up procedures for key activities and undertaking business continuity planning. These are supported by independent reviews by the Group Internal Audit team.

44.6 Business Continuity Management

The Business Continuity Management (“BCM”) function forms an integral part of Operational Risk Management. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Bank’s operations and establishment of critical functions recovery against downtimes. BCM builds the resilience and recovery capability to safeguard the interest of Bank’s stakeholders by protecting our brand and reputation.

The Bank is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an on-going agenda to heighten the BCM awareness and inculcate a business resilience culture.

44. RISK MANAGEMENT (CONTD.)

44.7 Legal and Regulatory Risk

The Group manages legal and regulatory risks to its business. Legal risk arises from the potential that breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgements, may lead to the incurrence of losses, disrupt or otherwise resulting in financial and operational risk.

Legal risk is overseen by the GOLRC/Group CEOs Committee, upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risk is minimised.

A proactive regulatory risk monitoring and control process is essential for any financial group to provide assurance that its products and services are offered in a manner consistent with regulatory requirements and industry best practice. Regulatory Compliance undertakes the task by ensuring that appropriate measures are introduced and applied accordingly, whilst inculcating a compliance culture across all levels of staff. Amongst the measures introduced are monitoring and reporting, training, providing advice and disseminating information. A process is in place to standardise compliance practices across the Group.

The compliance monitoring and reporting system is essentially a mechanism through which businesses monitor their compliance to rules and regulations as well as provide monthly, quarterly and exception reporting that is carried out online. This reaffirms our commitment to a centralised compliance infrastructure that embraces regular self-assessment by staff, thus providing management the assurance that staff are aware and comply with internal and external requirements.

Compliance awareness is performed on a regular basis to ensure staff keeps abreast of banking, insurance, securities and anti-money laundering law as well as other regulatory developments. The awareness helps staff develop their skills to identify compliance issues as well as cultivate good corporate ethics. In addition to the training provided, the Compliance Repository, an online resource tool, continues to provide staff with easy access to rules and regulations to various search modes.

Regulatory Compliance also provides advice on regulatory matters and measures to be implemented by the Group to facilitate compliance with rules and regulations. To further promote understanding, the department facilitates briefings, disseminates information and leads coordination efforts.

45. FAIR VALUES OF FINANCIAL INSTRUMENTS

Except as detailed in the following tables, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

45.1 Financial instruments not measured at fair value

Group

	31 March 2013		31 March 2012		1 April 2011	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial Assets						
Cash and short-term funds	570,797	570,797	597,533	597,533	705,060	705,060
Deposits and placements with banks and other financial institutions	713	713	-	-	676	676
Financial investments available-for-sale	14,111	14,111	14,110	14,110	15,073	15,073
Financial investments held-to-maturity	265,909	265,912	100	100	100	100
Loans, advances and financing	947,084	947,084	610,400	610,400	553,522	553,522
Other financial assets	844,642	844,642	963,226	963,226	758,961	758,961
	2,643,256	2,643,259	2,185,369	2,185,369	2,033,392	2,033,392
Financial Liabilities						
Deposits and placements of banks and other financial institutions	1,468,022	1,468,022	878,697	878,697	878,225	878,225
Term funding	75,129	75,129	41,402	41,402	2,401	2,401
Other financial liabilities	687,085	687,085	811,389	811,389	606,360	606,360
	2,230,236	2,230,236	1,731,488	1,731,488	1,486,986	1,486,986

Bank

	31 March 2013		31 March 2012		1 April 2011	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial Assets						
Cash and short-term funds	545,150	545,150	548,051	548,051	662,614	662,614
Deposits and placements with banks and other financial institutions	-	-	1,808	1,808	-	-
Financial investments available-for-sale	11,911	11,911	11,910	11,910	12,873	12,873
Financial investments held-to-maturity	265,909	265,912	100	100	100	100
Loans, advances and financing	947,084	947,084	610,400	610,400	553,495	553,495
Other financial assets	498,043	498,043	670,792	670,792	510,643	510,643
	2,268,097	2,268,100	1,843,061	1,843,061	1,739,725	1,739,725
Financial Liabilities						
Deposits and placements of banks and other financial institutions	1,468,022	1,468,022	878,697	878,697	878,225	878,225
Other financial liabilities	467,258	467,258	604,731	604,731	432,089	432,089
	1,935,280	1,935,280	1,483,428	1,483,428	1,310,314	1,310,314

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

45.2 Financial instruments measured at fair value

The following table presents the assets and liabilities that are measured at fair value at 31 March 2013:

	Group				Bank			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets								
Derivative financial assets	9	-	-	9	7	-	-	7
Financial assets held-for-trading	4,082	-	-	4,082	3,820	-	-	3,820
Financial investments available-for-sale	16,135	24,718	-	40,853	16,133	24,718	-	40,851
	20,226	24,718	-	44,944	19,960	24,718	-	44,678
Financial Liabilities								
Derivative financial liabilities	5	-	-	5	-	-	-	-
	5	-	-	5	-	-	-	-

The following table presents the assets and liabilities that are measured at fair value at 31 March 2012:

	Group				Bank			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets								
Derivative financial assets	87	-	-	87	86	-	-	86
Financial assets held-for-trading	30,821	-	-	30,821	30,777	-	-	30,777
Financial investments available-for-sale	11,111	23,078	-	34,189	11,110	23,078	-	34,188
	42,019	23,078	-	65,097	41,973	23,078	-	65,051
Financial Liabilities								
Derivative financial liabilities	3	-	-	3	-	-	-	-
	3	-	-	3	-	-	-	-

The following table presents the assets and liabilities that are measured at fair value at 1 April 2011:

	Group				Bank			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets								
Derivative financial assets	313	-	-	313	-	-	-	-
Financial assets held-for-trading	7,385	-	-	7,385	4,798	-	-	4,798
Financial investments available-for-sale	-	23,838	-	23,838	-	23,838	-	23,838
	7,698	23,838	-	31,536	4,798	23,838	-	28,636
Financial Liabilities								
Derivative financial liabilities	369	-	-	369	66	-	-	66
	369	-	-	369	66	-	-	66

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

45.3 Determination of fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

45.3a Assets For Which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short-term maturity (less than three months), demand deposits and savings accounts without a specific maturity, the carrying amounts approximate their fair value. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since the instrument was initially recognised.

45.3b Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were initially recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

45.3c Contingent Liabilities And Undrawn Credit Facilities

The fair value of contingent liabilities and undrawn credit facilities are not readily ascertainable. These financial instruments are presently not sold or traded. They generate fees that are in line with market prices for similar arrangements. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs and potential loss that may arise should these commitments crystallise. The Group and Bank assess that their respective fair values are unlikely to be significant given that the overall level of fees involved is not significant and no provision is necessary to be made.

45.3d Derivatives

Derivative products valued using a valuation technique with market observable inputs are mainly interest rate swaps and options, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Derivative products valued using a valuation technique with significant non–market observable inputs are long dated contracts (interest rate swaps, currency swaps, forwards foreign exchange contracts, option contracts and certain credit default swaps). These derivatives are valued using models that calculate the present value such as credit models (e.g., default rate models or credit spread models) and the binomial model for options. The models incorporate various non-observable assumptions that include the credit spread of the reference asset for credit default swaps, and market rate volatilities.

45.3e Financial Investments Available–for–Sale

Financial investments available–for–sale valued using valuation techniques or pricing models primarily consist of unquoted equities and debt securities.

45.3f Other Trading Assets

Other trading assets valued using a valuation technique consists of certain debt securities and asset–backed securities. The Group and Bank value the securities using discounted cash flow valuation models which incorporate observable and unobservable data. Observable inputs include assumptions regarding current rates of interest and broker statements. Unobservable inputs include assumptions regarding expected future default rates, prepayment rates and market liquidity discounts.

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

45.4 Determination of Fair Value Hierarchy

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

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

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 or the Bank. Therefore, unobservable inputs reflect the Group’s and the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group’s and the Bank's own data.

46. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business segments. The business segment information is prepared based on internal management reports, which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance.

The Group comprises the following main business segments:

(a) Investment banking

Investment banking caters to the business needs of large corporate customers and financial institutions and provides customers with extensive range of financial solutions. Investment banking encompasses debt capital markets and equity capital markets services, equity derivatives, corporate finance, structured finance, share-broking, futures broking, funds management and private banking where it provides wealth management services to high net worth individuals, family groups and companies.

(b) Corporate and institutional banking

Corporate and institutional banking focuses on deepening and expanding corporate and institutional banking relationships with the Group's corporate clients, as well as offering of a wider spectrum of the Group's commercial and investment banking products through the overseas business operations and providing real estate management services.

(c) Markets

The markets operations focus on activities and services which include foreign exchange, money market, derivatives and trading of capital market instruments.

(d) Group functions and others

Group functions and others comprise activities which complement and support the operations of the main business units and non-core operations of the Group.

Measurements of Segment Performance

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses and expenses directly associated with each segment. Transactions among segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Operating Revenue

Operating revenue of the Group comprises all type of revenue derived from the business segments but after elimination of all related companies transactions.

Major customers

No revenue from one single customer amounted to greater than 10% of the Group's revenue for the current and previous financial years.

46. BUSINESS SEGMENT ANALYSIS

31 March 2013 Group	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Revenue	246,210	2,586	2,017	29,222	280,035
Income	189,754	2,586	2,017	1,115	195,472
Expenses	(173,439)	(4,512)	-	(8,096)	(186,047)
Profit/(loss) before provisions	16,315	(1,926)	2,017	(6,981)	9,425
Provisions	(3,267)	(603)	-	214	(3,656)
Profit/(loss) after provisions	13,048	(2,529)	2,017	(6,767)	5,769
Taxation and zakat	(7,208)	632	(504)	22,048	14,968
Net profit/(loss) for the period	5,840	(1,897)	1,513	15,281	20,737

Other information:

Cost to income ratio	91.4%	174.5%	-	726.1%	95.2%
Gross loans/ financing	947,296	-	-	6,283	953,579
Net loans/financing	940,898	-	-	6,186	947,084
Gross impaired loans, advances and financing	3,854	-	-	-	3,854
Total deposits	7,271	-	-	1,460,751	1,468,022

46. BUSINESS SEGMENT ANALYSIS (CONTD.)

31 March 2012	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Group					
Revenue	293,858	21,934	5,209	40,597	361,598
Income	230,442	21,659	5,209	14,094	271,404
Expenses	(139,518)	(18,660)	(1)	(46,100)	(204,279)
Profit/(loss) before provisions	90,924	2,999	5,208	(32,006)	67,125
Provisions	1,260	(5,243)	-	777	(3,206)
Profit/(loss) after provisions	92,184	(2,244)	5,208	(31,229)	63,919
Taxation and zakat	(23,658)	(297)	(1,302)	6,612	(18,645)
Net profit/(loss) for the period	68,526	(2,541)	3,906	(24,617)	45,274
Other information					
Cost to income ratio	60.5%	86.2%	-	327.1%	75.3%
Gross loans/ financing	610,550	-	-	7,527	618,077
Net loans/financing	603,060	-	-	7,340	610,400
Gross impaired loans, advances and financing	4,554	-	-	-	4,554
Total deposits	47,783	-	-	830,914	878,697

Included in the above is Islamic Banking business profit before taxation of RM16.2 million for the year ended 31 March 2013 (2012: RM31.2 million).

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for AmFrasers International Pte. Ltd. and its subsidiaries' activities which are principally conducted in Singapore. These activities in Singapore are not significant in relation to the Group's activities in Malaysia.

47. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES

(a) Transition to MFRSs

These financial statements, for the year ended 31 March 2013, are the first the Group and the Bank have prepared in accordance with MFRS. For periods up to and including the year ended 31 March 2012, the Group and the Bank prepared their financial statements in accordance with FRS.

Accordingly, the Group and the Bank have prepared financial statements which comply with MFRS applicable for periods ending on or after 31 March 2013, together with the comparative period data as at and for the year ended 31 March 2012, as described in the transition to MFRS Framework note. In preparing these financial statements, the Group's and the Bank's opening statement of financial position was prepared as at 1 April 2011, the Group's and the Bank's date of transition to MFRS.

The Group's and the Bank's reconciliations of equity as at 1 April 2011 and 31 March 2012, reconciliations of income statement and statement of comprehensive income for the year ended 31 March 2012 and reconciliations of statement of cash flows for the financial year ended 31 March 2012 are provided below to show the principal adjustments made by the Group and the Bank in restating its FRS financial statements.

The following comparative figures have been restated to conform with current year's presentation.

(b) Restatements of Comparatives

The reconciliations of equity and reconciliations of statement of cash flows for comparative periods at the date of adoption of FRSIC Consensus 18 for the Group and the Bank are provided below.

(c) Reconciliation of equity

Group	As previously reported RM'000	Effect of transition to MFRS RM'000	Other restatements RM'000	As restated RM'000
As at 31 March 2012				
ASSETS				
Cash and short-term funds	865,030	-	(267,497)	597,533
Financial investments available-for-sale	48,525	-	(226)	48,299
Loans, financing and advances	604,473	5,927	-	610,400
Deferred tax assets	19,241	(20)	-	19,221
Other assets	1,026,641	(1,548)	(9,464)	1,015,629
LIABILITIES AND EQUITY				
Other liabilities	1,201,839	(345)	(277,187)	924,307
Reserves	333,317	4,704	-	338,021
As at 1 April 2011				
ASSETS				
Cash and short-term funds	932,560	-	(227,500)	705,060
Financial investments available-for-sale	55,209	-	(514)	54,695
Loans, financing and advances	548,266	5,256	-	553,522
Other assets	856,839	(1,548)	(45,507)	809,784
LIABILITIES AND EQUITY				
Other liabilities	998,576	(936)	(273,521)	724,119
Reserves	375,875	4,644	-	380,519

47. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (CONTD.)

(c) Reconciliation of equity (Contd.)

Bank	As previously reported RM'000	Effect of transition to MFRS RM'000	Other restatements RM'000	As restated RM'000
As at 31 March 2012				
ASSETS				
Cash and short-term funds	763,669	-	(215,618)	548,051
Loans, financing and advances	604,473	5,927	-	610,400
Deferred tax assets	16,082	(20)	-	16,062
Other assets	716,171	(1,548)	-	714,623
LIABILITIES AND EQUITY				
Other liabilities	925,472	(345)	(215,618)	709,509
Reserves	304,584	4,704	-	309,288
As at 1 April 2011				
ASSETS				
Cash and short-term funds	844,197	-	(181,583)	662,614
Loans, financing and advances	548,239	5,256	-	553,495
Other assets	562,105	(1,548)	-	560,557
LIABILITIES AND EQUITY				
Other liabilities	725,779	(936)	(181,583)	543,260
Reserves	333,525	4,644	-	338,169

(d) Reconciliation of income statement

For the financial year ended 31 March 2012	As previously reported RM'000	Effect of transition to MFRS RM'000	Other restatements RM'000	As restated RM'000
Group				
Interest income	52,509	-	(501)	52,008
Interest expense	(28,451)	-	501	(27,950)
Writeback of allowances for impairment on loans, advances and financing	350	671	-	1,021
Writeback of provision/(provision) for commitments and contingencies	315	(591)	-	(276)
Taxation	(18,625)	(20)	-	(18,645)
Bank				
Writeback of allowances for impairment on loans, advances and financing	350	671	-	1,021
Writeback of provision/(provision) for commitments and contingencies	315	(591)	-	(276)
Taxation	(21,262)	(20)	-	(21,282)

47. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (CONTD.)

(e) Reconciliation of statement of cash flows

For the financial year ended 31 March 2012	As previously reported RM'000	Effect of transition to MFRS RM'000	Other restatements RM'000	As restated RM'000
Group				
Profit before taxation	63,839	80	-	63,919
Adjustments for:				
Allowance written back for impaired loans, advances and financing, net of recoveries	(350)	(671)	-	(1,021)
Provision (written back)/made for commitments and contingencies	(315)	591	-	276
Scheme shares and options granted under AMMB Executives' Share Scheme	-	-	(8,699)	(8,699)
Decrease/(increase) in operating assets:				
Other assets	(169,952)	-	(27,342)	(197,294)
Financial assets held-for-trading	(22,394)	-	(2)	(22,396)
Increase/(decrease) in operating liabilities:				
Other liabilities	202,132	-	(3,667)	198,465
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase of)/proceeds from disposal of securities – net	7,807	-	(287)	7,520
Bank				
Profit before taxation	81,370	80	-	81,450
Adjustments for:				
Allowance written back for impaired loans, advances and financing, net of recoveries	(350)	(671)	-	(1,021)
Provision (written back)/made for commitments and contingencies	(315)	591	-	276
Scheme shares and options granted under AMMB Executives' Share Scheme	-		(7,607)	(7,607)
Decrease/(increase) in operating assets:				
Other assets	(150,743)	-	7,609	(143,134)
Financial assets held-for-trading	(23,794)	-	(2)	(23,796)
Increase/(decrease) in operating liabilities:				
Other liabilities	197,566	-	(34,035)	163,531

48. ISLAMIC BANKING BUSINESS

The statements of financial position as at 31 March 2013 and the results for the financial year ended 31 March 2013 of the Islamic banking business of the Group and the Bank included in the financial statements, after elimination of intercompany transactions and balances, are summarised as follows:

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013

		Group and Bank		
		31 March 2013	31 March 2012	1 April 2011
	Note	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds	(ii)	191,813	173,942	133,765
Other receivables, deposits and prepayments		16,940	18,863	26,014
Deferred tax assets	(iii)	212	1,541	1,542
Property and equipment	(iv)	40	58	78
Intangible assets	(v)	4	6	8
TOTAL ASSETS		209,009	194,410	161,407
LIABILITIES AND ISLAMIC BANKING FUNDS				
Deposits and placements of banks and other financial institutions		1,750	-	-
Other liabilities	(vi)	59,141	58,405	48,667
Total Liabilities		60,891	58,405	48,667
ISLAMIC BANKING FUNDS				
Capital funds	(vii)	30,000	30,000	30,000
Reserves		118,118	106,005	82,740
Islamic Banking Funds		148,118	136,005	112,740
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		209,009	194,410	161,407
COMMITMENT & CONTINGENCIES	(xiv)	77,650	114,078	129,415

The accompanying notes form an integral part of the Islamic banking business financial statements.

48. ISLAMIC BANKING BUSINESS (CONTD.)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	Group and Bank 31 March 2013 RM'000	Group and Bank 31 March 2012 RM'000
Income derived from investment of depositors' funds and others	(viii)	1,461	1,221
Total attributable income		1,461	1,221
Income attributable to the depositors	(ix)	(4)	(26)
Profit attributable to the Group and the Bank		1,457	1,195
Income derived from investment of Islamic banking funds	(x)	13,854	33,479
Direct costs	(xi)	(145)	(117)
Total net income		15,166	34,557
Other operating expenses	(xii)	1,067	(3,344)
Profit before taxation		16,233	31,213
Taxation	(xiii)	(4,120)	(7,948)
Profit after taxation		12,113	23,265

The accompanying notes form an integral part of the Islamic banking business financial statements.

48. ISLAMIC BANKING BUSINESS (CONTD.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Non-distributable	Distributable	
	Capital Funds RM'000	Retained Earnings RM'000	Total RM'000
Group and Bank			
At 1 April 2011	30,000	82,740	112,740
Profit for the financial year	-	23,265	23,265
At 31 March 2012	30,000	106,005	136,005
At 1 April 2012	30,000	106,005	136,005
Profit for the financial year	-	12,113	12,113
At 31 March 2013	30,000	118,118	148,118

The accompanying notes form an integral part of the Islamic banking business financial statements.

48. ISLAMIC BANKING BUSINESS (CONTD.)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	16,233	31,213
Add/(less) adjustments for:		
Depreciation of property and equipment	18	23
Amortisation of intangible assets	2	2
Operating profit before working capital changes	16,253	31,238
Decrease in operating assets:		
Other receivables, deposits and prepayments	3,250	7,153
Increase in operating liabilities:		
Deposits and placements of banks and other financial institutions	1,750	-
Other liabilities	8,722	14,383
Net cash generated from operating activities	29,975	52,774
Taxation paid	(12,104)	(12,593)
Net cash generated from operating activities	17,871	40,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(4)
Net cash used in investing activities	-	(4)
Net increase in cash and cash equivalents	17,871	40,177
Cash and cash equivalents at beginning of financial year	173,942	133,765
Cash and cash equivalents at end of financial year	191,813	173,942

The accompanying notes form an integral part of the Islamic banking business financial statements.

48. ISLAMIC BANKING BUSINESS (CONTD.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS

(i) ISLAMIC BANKING BUSINESS

Disclosure of Shariah Advisor

The Group and Bank's Islamic banking activities are subject to conformity with Shariah requirements and confirmation by the Shariah Advisor, Assoc. Prof. Dr Amir Husin bin Mohd Nor, Assoc. Prof. Datin Dr. Noor Naemah binti Abdul Rahman, Dr. Adnan bin Yusoff, Asst. Professor Dr. Tajul Aris bin Ahmad Bustami and Dr. Asmak binti Ab Rahman. The role and authority of the Shariah Advisor are as follows:

(a) Advise and provide guidance on all matters pertaining to Shariah principles including product development, marketing and implementation activities.

(b) Assist in the setting up of business and operational procedures with respect to compliance with Shariah principles.

Zakat obligations

The Group and Bank do not pay zakat on behalf of the shareholder or depositors.

(ii) CASH AND SHORT TERM FUNDS

	Group and Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Cash and bank balances	229	245	4,427
Money on call and deposits maturing within one month:			
Licensed banks	191,584	173,697	129,338
	191,813	173,942	133,765

(iii) DEFERRED TAX ASSETS

	Group and Bank		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Balance at beginning of financial year	1,541	1,542	(8)
Net transfer to income statement (Note xiii)	(1,329)	(1)	1,550
Balance at end of financial year	212	1,541	1,542

The deferred taxation is in respect of the following:

Temporary difference between depreciation and tax allowance	(5)	(12)	(11)
Temporary differences from provisions	217	1,553	1,553
	212	1,541	1,542

48. ISLAMIC BANKING BUSINESS (CONTD.)

(iv) PROPERTY AND EQUIPMENT

Group and Bank	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
2013				
COST				
At 1 April 2012 / 31 March 2013	88	65	84	237
ACCUMULATED DEPRECIATION				
At 1 April 2012	75	53	51	179
Additions	7	5	6	18
At 31 March 2013	82	58	57	197
NET BOOK VALUE				
As at 31 March 2013	6	7	27	40
2012				
COST				
At 1 April 2011	88	68	84	240
Additions	-	4	-	4
Reclassification/Transfer	-	(7)	-	(7)
At 31 March 2012	88	65	84	237
ACCUMULATED DEPRECIATION				
At 1 April 2011	65	54	43	162
Additions	10	5	8	23
Reclassification/Transfer	-	(6)	-	(6)
At 31 March 2012	75	53	51	179
NET BOOK VALUE				
As at 31 March 2012	13	12	33	58
As at 1 April 2011	23	14	41	78

48. ISLAMIC BANKING BUSINESS (CONTD.)

(v) INTANGIBLE ASSETS

Computer Software	Group and Bank 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
COST			
Balance at beginning of financial year	19	19	12
Additions	-	-	7
Balance at end of financial year	19	19	19
ACCUMULATED AMORTISATION			
Balance at beginning of financial year	13	11	9
Additions	2	2	2
Balance at end of financial year	15	13	11
NET CARRYING AMOUNT	4	6	8

(vi) OTHER LIABILITIES

	Group and Bank 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Trade payables	911	554	6,799
Other payables and accruals	1,308	6,662	7,086
Amount due to head office	35,425	21,053	-
Taxation and zakat payable	21,497	30,136	34,782
	59,141	58,405	48,667

(vii) CAPITAL FUNDS

	Group and Bank 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Allocated:			
Balance at beginning and end of financial year	30,000	30,000	30,000
Utilised:			
Balance at beginning and end of financial year	30,000	30,000	30,000

48. ISLAMIC BANKING BUSINESS (CONTD.)

(viii) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of other deposits	1,461	1,221

Income derived from investment of other deposits is derived from finance income and hibah from money at call and deposits with financial institutions.

(ix) INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
Other deposit and placement from Head Office	4	26

(x) INCOME DERIVED FROM INVESTMENT OF ISLAMIC BANKING FUNDS

	Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
Finance income and hibah:		
Money at call and deposits with financial institutions	4,333	3,942
Fee and commission income:		
Brokerage fees and commissions	1,454	1,283
Corporate advisory	-	1,120
Guarantee fees	927	1,492
Other fee income	7,140	25,642
	9,521	29,537
Total	13,854	33,479

(xi) DIRECT COSTS

	Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
Brokerage commission	85	65
Others	60	52
	145	117

(xii) OTHER OPERATING EXPENSES

	Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
Personnel costs	(1,743)	2,610
Establishment costs	175	226
Marketing and communication expenses	88	211
Administration and general expenses	246	256
Service transfer pricing expenses	167	41
	(1,067)	3,344

48. ISLAMIC BANKING BUSINESS (CONTD.)

(xiii) TAXATION

	Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
Estimated current tax payable	2,804	7,745
(Over)/under provision of tax expense in prior year	(13)	202
Transfer from deferred tax assets	1,329	1
Total	4,120	7,948

(xiv) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Islamic banking business of the Group and the Bank makes 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.

As at 31 March 2013, the commitments and contingencies outstanding are as follows:

Group and Bank	31 March 2013 Principal Amount RM'000	31 March 2012 Principal Amount RM'000	1 April 2011 Principal Amount RM'000
Contingent Liabilities			
Al-Kafalah guarantees	77,650	114,078	129,415

48. ISLAMIC BANKING BUSINESS (CONTD.)

(xv) NET INCOME FROM ISLAMIC BANKING BUSINESS

For consolidation with the conventional operations, income from Islamic banking business comprises the following items:

	Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of depositors' funds	1,461	1,221
Less: Income attributable to depositors	(4)	(26)
Income attributable to the Group and the Bank	1,457	1,195
Income derived from Islamic banking funds	13,709	33,362
	15,166	34,557

(xvi) CAPITAL ADEQUACY RATIO

(a) The components of Tier I and Tier II Capital of the Islamic banking business of the Group and the Bank are as follows:

	Group and Bank
	31 March 2013
Before deducting proposed dividends:	
Common Equity Tier 1 Capital Ratio	94.5%
Tier 1 Capital Ratio	94.5%
Total Capital Ratio	94.5%
After deducting proposed dividend:	
Common Equity Tier 1 Capital Ratio	94.5%
Tier 1 Capital Ratio	94.5%
Total Capital Ratio	94.5%
	31 March 2012
Before deducting proposed dividends:	
Core capital ratio	51.4%
Risk-weighted capital ratio	51.4%
After deducting proposed dividend:	
Core capital ratio	51.4%
Risk-weighted capital ratio	51.4%

The capital adequacy ratio of the Group refers to the consolidated capital base as a ratio of the consolidated risk-weighted assets of AmInvestment Bank Berhad and its subsidiaries. The capital adequacy ratio of the Bank refers to the combined capital base as a ratio of the risk-weighted assets of AmInvestment Bank Berhad for the financial year.

The capital adequacy ratios of AmInvestment Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). AmInvestment Bank has 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 8.0% for the risk-weighted capital ratio.

48. ISLAMIC BANKING BUSINESS (CONTD.)

(xvi) CAPITAL ADEQUACY RATIO (CONTD.)

(b) The components of Tier I and Tier II Capital of the Islamic banking business of the Group and the Bank are as follows:

Group and Bank	31 March 2013 RM'000
Common Equity Tier 1 ("CET1") Capital	
Capital funds	30,000
Retained earnings	118,118
Less : Regulatory adjustments applied on CET1 capital	
Other intangibles	(4)
Deferred tax assets	(212)
CET1 capital	**147,902**
T1 capital	**147,902**
Tier 2 capital	-
Total Capital	**147,902**

	31 March 2012 RM'000
Tier 1 Capital	
Capital funds	30,000
Unappropriated profits at end of financial year	106,005
	136,005
Less: Deferred tax assets	(1,541)
Total Tier 1 Capital and Capital Base	**134,464**

The breakdown of risk-weighted assets of the Group and the Bank in the various risk categories are as follows:

	Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
Credit risk	111,565	168,476
Operational risk	44,921	93,271
	156,486	261,747