

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	The Group	
		31.12.05 RM'000	31.3.05 RM'000
ASSETS			
Cash and short-term funds		6,521,730	7,778,102
Securities purchased under resale agreements		217,634	147,520
Deposits and placements with banks and other financial institutions		760,734	781,552
Securities held-for-trading	A8	5,437,253	3,825,194
Securities available-for-sale	A9	1,159,958	949,713
Securities held-to-maturity	A10	3,025,280	2,797,850
Loans, advances and financing	A11	44,557,962	40,099,556
Other assets	A12	1,143,747	1,171,927
Goodwill on consolidation		540,165	523,046
Statutory deposits with Bank Negara Malaysia		1,718,527	1,545,877
Deferred tax assets		890,404	984,745
Investments in associated companies		39,805	38,715
Property and equipment		487,470	480,366
Life fund assets		1,094,026	940,379
TOTAL ASSETS		67,594,695	62,064,542
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	A13	37,017,848	34,447,340
Deposits and placements of banks and other financial institutions	A14	13,848,835	12,186,531
Obligations on securities sold under repurchase agreements		2,394,621	1,450,886
Bill and acceptances payable		623,729	518,938
Recourse obligation on loans sold to Cagamas Berhad		2,001,488	2,786,448
Other liabilities	A15	2,271,820	1,992,213
Term loans		489,500	1,252,500
Subordinated certificates of deposits		199,644	198,768
Subordinated term loan		680,000	680,000
Redeemable unsecured subordinated bonds		938,860	801,481
Life fund liabilities		130,413	121,266
Life policyholder funds		963,613	819,112
Total Liabilities		61,560,371	57,255,483
Minority interests		1,072,329	36,347
Share capital		2,130,534	2,130,534
Reserves		2,831,461	2,642,178
Shareholders' funds		4,961,995	4,772,712
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		67,594,695	62,064,542
COMMITMENTS AND CONTINGENCIES	A25	31,824,895	23,944,919
CAPITAL ADEQUACY	A29		
Core capital ratio		8.28%	6.85%
Risk-weighted capital ratio		12.56%	11.42%
NET TANGIBLE ASSETS PER SHARE (RM)		2.08	2.00

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2005.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2005

The Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.05	31.12.04	31.12.05	31.12.04
		RM'000	RM'000	RM'000	RM'000
Revenue		1,163,055	1,083,010	3,426,090	3,090,416
Interest income	A16	835,899	788,372	2,341,488	2,242,355
Interest expense	A17	(432,033)	(392,715)	(1,245,113)	(1,171,091)
Net interest income		403,866	395,657	1,096,375	1,071,264
Net income from Islamic Banking Operations		135,143	109,691	409,960	328,043
Other operating income	A18	192,013	184,947	674,642	520,018
Net income		731,022	690,295	2,180,977	1,919,325
Other operating expenses	A19	(360,709)	(310,083)	(1,096,825)	(961,075)
Operating profit		370,313	380,212	1,084,152	958,250
Allowance for losses on loans and financing	A20	(162,340)	(157,379)	(484,317)	(419,762)
Impairment writeback/(loss) on:					
Securities held-to-maturity		6,781	1,632	33,870	(14,854)
Assets acquired in exchange of debts		(660)	-	(660)	-
Transfer to profit equalisation reserve		(10,290)	(22,678)	(17,874)	(61,987)
Writeback of allowance/(Allowance) for doubtful sundry receivables - net		3,421	623	(11,929)	1,204
Writeback of provision for commitments		502	-	63	-
Profit before share in results of associated companies		207,727	202,410	603,305	462,851
Share in results of associated companies		58	453	1,557	670
Profit before taxation		207,785	202,863	604,862	463,521
Taxation	B5	(61,238)	(66,524)	(195,821)	(166,599)
Profit after taxation but before minority interests		146,547	136,339	409,041	296,922
Minority shareholders' interests in results of subsidiary companies		(36,761)	(37,423)	(92,069)	(86,299)
Profit attributable to the Shareholders'		109,786	98,916	316,972	210,623
EARNINGS PER SHARE (SEN)	B13				
Basic		5.15	5.28	14.88	11.29
Fully diluted		5.13	5.10	14.81	10.90

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2005.

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2005

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	
The Group								
At 1 April 2004								
As previously stated	1,858,806	125,284	263,058	1,164,073	-	19,604	597,636	4,028,461
Prior year adjustments	-	-	-	-	-	-	2,240	2,240
At 1 April 2004 (restated)	1,858,806	125,284	263,058	1,164,073	-	19,604	599,876	4,030,701
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	(15,540)	-	-	(15,540)
Issue of shares pursuant to :								
- exercise of share options	12,887	-	17,566	-	-	-	-	30,453
- exercise of Warrants 2003/2008	6	-	8	-	-	-	-	14
Translation adjustment	-	-	-	-	-	(4,065)	-	(4,065)
Profit for the period	-	-	-	-	-	-	210,623	210,623
Dividends paid	-	-	-	-	-	-	(53,534)	(53,534)
At 31 December 2004	1,871,699	125,284	280,632	1,164,073	(15,540)	15,539	756,965	4,198,652

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2005

The Group	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	
At 1 April 2005								
As previously stated	2,130,534	-	798,356	913,438	-	15,086	926,810	4,784,224
Prior year adjustments	-	-	-	-	(14,165)	-	2,653	(11,512)
At 1 April 2005 (restated)	2,130,534	-	798,356	913,438	(14,165)	15,086	929,463	4,772,712
Arising from Restricted Offer For Sale ("ROFS") of investment banking group	-	(65,224)	-	-	-	-	-	(65,224)
Transfer from unappropriated profits	-	-	-	29,549	-	-	(29,549)	-
Expenses relating to ROFS of investment banking group and AMFB privitisation	-	-	(6,869)	-	-	-	-	(6,869)
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	3,065	-	-	3,065
Translation adjustments	-	-	-	-	-	2,698	-	2,698
Profit for the period	-	-	-	-	-	-	316,972	316,972
Proposed dividends	-	-	-	-	-	-	(61,359)	(61,359)
At 31 December 2005	2,130,534	(65,224)	791,487	942,987	(11,100)	17,784	1,155,527	4,961,995

The movement in capital reserve was in respect of the dilution in net attributable assets of the Group arising from the 49.0% ROFS of the investment banking group by the Company.

The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2005.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2005

The Group	Cumulative Quarter	
	31.12.05	31.12.04
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	604,862	463,521
Add adjustments for non-operating and non cash items	746,098	884,168
Operating profit before working capital	1,350,960	1,347,689
Increase in operating assets	(7,179,687)	(301,506)
Increase/(Decrease) in operating liabilities	4,046,556	(1,240,552)
Cash used in operations	(1,782,171)	(194,369)
Taxation paid	(80,423)	(61,755)
Net cash used in operating activities	(1,862,594)	(256,124)
Net cash (used in)/generated from investing activities	(313,805)	593,890
Net cash generated from/(used in) financing activities	950,396	(25,809)
	636,591	568,081
Net (decrease)/increase in cash and cash equivalents	(1,226,003)	311,957
Cash and cash equivalents at beginning of period	7,740,607	6,654,898
Cash and cash equivalents at end of period	6,514,604	6,966,855

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short-term funds net of bank overdraft. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

The Group	Cumulative Quarter	
	31.12.05	31.12.04
	RM'000	RM'000
Cash and short term funds	6,521,730	6,977,814
Bank overdrafts	(6,908)	(10,714)
	6,514,822	6,967,100
Effect of exchange rates changes	(218)	(245)
Cash and cash equivalents	6,514,604	6,966,855

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2005.

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with FRS134 (Interim Financial Reporting)(formerly known as Malaysian Accounting Standards Board ("MASB") 26) issued by the MASB and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2005.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which became effective for the current financial year. The adoption of the revised BNM/GP8 have resulted in changes in the accounting policies of the Group which have been applied retrospectively in this unaudited condensed interim financial statements and the details are disclosed in Note A31.

The Group is deemed by Bank Negara Malaysia to be in compliance with the requirement on the provision for loan impairment under the revised BNM/GP8 provided that the specific and general allowances are computed based on BNM/GP3 requirement and this basis is disclosed in the financial statement. The Group's computations for its specific and general allowances are made based on BNM/GP3 requirement and is consistent with the adoption made in the previous audited annual financial statements.

The unaudited condensed interim financial statements incorporates those activities relating to the Islamic Banking Operations which have been undertaken by the Group Islamic Banking Operations and refers generally to the acceptance of deposits, dealing in Islamic securities and granting of financing under the syariah principles.

A2. AUDIT QUALIFICATION

There were no audit qualification in the annual financial statements for the year ended 31 March 2005.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group are not subject to seasonal or cyclical fluctuation.

A4. UNUSUAL ITEMS

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

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial periods that have a material effect on the financial quarter ended 31 December 2005 other than the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which have been applied retrospectively.

A6. ISSUANCE, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

The Company has not issued any new shares or debentures during the financial quarter and period.

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

A7. DIVIDENDS

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

During the financial period, the Company paid a first and final dividend of 4.0%, less 28.0% tax in respect of the previous financial year totalling RM61,359,370 and paid on 17 October 2005 to shareholders whose names appeared in the Record of Depositors on 3 October 2005.

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Treasury Bills	29,800	-
Islamic Treasury Bills	27,746	-
Malaysian Government Securities	1,083,198	568,082
Malaysian Government Investment Certificates	130,907	158,860
Cagamas bonds	288,760	264,837
Bank Negara Malaysia bills	225,429	-
Khazanah bonds	52,358	262,489
Negotiable instruments of deposits	877,654	758,452
Cagamas Mudharabah bearer bonds	170,811	-
Islamic Bank Negara Malaysia bills	7,032	56,323
Negotiable Islamic Debt Certificates	183,829	236,180
	<u>3,077,524</u>	<u>2,305,223</u>
Quoted securities:		
In Malaysia:		
Shares	224,527	224,551
Corporate bonds	22,261	22,272
Trust units	169,877	9,104
Loan stocks	976	1,613
Warrants	60	288
Outside Malaysia:		
Shares	6,335	4,088
	<u>424,036</u>	<u>261,916</u>
Unquoted securities In Malaysia:	122,621	23,895
Unquoted guaranteed private debt securities	84,533	105,436
Unquoted private debt securities	1,728,539	1,128,724
	<u>1,935,693</u>	<u>1,258,055</u>
	<u>5,437,253</u>	<u>3,825,194</u>

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	51,053	269,996
Cagamas bonds	25,002	-
Khazanah bonds	9,958	-
Negotiable instruments of deposits	39,101	-
	<u>125,114</u>	<u>269,996</u>
Quoted Securities In Malaysia:		
Corporate bonds	19,126	18,052
	<u>4,598</u>	<u>-</u>
Quoted Debt Equity Converted Securities		
	<u>4,598</u>	<u>-</u>
Unquoted Private Debt Securities In Malaysia:		
Islamic corporate notes	136,981	-
Islamic corporate bonds	18,578	-
Corporate bonds	280,740	69,869
	<u>436,299</u>	<u>69,869</u>
Unquoted Guaranteed Private Debt Securities In Malaysia		
Corporate bonds	574,821	591,796
Total securities available-for-sale	<u>1,159,958</u>	<u>949,713</u>

A10. SECURITIES HELD-TO-MATURITY

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
At Amortised Cost		
Money Market Securities		
Malaysian Government Securities	-	71,312
Negotiable instruments of deposits	-	16,957
Cagamas bonds	-	25,003
Khazanah bonds	-	9,644
Treasury bills	-	28,804
	<u>-</u>	<u>151,720</u>
Quoted Securities:		
In Malaysia:		
Shares	14,421	499
Corporate bonds	56,700	57,000
Outside Malaysia:		
Corporate bonds	-	19,000
	<u>71,121</u>	<u>76,499</u>
Unquoted securities	114,151	159,386
Quoted debt equity converted securities	1,596,350	1,037,987
Unquoted debt equity converted securities	1,548,662	1,684,962
Unquoted private debt securities	417,720	367,538
Unquoted guaranteed private debt securities	83,583	65,586
	<u>3,760,466</u>	<u>3,315,459</u>
Total	3,831,587	3,543,678
Accumulated impairment losses	(806,307)	(745,828)
Total securities held-to-maturity	<u>3,025,280</u>	<u>2,797,850</u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Loans and financing:		
Term loans and revolving credit	13,948,937	13,877,951
Housing loans	9,382,198	7,983,127
Staff loans	181,689	174,896
Hire-purchase receivables	23,800,235	19,489,344
Credit card receivables	2,141,029	1,933,644
Lease receivables	1,403,973	1,351,066
Overdrafts	871,422	833,066
Claims on customers under acceptance credits	951,338	812,888
Trust receipts	179,438	211,647
Block discount receivables	62,409	58,856
Factoring receivables	26,054	37,800
Bills receivable	11,267	10,635
	<u>52,959,988</u>	<u>46,774,920</u>
Less: Unearned interest and income	5,372,003	4,230,492
Total	<u>47,587,985</u>	<u>42,544,428</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	703,621	629,784
Specific	2,326,402	1,815,088
	<u>3,030,023</u>	<u>2,444,872</u>
Net loans, advances and financing	<u>44,557,962</u>	<u>40,099,556</u>

Loans, advances and financing analysed by their economic purposes are as follows:

	The Group				Loans Growth
	31.12.05		31.3.05		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	20,011,705	40.9	16,170,099	37.2	
Purchase of landed property:					
(a) Residential	9,290,603	19.1	8,142,728	18.7	
(b) Non-residential	1,637,054	3.3	1,635,181	3.8	
Consumption credit	3,431,296	7.0	2,933,551	6.7	
Construction	3,373,245	6.9	3,549,119	8.2	
General commerce	2,259,462	4.6	1,899,178	4.4	
Manufacturing	2,374,227	4.9	2,110,381	4.9	
Purchase of securities	1,821,848	3.7	1,813,347	4.2	
Real estate	1,024,571	2.1	1,011,965	2.3	
Transport, storage and communication	803,560	1.6	681,563	1.6	
Agriculture	740,159	1.5	791,801	1.8	
Finance, insurance and business services	689,230	1.4	914,270	2.1	
Community, social and personal services	423,067	0.9	364,843	0.8	
Investment holdings	470,466	1.0	782,084	1.8	
Electricity, gas and water	307,562	0.6	525,179	1.2	
Mining and quarrying	41,933	0.1	38,977	0.1	
Others	170,976	0.4	108,820	0.2	
Gross loans, advances and financing	<u>48,870,964</u>	<u>100.0</u>	<u>43,473,086</u>	<u>100.0</u>	
Less: Islamic financing sold to Cagamas Berhad	<u>1,282,979</u>		<u>928,658</u>		
	<u>47,587,985</u>		<u>42,544,428</u>		<u>11.9%</u>

Loans, advances and financing analysed by type of customers are as follows:

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Domestic :		
Other non-bank financial institutions:		
Stockbroking companies	-	47,220
Others	524,886	269,194
Business enterprises:		
Small medium enterprises	3,031,161	3,382,052
Others	11,158,436	11,093,104
Government and statutory bodies	68,740	60,248
Individuals	32,336,554	27,139,489
Other domestic entities	344,654	363,665
Foreign entities	123,554	189,456
	47,587,985	42,544,428

Loans, advances and financing analysed by interest rate sensitivity are as follows:

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Variable rate		
BLR-plus	12,953,846	12,183,016
Cost-plus	4,585,874	4,461,582
Other variable rates	716,275	1,850,187
Fixed rate		
Housing loans	2,956,002	1,504,500
Hire purchase receivables	20,812,345	17,200,994
Other fixed rates	5,563,643	5,344,149
	47,587,985	42,544,428

Movements in non-performing loans and financing including interest and income receivables are as follows:-

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Gross		
Balance at beginning of period/year		
As previously reported	7,597,662	10,285,713
Prior year's adjustments	-	(1,488,353)
As restated	7,597,662	8,797,360
Non-performing during the period/year	1,832,849	1,046,204
Reclassification to performing loans and financing	(1,775,780)	(939,782)
Amount written off	(84,147)	(479,527)
Recoveries	(426,931)	(708,873)
Debt equity conversion	(982)	(117,720)
Translation adjustments	(342)	-
Balance at end of period/year	7,142,328	7,597,662
Less: Specific allowance	(2,326,402)	(1,815,088)
Non-performing loans and financing - net	4,815,926	5,782,574
Ratios of non-performing loans and financing to total loans, advances and financing - net	10.3%	13.8%

Non-performing loans analysed by their economic purposes are as follows:

	The Group			
	31.12.05		31.3.05	
	RM'000	%	RM'000	%
Purchase of landed property:				
(a) Residential	1,435,697	20.1	1,415,234	18.6
(b) Non-residential	664,392	9.3	702,784	9.3
Purchase of transport vehicles	1,140,409	16.0	916,373	12.1
Construction	1,270,322	17.8	1,332,735	17.5
Real estate	437,547	6.1	570,084	7.5
Purchase of securities	546,917	7.7	740,716	9.7
Manufacturing	362,550	5.1	529,269	7.0
General commerce	277,061	3.9	369,479	4.9
Finance, insurance and business services	245,147	3.4	253,331	3.3
Consumption credit	194,651	2.7	192,181	2.5
Electricity, gas and water	177,607	2.5	177,523	2.3
Investment holdings	96,217	1.3	87,623	1.2
Community, social and personal services	86,788	1.2	95,877	1.3
Transport, storage and communication	76,452	1.1	125,452	1.7
Agriculture	86,011	1.2	52,665	0.7
Mining and quarrying	15,234	0.2	14,987	0.2
Others	29,326	0.3	21,350	0.2
	7,142,328	100.0	7,597,662	100.0

Movements in allowances for bad and doubtful debts and financing are as follows:

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
General allowance		
Balance at beginning of period/year	629,784	601,279
Allowance during the period/year	73,853	28,505
Exchange fluctuation adjustment	(16)	-
Balance at end of period/year	703,621	629,784
% of total loans, advances and financing less specific allowances	1.51%	1.51%
Specific allowance		
Balance at beginning of period/year	1,815,088	1,780,316
Allowance during the period/year	954,240	1,405,335
Amount written back in respect of recoveries and reversals	(343,715)	(372,450)
Net charge to income statements	610,525	1,032,885
Amount written off	(94,804)	(1,058,371)
Reclassification (to)/from sundry receivables	(3,386)	40,635
Debt equity conversion	(982)	(4,660)
Exchange fluctuation adjustments	(39)	-
Adjustment to deferred asset account	-	24,283
Balance at end of period/year	2,326,402	1,815,088

A12. OTHER ASSETS

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	205,329	261,958
Other receivables, deposits and prepayments, net of allowance for doubtful debts	373,178	339,008
Interest receivables on treasury assets, net of allowance for doubtful debts	112,933	74,576
Fee receivables, net of allowance for doubtful debts	33,448	39,660
Amount due from associated company	-	148
Amount due from Originators	101,096	132,798
Amount due from agents, brokers and reinsurer, net of allowance	47,035	50,532
Amount recoverable under asset-backed securitisation transactions, net of allowance	92,566	97,566
Foreclosed properties net of allowance for impairment in value	105,520	98,541
Deferred assets	72,642	77,140
	1,143,747	1,171,927

Amount due from Originators represents housing loans, hire purchase and leasing receivables acquired from the Originators for onward sale to Cagamas Berhad with recourse.

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Term/Investment deposits	30,545,393	29,556,983
Savings deposits	2,901,177	2,878,783
Current deposits	1,608,211	1,334,289
Negotiable instruments of deposits	1,963,067	677,285
	37,017,848	34,447,340

The deposits are sourced from the following types of customers:

Business enterprises	11,815,343	11,917,916
Individuals	19,312,386	18,241,104
Government	4,299,068	3,375,816
Others	1,591,051	912,504
	37,017,848	34,447,340

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Deposits from:		
Licensed banks	3,343,214	2,828,564
Licensed merchant banks	777,716	90,265
Licensed finance companies	587	209,976
Bank Negara Malaysia	808,000	889,558
Other financial institutions	8,919,318	8,168,168
	13,848,835	12,186,531

A15. OTHER LIABILITIES

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Trade payables	283,453	258,242
Other payables and accruals	1,293,251	1,063,302
Interest payable on deposits and borrowings	317,482	276,362
Lease deposits and advance rentals	52,677	56,154
General insurance funds	186,768	173,212
Provision for commitments and contingencies	-	13,063
Bank overdrafts	6,908	37,192
Profit equalization reserve	130,135	112,261
Deferred tax liabilities	1,998	2,062
Tax payable	(852)	363
	2,271,820	1,992,213

A16. INTEREST INCOME

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	44,457	46,849	142,930	142,750
Securities held-for-trading	47,339	52,603	125,731	157,825
Securities available for sale	23,477	1,121	36,064	12,824
Securities held-to-maturity	31,375	42,269	67,432	65,785
Loans and advances				
- Interest income other than recoveries from NPLs	583,020	533,611	1,734,506	1,642,239
- Recoveries from NPLs	97,145	96,416	241,724	223,268
Others	28,669	27,423	78,325	71,782
Gross interest income	855,482	800,292	2,426,712	2,316,473
Amortisation of premiums less accretion of discounts	4,025	(2,093)	(2,627)	(14,692)
Interest suspended	(23,608)	(9,827)	(82,597)	(59,426)
Total after net interest suspension	835,899	788,372	2,341,488	2,242,355

A17. INTEREST EXPENSE

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	276,418	255,764	804,391	773,836
Deposit of banks and other financial institutions	52,538	24,940	134,825	80,485
Securities sold under repurchase agreements	14,860	9,346	37,156	27,710
Amount due to Cagamas Berhad	18,654	39,936	58,704	108,943
Bank borrowings:				
Term loans	5,413	6,022	20,623	19,273
Overdrafts	397	343	1,178	1,064
Subordinated deposits and term loans	15,424	15,514	46,064	46,460
Interest on Bonds	14,872	13,474	41,674	40,319
Others	33,457	27,376	100,498	73,001
	432,033	392,715	1,245,113	1,171,091

A18. OTHER OPERATING INCOME

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	32,632	20,425	92,121	57,185
Corporate advisory	3,542	6,950	13,730	18,847
Guarantee fees	6,874	4,289	14,227	10,966
Underwriting commissions	2,610	558	4,527	4,334
Portfolio management fees	2,305	2,484	6,140	7,300
Unit trust management fees	4,876	4,714	19,229	13,895
Brokerage rebates	149	5,219	471	14,639
Property trust management fees	495	494	1,483	1,474
Brokerage fees and commissions	8,319	12,471	30,091	36,522
Other fee income	17,073	13,081	47,425	30,039
	<u>78,875</u>	<u>70,685</u>	<u>229,444</u>	<u>195,201</u>
Investment and trading income:				
Net gain from sale of securities held-for-trading	14,342	3,367	60,151	44,940
Net gain from sale of securities available-for-sale	2,583	35	2,644	350
Net gain from sale of securities held-to-maturity	8,753	2,594	13,564	3,415
Gain on redemption of investments	2,016	-	9,178	773
(Loss)/Gain on revaluation of securities held for trading	(20,705)	3,438	40,197	(3,144)
Gain on revaluation of derivatives	2,044	4,918	1,187	4,234
Gross dividend income from:				
Securities held-for-trading	5,250	3,728	14,505	11,575
Securities held-to-maturity	1,386	15,356	14,287	32,160
	<u>15,669</u>	<u>33,436</u>	<u>155,713</u>	<u>94,303</u>
Premium income from general insurance business	<u>93,733</u>	<u>75,014</u>	<u>273,102</u>	<u>206,816</u>
Other income:				
Unrealised foreign exchange gain	530	3,708	6,927	1,688
Gain on disposal of property and equipment - net	62	458	648	1,565
Gain on disposal of leased assets - net	-	-	-	3
Rental income	2,746	1,264	7,086	5,880
Capital gain arising from receipt of shares in Bursa Malaysia Berhad	-	-	-	12,727
(Loss)/Gain on sales of foreclosed properties	(342)	1	26	(70)
Other non-operating income	740	381	1,696	1,905
	<u>3,736</u>	<u>5,812</u>	<u>16,383</u>	<u>23,698</u>
	<u>192,013</u>	<u>184,947</u>	<u>674,642</u>	<u>520,018</u>

A19. OTHER OPERATING EXPENSES

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	111,820	84,360	335,776	254,126
- Others	14,413	23,701	50,376	71,236
Establishment costs				
- Depreciation	15,358	13,260	49,229	49,140
- Computerisation costs	26,578	14,323	63,860	49,155
- Rental	9,575	7,913	29,239	25,388
- Cleaning, maintenance and securities	5,167	5,530	17,808	17,105
- Impairment loss on property	-	-	-	28,386
- Others	4,274	5,450	14,297	17,698
Marketing and communication expenses				
- Sales commission	10,949	20,914	38,219	51,144
- Handling fees	26,519	25,362	96,673	76,023
- Advertising	18,052	10,735	53,719	29,236
- Telephone charges	3,370	3,611	12,271	11,524
- Postage	3,093	3,725	10,705	10,752
- Travel and entertainment	2,236	2,085	6,620	5,728
- Others	10,213	4,693	19,781	16,323
Administration and general				
- Amortisation of goodwill	7,255	3,690	20,830	10,854
- Professional services	8,435	6,722	27,356	23,808
- Donations	257	85	4,921	369
- Administration and management expenses	2,566	2,284	8,451	6,412
- Others	11,299	14,467	32,280	40,634
Overheads	291,429	252,910	892,411	795,041
Insurance commission	8,966	8,061	31,091	22,884
General insurance claims	60,314	49,112	173,323	143,150
	360,709	310,083	1,096,825	961,075

A20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance - net	219,507	206,577	610,525	598,822
Allowance during the period	303,961	280,442	954,240	852,875
Amount written back in respect of recoveries and reversal	(84,454)	(73,865)	(343,715)	(254,053)
General allowance	13,808	12,713	73,853	24,359
Recoveries of value impairment on amount recoverable from Danaharta	(881)	-	(881)	-
Bad debts and financing recovered - net written off	(70,094)	(61,911)	(199,180)	(203,419)
recovered	5,226	-	5,296	252
	(75,320)	(61,911)	(204,476)	(203,671)
	162,340	157,379	484,317	419,762

A21. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Investment banking				
Revenue	244,737	256,390	756,837	696,097
Profit before taxation	92,586	75,665	273,675	223,100
Commercial and retail banking				
Revenue	834,509	767,357	2,407,089	2,214,432
Profit before taxation	107,529	118,976	310,177	247,328
Offshore banking				
Revenue	13,493	23,114	38,830	46,759
Profit before taxation	3,329	6,276	8,868	6,611
Insurance				
Revenue	96,893	80,663	290,739	223,578
Profit before taxation	13,695	15,985	40,511	22,034
Others				
Revenue	7,626	6,384	23,534	19,207
Loss before taxation	(335)	(3,273)	(6,621)	(9,022)
Total before consolidation adjustments				
Revenue	1,197,258	1,133,908	3,517,029	3,200,073
Profit before taxation	216,804	213,629	626,610	490,051
Consolidation adjustments				
Revenue	(34,203)	(50,898)	(90,939)	(109,657)
Profit before taxation	(9,019)	(10,766)	(21,748)	(26,530)
Total after consolidation adjustments				
Revenue	1,163,055	1,083,010	3,426,090	3,090,416
Profit before taxation	207,785	202,863	604,862	463,521

Included in the above is Islamic banking business profit before taxation of RM42.8 million for the quarter and RM150.9 million for the period ended 31 December 2005 (RM31.0 million for the quarter and RM120.2 million for the period ended 31 December 2004).

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for Frasers International Pte. Ltd. and its subsidiary companies, PT AmCapital Indonesia and AmSecurities (H.K) Limited, activities of which are principally conducted in Singapore, Indonesia and Hong Kong, respectively. These activities in Singapore, Indonesia and Hong Kong are not significant (less than 1% of revenue and profit before taxation respectively) in relation to the Group's activities in Malaysia.

A22. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial quarter and the date of this report any items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the result of the operations of the Group for the current financial quarter other than as disclosed in Note B8.

A24. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

1. On 21 December 2005, AmBank (M) Berhad, (formerly known as AmFinance Berhad) ("AmBank") an indirect subsidiary of the Company had incorporated a wholly owned subsidiary company in Hong Kong, AmTrade Services Limited ("AmTrade Services").

AmTrade Services has an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each and an issued and paid-up share capital of HK\$2.00 comprising two (2) ordinary shares of HK\$1.00 each fully paid.

The principal activity of AmTrade Services is provision of trade finance services.

2. On 6 January 2006, AmBank had acquired three (3) ordinary shares of USD1.00 each, representing the entire issued and paid-up share capital of AMBB Capital (L) Ltd ("AMBB Capital"), a company incorporated in Labuan for a cash consideration of USD3.00, thereby making AMBB Capital a wholly owned subsidiary of AmBank.

AMBB Capital was incorporated on 23 September 2005 and has an authorised share capital of USD250,000 divided into 250,000 ordinary shares of USD1.00 each of which three (3) ordinary shares of USD1.00 each have been issued and are fully paid-up. AMBB Capital was incorporated for the purpose of issuing the Hybrid Securities.

3. On 7 February 2006, AmInvestment Group Berhad ("AIGB"), a subsidiary of the Company, has acquired 100% of the equity of AmPrivate Equity Sdn Bhd ("AmPrivate Equity"), comprising two (2) ordinary shares of RM1.00 each.

The acquisition of AmPrivate Equity is in conjunction with the launch of a RM100 million closed-end private equity fund (the "Fund") with a charter life of ten (10) years under AmPrivate Equity.

AmPrivate Equity was incorporated in Malaysia on 6 September 2005 as a private limited company. It is registered with the Securities Commission as a venture capital corporation.

The authorised capital of AmPrivate Equity is RM150,000, divided into 100,000 ordinary shares of RM1.00 each and 5,000,000 redeemable preference shares of RM0.01 each ("RPS"). Its present paid up capital is RM2.00, comprising two (2) ordinary shares.

The RM100 million fund size of AmPrivate Equity will be constituted by way of the issue of 15,000 ordinary shares at an issue price of RM1.00 each and 1,250,000 RPS at an issue price of RM79.988 each.

Presently, the committed investors in the Fund are:-

- (a) AIGB, with a cash subscription commitment for 80% of the Fund amounting to RM80 million, comprising 12,000 ordinary shares and 1,000,000 RPS; and
- (b) a major Malaysian pension fund, with a cash subscription commitment for 20% of the Fund amounting to RM20 million, comprising 3,000 ordinary shares and 250,000 RPS.

AmPrivate Equity will undertake medium and long term investments principally in Malaysia with the objective of achieving capital appreciation in its investments. It will focus on key sectors such as manufacturing industries, business services, environmental and energy services and information and communications technology companies.

Malaysian Ventures Management Incorporated Sdn Bhd, a registered venture capital management corporation and an indirect subsidiary of the Company, is the manager of the Fund.

A25. COMMITMENTS AND CONTINGENCIES

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

As at 31 December 2005, the commitments and contingencies outstanding are as follows:

The Group	31.12.05			31.3.05		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	526,000	-	-	550,000	-	-
Interest rate swaps	10,184,191	169,779	45,778	6,306,407	124,318	28,151
Foreign exchange related contracts:						
Forward exchange contracts	2,228,624	27,817	4,717	1,745,473	19,433	5,910
Cross currency swaps	385,406	28,471	5,450	463,600	32,512	6,502
Malaysian Government securities futures	10,000	-	-	27,900	-	-
	<u>13,334,221</u>	<u>226,067</u>	<u>55,945</u>	<u>9,093,380</u>	<u>176,263</u>	<u>40,563</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	9,738,040	-	-	6,929,341	-	-
more than one year	1,594,991	797,496	797,309	2,426,560	1,213,280	1,212,965
Sell and buy back agreements	2,226,328	2,226,328	954,193	1,797,884	1,797,884	965,427
Forward purchase commitments	30,693	30,693	30,693	113,040	113,040	20,285
	<u>13,590,052</u>	<u>3,054,517</u>	<u>1,782,195</u>	<u>11,266,825</u>	<u>3,124,204</u>	<u>2,198,677</u>
Contingent Liabilities						
Guarantees given on behalf of customers	1,446,234	1,446,234	1,222,772	1,305,373	1,305,373	1,092,854
Certain transaction-related contingent items	677,702	338,851	300,329	691,679	345,840	314,446
Underwriting liabilities	1,108,600	554,300	529,758	457,069	228,535	207,317
Short term self liquidating trade-related contingencies	347,762	69,552	69,552	169,913	33,983	12,879
Islamic financing sold to Cagamas	1,282,979	1,282,979	1,282,979	928,658	928,658	927,011
Others	37,345	100	-	32,022	250	150
	<u>4,900,622</u>	<u>3,692,016</u>	<u>3,405,390</u>	<u>3,584,714</u>	<u>2,842,639</u>	<u>2,554,657</u>
	<u>31,824,895</u>	<u>6,972,600</u>	<u>5,243,530</u>	<u>23,944,919</u>	<u>6,143,106</u>	<u>4,793,897</u>

The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.

As at 31 December 2005, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM383,600,000 (RM523,100,000 in 2005) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) As required, AmMerchant Bank has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.

A26. RELATED PARTY TRANSACTIONS

On 7 October, 2005 AmAssurance Berhad entered into a Sale and Purchase Agreements with Syarikat Kompleks Damai Sdn Bhd to purchase various floors of space in Bangunan AMDB for a total cash consideration of RM54,109,000.

A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 6 February 2006, derivative financial instruments outstanding are as follows:

The Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement
Interest rate related contracts :								
Interest rate futures	656,980	-	138,980	67,000	161,000	290,000	-	1,233
Interest rate swaps	11,878,946	150,000	460,000	407,000	2,830,000	7,071,846	960,100	3,067
Foreign exchange related contracts :								
Forward exchange contracts	3,511,775	1,776,380	724,091	639,187	372,117	-	-	463
Cross currency swaps	385,407	-	-	113,355	-	272,052	-	469
Malaysian Government Securities Futures	40,000	40,000	-	-	-	-	-	-
Total	16,473,108	1,966,380	1,323,071	1,226,542	3,363,117	7,633,898	960,100	5,232

Derivative Financial Instruments

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's trading activities. Derivatives are also used to manage the Group's own exposure to fluctuations in foreign exchange and interest rates as part of its asset and liability management activities. Derivatives are subject to the same types of credit and market risk as other financial instruments, and the Group manages these risks in a consistent manner.

A27. DERIVATIVE FINANCIAL INSTRUMENTS (CONTD.)

The principal exchange rate contracts used are forward foreign exchange contracts and cross currency swaps. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

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

Derivative transactions generate income from buy-sell spreads and from trading positions taken by the Group. Income from these transactions is taken to interest income, foreign exchange gain or trading income from derivatives.

Market Risk

Market risk arising from the above interest rate-related and foreign exchange-related derivatives contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. The contractual amounts of these contracts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

The Group's risk management system uses the value at risk method to assess the market risk from these contracts.

As at 6 February 2006, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM1,540,249 (RM25,849 as at 31 March 2005).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM27,360,082 (RM12,976,600 as at 31 March 2005).

The use of these instruments to hedge underlying exposures arising from funding or for fixed income instruments acquired for investment purposes are not included in the market risk numbers above.

Credit risk

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract in which the Group has a gain position.

As at 6 February 2006, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group was RM13,862,694 (RM5,841,221 as at 31 March 2005). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

The Group limits its credit risk within a conservative framework by dealing with creditworthy counterparties, setting credit limits on exposures to counterparties, and obtaining collateral where appropriate.

A28. INTEREST/PROFIT RATE RISK

The following table shows the interest rate sensitivity gap, by time bands, on which interest rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

Group 31.12.05	<-----Non Trading Book----->						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	5,516,184	-	-	-	-	-	1,005,546	-	6,521,730	2.97
Securities purchased under resale agreements	217,634	-	-	-	-	-	-	-	217,634	2.97
Deposits and placements with banks and other financial institutions	-	257,212	302,279	151,243	-	-	50,000	-	760,734	3.17
Securities held-for-trading	-	-	-	-	-	-	584,713	4,852,540	5,437,253	3.71
Securities available-for-sale	19,126	4,984	4,896	65,283	429,605	632,064	4,000	-	1,159,958	4.28
Securities held-to-maturity	-	-	56,678	178,352	1,187,870	553,174	1,049,206	-	3,025,280	3.67
Loans, advances and financing:										
- performing	11,062,524	1,557,522	556,842	458,363	8,041,576	11,851,216	6,917,614	-	40,445,657	7.32
- non-performing *	-	-	-	-	-	-	4,112,305	-	4,112,305	-
Amount due from Originators	574	3,095	1,218	25,347	70,862	-	-	-	101,096	4.28
Other non-interest sensitive balances	-	-	-	-	-	-	5,813,048	-	5,813,048	-
TOTAL ASSETS	16,816,042	1,822,813	921,913	878,588	9,729,913	13,036,454	19,536,432	4,852,540	67,594,695	
LIABILITIES AND SHAREHOLDERS' FUNDS										
Deposits from customers	14,312,970	7,360,191	4,226,941	5,661,631	1,493,240	-	3,962,875	-	37,017,848	2.94
Deposits and placements of banks and other financial institutions	3,187,513	1,337,399	1,051,854	1,606,676	1,580,102	1,407,332	3,677,959	-	13,848,835	2.91
Obligations on securities sold under repurchase agreements	2,350,319	43,356	99	847	-	-	-	-	2,394,621	2.82
Bills and acceptances payable	145,112	227,672	78,363	-	-	-	172,582	-	623,729	4.64
Recourse obligation on loans sold to to Cagamas Berhad	40,925	84,182	302,841	451,907	1,121,633	-	-	-	2,001,488	3.81

Group 31.12.05	<-----Non Trading Book----->						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
Term loans	283,500	206,000	-	-	-	-	-	-	489,500	4.47
Subordinated certificates of deposits	-	199,644	-	-	-	-	-	-	199,644	8.85
Subordinated term loan	-	-	-	-	-	680,000	-	-	680,000	6.49
Redeemable unsecured bonds	-	-	-	-	143,860	795,000	-	-	938,860	5.78
Other non-interest sensitive balances	6,908	-	-	-	-	-	3,358,938	-	3,365,846	-
Total Liabilities	20,327,247	9,458,444	5,660,098	7,721,061	4,338,835	2,882,332	11,172,354	-	61,560,371	
Minority interests	-	-	-	-	-	-	1,072,329	-	1,072,329	-
Shareholders' funds	-	-	-	-	-	-	4,961,995	-	4,961,995	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	20,327,247	9,458,444	5,660,098	7,721,061	4,338,835	2,882,332	17,206,678	-	67,594,695	
On-balance sheet interest sensitivity gap	(3,511,205)	(7,635,631)	(4,738,185)	(6,842,473)	5,391,078	10,154,122	2,329,754	4,852,540	-	
Off-balance sheet interest sensitivity gap	(375,368)	4,875,184	222,609	(202,122)	(4,628,785)	120,286	-	11,804	23,608	
Total interest sensitivity gap	(3,886,573)	(2,760,447)	(4,515,576)	(7,044,595)	762,293	10,274,408	2,329,754	4,864,344	23,608	
Cumulative interest rate sensitivity gap	(3,886,573)	(6,647,020)	(11,162,596)	(18,207,191)	(17,444,898)	(7,170,490)	(4,840,736)	23,608		

* This is arrived at after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

Group	<-----Non Trading Book----->						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	6,539,602	-	-	-	-	-	1,238,500	-	7,778,102	2.79
Securities purchased under resale agreements	115,153	32,367	-	-	-	-	-	-	147,520	2.50
Deposits and placements with banks and other financial institutions	-	665,570	38,578	104	-	22,100	55,200	-	781,552	2.75
Securities held-for-trading	-	-	-	-	-	-	720,190	3,105,004	3,825,194	3.79
Securities available-for-sale	-	-	18,999	-	601,717	328,997	-	-	949,713	3.67
Securities held-to-maturity	150,233	-	132,417	195,455	739,081	860,179	720,485	-	2,797,850	6.12
Loans, advances and financing:										
- performing	12,323,480	1,154,531	1,093,107	1,777,030	8,629,690	3,147,770	6,821,158	-	34,946,766	7.47
- non-performing *	-	-	-	-	-	-	5,152,790	-	5,152,790	-
Amount due from Originators	-	3,363	-	7,684	121,751	-	-	-	132,798	4.29
Other non-interest sensitive balances	-	-	-	-	-	-	5,552,257	-	5,552,257	-
TOTAL ASSETS	19,128,468	1,855,831	1,283,101	1,980,273	10,092,239	4,359,046	20,260,580	3,105,004	62,064,542	
LIABILITIES AND SHAREHOLDERS' FUNDS										
Deposits from customers	12,731,405	6,505,913	3,905,405	5,306,983	1,534,072	-	4,463,562	-	34,447,340	2.96
Deposits and placements of banks and other financial institutions	2,144,353	1,738,949	1,013,905	530,238	935,361	1,507,262	4,316,463	-	12,186,531	3.06
Obligations on securities sold under repurchase agreements	1,447,458	3,327	101	-	-	-	-	-	1,450,886	2.59
Bills and acceptances payable	128,234	240,408	106,842	-	-	-	43,454	-	518,938	4.91
Recourse obligation on loans sold to to Cagamas Berhad	343,350	161,190	115,458	241,930	1,797,478	127,042	-	-	2,786,448	3.95

Group	-----Non Trading Book-----							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31.3.05	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Term loans	746,500	221,000	285,000	-	-	-	-	-	1,252,500	4.17
Subordinated certificates of deposits	-	-	-	198,768	-	-	-	-	198,768	8.85
Subordinated term loan	-	-	-	-	680,000	-	-	-	680,000	6.66
Redeemable unsecured bonds	-	-	-	-	801,481	-	-	-	801,481	6.94
Other non-interest sensitive balances	-	-	-	-	-	-	2,932,591	-	2,932,591	-
Total Liabilities	17,541,300	8,870,787	5,426,711	6,277,919	5,748,392	1,634,304	11,756,070	-	57,255,483	
Minority interests	-	-	-	-	-	-	36,347	-	36,347	-
Shareholders' funds	-	-	-	-	-	-	4,772,712	-	4,772,712	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	17,541,300	8,870,787	5,426,711	6,277,919	5,748,392	1,634,304	16,565,129	-	62,064,542	
On-balance sheet interest sensitivity gap	1,587,168	(7,014,956)	(4,143,610)	(4,297,646)	4,343,847	2,724,742	3,695,451	3,105,004	-	
Off-balance sheet interest sensitivity gap	295,859	418,103	(43,003)	(24,654)	(912,807)	266,502	-	-	-	
Total interest sensitivity gap	1,883,027	(6,596,853)	(4,186,613)	(4,322,300)	3,431,040	2,991,244	3,695,451	3,105,004	-	
Cumulative interest rate sensitivity gap	1,883,027	(4,713,826)	(8,900,439)	(13,222,739)	(9,791,699)	(6,800,455)	(3,105,004)	-		

* This is arrived at after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

A29. CAPITAL ADEQUACY

Currently, the Group is not required to maintain any capital adequacy ratio requirements for financial institutions. However, if the Group is required to comply with such ratios, the Group's capital adequacy ratios as at 31 December 2005 after incorporating the market risk pursuant to the Bank Negara Malaysia Market Risk Capital Adequacy Framework which became effective on 1 April 2005 are as follows:

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,130,534	2,130,534
Capital reserve	(65,224)	-
Share premium	791,487	798,356
Statutory reserve	942,987	913,438
Available-for-sale reserve	(11,100)	-
Exchange fluctuation reserve	17,784	15,086
Unappropriated profit at end of year	1,155,527	926,810
Minority interests	1,072,329	36,347
Total	<u>6,034,324</u>	<u>4,820,571</u>
Less : Goodwill	540,165	523,046
Deferred tax assets - net	888,406	984,870
Total tier 1 capital	<u>4,605,753</u>	<u>3,312,655</u>
Tier 2 capital		
Subordinated certificates of deposit	198,650	198,650
Subordinated term loan	680,000	680,000
Redeemable unsecured subordinated bonds	795,000	660,000
General allowance for bad and doubtful debts	703,621	629,784
Total tier 2 capital	<u>2,377,271</u>	<u>2,168,434</u>
Capital base	<u>6,983,024</u>	<u>5,481,089</u>
Capital Ratios:		
Core capital ratio	8.28%	6.98%
Risk-weighted capital ratio	12.56%	11.55%
Core capital ratio (net of proposed final dividend)	8.28%	6.85%
Risk-weighted capital ratio (net of proposed final dividend)	<u>12.56%</u>	<u>11.42%</u>

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights:

	31.12.05		31.3.05	
	Principal Amount RM'000	Risk- Weighted Amount RM'000	Principal Amount RM'000	Risk- Weighted Amount RM'000
0%	7,782,497	-	10,448,362	-
10%	4,331	433	435,489	43,549
20%	3,696,738	739,348	6,286,028	1,257,206
50%	7,918,622	3,959,311	7,251,983	3,625,992
100%	44,616,362	44,616,362	42,516,067	42,516,067
	<u>64,018,550</u>	<u>49,315,454</u>	<u>66,937,929</u>	<u>47,442,814</u>
Add: Total Risk Weighted Assets Equivalent for market risk		<u>6,291,771</u>		<u>55,607,225</u>

A30. OPERATIONS IN ISLAMIC BANKING

The state of affairs as at 31 December 2005 and the results for the period ended 31 December 2005 of the Islamic Banking Operations of the Group and included in the financial statements after elimination of intercompany transactions are summarised as follows:

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
ASSETS		
Cash and short-term funds	789,346	1,033,218
Deposit with financial institutions	50,000	77,300
Securities held-for-trading	671,875	720,190
Securities available-for-sale	19,568	-
Securities held-to-maturity	56,768	-
Financing, advances and other loans	7,279,821	7,026,808
Statutory deposit with Bank Negara Malaysia	271,952	245,681
Other assets	79,839	15,746
Deferred tax assets	15,891	84,398
Property and equipment	36	56
TOTAL ASSETS	9,235,096	9,203,397
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	3,909,741	3,579,449
Deposits of banks and other financial institutions	3,616,565	4,026,546
Converted fund	165,317	301,677
Acceptance payable	172,582	43,454
Other liabilities	310,148	406,592
Total Liabilities	8,174,353	8,357,718
ISLAMIC BANKING FUNDS		
Capital funds	638,377	520,542
Reserves	422,366	325,137
Islamic Banking Funds	1,060,743	845,679
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	9,235,096	9,203,397
COMMITMENTS AND CONTINGENCIES	5,309,168	4,221,222

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2005**

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	176,456	146,303	517,762	447,003
Financing loss and allowances	(37,960)	(46,861)	(112,501)	(116,137)
Impairment writeback on securities held-to-maturity	95	213	95	213
Transfer to profit equalization reserve	(10,291)	(22,678)	(17,875)	(61,987)
Total attributable income	128,300	76,977	387,481	269,092
Income attributable to the depositors	(70,411)	(70,015)	(203,233)	(193,947)
Profit attributable to the Group	57,889	6,962	184,248	75,145
Income derived from Islamic Banking Funds	29,098	33,403	95,431	74,987
Total net income	86,987	40,365	279,679	150,132
Operating expenditure	(44,139)	(9,384)	(128,772)	(29,929)
Profit before taxation	42,848	30,981	150,907	120,203
Taxation	(12,365)	(9,244)	(44,552)	(32,854)
Profit after taxation	30,483	21,737	106,355	87,349

A30a. Financing, Advances and Other Loans

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Term financing/Revolving credit facilities	470,504	1,108,168
Housing financing	844,063	640,177
Islamic hire purchase	7,928,114	6,870,686
Other financing	2,145,675	1,507,693
	<u>11,388,356</u>	<u>10,126,724</u>
Unearned income	(2,369,935)	(1,828,692)
Gross financing, advances and other loans	9,018,421	8,298,032
Less: Islamic financing sold to Cagamas Berhad	(1,282,979)	(928,658)
	<u>7,735,442</u>	<u>7,369,374</u>
Allowance for bad and doubtful debts and financing		
-general	(130,398)	(121,150)
-specific	(325,223)	(221,416)
	<u>(455,621)</u>	<u>(342,566)</u>
Net financing, advances and other loans	<u>7,279,821</u>	<u>7,026,808</u>

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Movements in non-performing financing, advances and other loans ("NPL") are as follows:		
Gross		
Balance at beginning of period/year	575,898	963,068
Non-performing during the period/year	406,515	190,822
Recoveries	(65,536)	(139,745)
Reclassification to performing financing	(163,103)	(384,675)
Amount written off	(12)	(51,394)
Debt equity conversion	-	(2,178)
Balance at end of period/year	<u>753,762</u>	<u>575,898</u>
Specific allowance	(325,223)	(221,416)
Non-performing financing, advances and other loans - net	<u>428,539</u>	<u>354,482</u>
Net NPL as % of gross financing, advances and other loan less specific allowance	<u>4.93%</u>	<u>4.39%</u>

Movements in allowances for bad and doubtful debts and financing accounts are as follows:

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
General Allowance		
Balance at beginning of period/year	121,150	101,043
Allowance during the period/year	9,248	20,107
Balance at end of period/year	<u>130,398</u>	<u>121,150</u>
% of total financing, advances and other loans less specific allowance	<u>1.50%</u>	<u>1.50%</u>
Specific Allowance		
Balance at beginning of period/year	<u>221,416</u>	<u>91,255</u>
Allowance made during the period/year	165,409	270,782
Amount written back in respect of recoveries	<u>(61,465)</u>	<u>(68,403)</u>
	103,944	202,379
Amount written off/Adjustment to Assets Deficiency Account	(137)	(72,247)
Reclassifications	-	29
Balance at end of period/year	<u>325,223</u>	<u>221,416</u>

A30b. DEPOSITS FROM CUSTOMERS

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Mudarabah Fund		
Special investment deposits	-	311,881
General investment deposits	<u>3,169,363</u>	<u>2,729,158</u>
	<u>3,169,363</u>	<u>3,041,039</u>
Non-Mudarabah Fund		
Demand deposits	237,834	103,869
Saving deposits	482,979	395,691
Negotiable Islamic debt certificates	<u>19,565</u>	<u>38,850</u>
	<u>740,378</u>	<u>538,410</u>
	<u>3,909,741</u>	<u>3,579,449</u>

A30c. OTHER LIABILITIES

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
Other payables and accruals	133,186	219,335
Taxation and zakat payable	30,924	39,331
Amount owing to head office	-	18,615
Lease deposits and advance rental	15,903	17,050
Profit equalisation reserve	130,135	112,261
	<u>310,148</u>	<u>406,592</u>

A31. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) CHANGE IN ACCOUNTING POLICIES

During the period ended 31 December 2005, the Group adopted the revised BNM/GP8 which have resulted in the following new accounting policies:

- 1) The holdings of the securities portfolio of the Group are segregated based on the following categories and valuation methods:

- i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short term price movement or to lock in arbitrage profits. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading are recognised in the income statements.

- ii) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group have the positive intent and ability to hold to maturity are measured at accreted/amortised cost based on effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from the derecognition of securities held-to-maturity are recognised in the income statements.

- iii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at amortised cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising for a change in fair value are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statements.

- 2) Derivatives financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the change in the fair value of the derivative instruments is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivatives financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

Cash flow hedge

Gains and losses on the hedging instruments, to the extent the the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

- 3) Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and sett-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

(b) COMPARATIVE FIGURES

Changes in comparative figures arising from; (i) the reclassification to present separately for the life fund assets, life fund liabilities and life policy holders' fund; and (ii) the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which have been applied retrospectively are as follows :

	As previously reported RM'000	Effect of change RM'000	As restated RM'000
(i) Balance sheet as at 31 March 2005			
Assets			
Cash and short-term funds	7,787,393	(9,291)	7,778,102
Securities purchased under resale agreements	158,592	(11,072)	147,520
Deposits and placements with banks and other financial institutions	810,356	(28,804)	781,552
Dealing securities	3,063,417	(3,063,417)	-
Investment securities	5,112,916	(5,112,916)	-
Securities held-for-trading	-	3,825,194	3,825,194
Securities available-for-sale	-	949,713	949,713
Securities held-to-maturity	-	2,797,850	2,797,850
Loans, advances and financing	40,220,876	(121,320)	40,099,556
Other assets	1,151,961	19,966	1,171,927
Deferred tax assets	987,077	(2,332)	984,745
Property and equipment	484,754	(4,388)	480,366
Life fund assets	-	940,379	940,379
Liabilities and Shareholders' Fund			
Deposits and placements of banks and other financial institutions	12,077,751	108,780	12,186,531
Obligations on securities sold under repurchase agreements	1,418,519	32,367	1,450,886
Other liabilities	2,882,664	(890,451)	1,992,213
Life fund liabilities	-	121,266	121,266
Life policyholder funds	-	819,112	819,112
Reserve	2,653,690	(11,512)	2,642,178
(ii) Income statement for the period ended 31 December 2004			
Net interest income	1,040,641	30,623	1,071,264
Net income from Islamic Banking Business	303,226	24,817	328,043
Other operating income	747,391	(227,373)	520,018
Other operating expenses	(1,134,645)	173,570	(961,075)
Operating profit	956,613	1,637	958,250
Allowance for diminution in value of investments	(17,353)	17,353	-
Impairment loss on securities held-to-maturity	-	(14,854)	(14,854)
Profit before taxation	458,182	5,339	463,521
Taxation	(165,100)	(1,499)	(166,599)
Profit after taxation but before minority interests	293,082	3,840	296,922
Net profit for the quarter	206,783	3,840	210,623

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP FOR THE QUARTER AND PERIOD

The AmBank Group recorded a net profit attributable to shareholders of RM317.0 million for the nine months ended 31 December 2005, an increase of 50.5% as compared to RM210.6 million recorded in the corresponding period ended 31 December 2004. Net earnings per share increased by 31.8% to 14.88 sen from 11.29 sen reported for the corresponding period. The Group's pre-tax profit rose 30.5% to RM604.9 million as compared with RM463.5 million in the corresponding period ended 31 December 2004. Annualised pre-tax return on average shareholders funds stood at 13.1%, whilst post-tax return on average shareholders funds was 8.7%.

The improvement in pre-tax profit was mainly due to higher fund based income, including the net income from Islamic banking operations, rising by RM107.1 million or 7.7%, increase in other operating income of RM154.5 million or 29.7% and writeback of impairment on securities held to maturity of RM33.9 million. However, the increase were partially offset by a rise of RM135.8 million in the other operating expenses, in tandem with the expansion of business activities and transformation of the finance company operations into a full-fledged commercial bank and higher loans loss allowances as the Group continued to build its loan loss coverage.

The Group reported a pre-tax profit of RM207.8 million for the third quarter ended 31 December 2005 as compared to RM202.9 million for the quarter ended 31 December 2004. The improvement was attributed to higher net income from Islamic banking operations, other operating income, writeback of impairment on securities held to maturity and lower transfer to profit equalisation reserve. The increase in pre-tax profit was however reduced by higher loans loss allowances and increase in general insurance claims.

All the three major divisions reported better performance during the nine month period. The retail and commercial banking operations, under AmBank (M) Berhad was the largest contributor to the Group profits, reporting a pre-tax profit of RM310.2 million (December 2004: RM247.3 million); followed by the investment banking at RM273.7 million (December 2004: RM223.1 million); and AmAssurance Berhad of RM40.5 million (December 2004: RM22.0 million).

The Offshore banking operations of the Group reported a pretax profit of RM3.3 million and RM8.9 million for a quarter and period ended 31 December 2005.

The Group also registered a significant improvement in asset quality with the ratio of net non-performing loans on a 3 months classification basis declining to 10.3% as at end-December, as compared with 13.8% as at end-March, 2005. The Group continues to build up its loan loss cover, which has now improved to 42.4% (excluding collateral values of securities pledged), as compared to 32.2% as at end-March, 2005.

The Group's total assets increased by RM5.5 billion to RM67.6 billion. The increase was mainly attributable to the expansion of net loans and financing by RM4.5 billion to RM44.6 billion driven mainly by the strong growth in retail lending.

The Group's risk weighted capital ratio as at 31 December 2005 stood at 12.56% as compared with 11.55% as at 31 March 2005. The Tier-1 ratio also continues to strengthen further to 8.28%.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported higher profit before taxation of RM207.8 million for the third quarter ended 31 December 2005 as compared to RM204.7 million for the second quarter ended 30 September 2005 arising from higher net interest income, fee income on loans and financing, writeback of allowance for doubtful sundry receivables and lower transfer to profit equalisation reserve. The profit before taxation was however reduced by higher allowance for losses on loans and financing, lower writeback of impairment on securities held to maturity, lower net income from Islamic banking operations and lower investment and trading income resulted from unrealised loss on revaluation securities held for trading.

B3. PROSPECTS FOR 31 MARCH 2006

The merger of the Group's finance company business into the commercial banking business in June 2005, and the resultant conversion of the Group's finance company branches into full-fledged commercial banking branches have provided the Group with a solid platform to grow its loans exposure to the small and medium-sized enterprises and develop the Group's trade financing and cash management businesses.

The merger has also boosted the Group's reach and scale to extend its leadership market positions in the retail banking sector. We are confident that we will be able to achieve meaningful market share growth in the auto financing, mortgages and credit card businesses going forward.

As part of the merger, the Group has initiated training programmes to increase the sales efficiency of its staff to maximize cross-selling opportunities for the Group's various products and services using the expanded commercial bank branches as a springboard. The Group's retail banking business is also in the midst of transforming itself into a sales and customer service focused entity. We believe that this transformation process will result in improved sales efficiency and productivity in the near future.

The Group will also leverage on the branch network to expand its demand deposit base to rebalance its funding base to be able to better manage its funding costs.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

The Group	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	28,420	25,453	91,871	64,394
Transfer from deferred tax assets	29,644	38,029	90,773	69,396
	58,064	63,482	182,644	133,790
Underprovision of current taxation in respect of prior years	3,174	3,042	13,177	32,809
Total	61,238	66,524	195,821	166,599

The total tax charge of the Group for the financial quarter ended 31 December 2004 and period ended 31 December 2005 and 2004 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the disallowances of certain expenses.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Net gain from sale of securities held-for-trading	14,342	3,367	60,151	44,940
Net gain from sale of securities available-for-sale	2,583	35	2,644	350
Net gain from sale of securities held-to-maturity	8,753	2,594	13,564	3,415
Impairment writeback/(loss) on securities held-to-maturity	6,781	1,632	33,870	(14,854)

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

Status of corporate proposals announced but not completed are as follows:

1. The Company had on 29 November 2004 obtained Bank Negara Malaysia ("BNM") approval in principle to undertake Islamic Banking business pursuant to Section 3(4) of the Islamic Banking Act, 1983, through a subsidiary company.

The Islamic Banking license will be issued by the Minister of Finance once all pre-licensing conditions have been satisfactorily fulfilled.

2. Upon obtaining the necessary approvals from the shareholder and the relevant authorities, the following were proposed and issued:
 - (a) Issuance of United States Dollar ("USD") 200 million Innovative Hybrid Tier 1 Capital comprising of 2,000 preference shares of USD100,000 each ("Hybrid Securities") by a wholly-owned subsidiary of AmBank, AMBB Capital (L) Ltd ("AMBB Capital"), which in turn is an indirect wholly-owned subsidiary of the Company to non-resident investors; and
 - (b) Proposed issuance of substitute preference shares (of equal economic value as the Hybrid Securities) ("Substitute Preference Shares") by AmBank in the event of certain substitution events pursuant to the terms of the Hybrid Securities.

The Hybrid Securities was issued by AMBB Capital on 27 January 2006 and has the benefit of a subordinated guaranteed by AmBank. The gross proceeds of USD200 million from the issued of Hybrid Securities was on-lend to AmBank in the form of a subordinated term loan on 27 January 2006.

At an initial size of USD150.0 million, the book was twice oversubscribed. Consequently, the issue size was increased to USD200.0 million after the completion of the book building process. The Hybrid Securities was priced at par on a semi-annual coupon of 6.77%. The coupon will step up by 100 bps or 1.00% if the Hybrid Securities is not redeemed after year 10 from the date of issued.

Pursuant to the terms and conditions of the Hybrid Securities, upon the occurrence of certain substitution events as required by the guidelines on innovative Tier 1 capital instruments issued by Bank Negara Malaysia ("BNM") on 24 December 2004 ("BNM Tier 1 Guidelines"), AmBank will be required to issue Substitute Preference Shares to substitute the Hybrid Securities issued by AMBB Capital. However, if there is no occurrence of such substitution events, then there will be no requirement to issue the Substitute Preference Shares.

The Proposed Substitute Preference Shares Issue and the Hybrid Securities Issue are inter-conditional.

The Hybrid Securities is listed on both the Labuan International Financial Exchange and the Singapore Exchange and is offered to international institutional investors outside Malaysia.

The Hybrid Securities is rated Ba2/BB/BB by Moody's/Fitch/Standard & Poor's, respectively.

The Hybrid Securities Issue allows AmBank to raise non-dilutive Tier 1 capital at a competitive cost for AmBank's general capital management. The funds raised from the Hybrid Securities Issue will further improve AmBank's Tier 1 capital ratio from 6.02% to 7.08% and the overall capital adequacy ratio from 10.46% to 12.05%. The Hybrid Securities Issue will also provide the flexibility to fund the growth of AmBank's business operations.

3. On 9 December 2005, AmBank and ABH Holding Sdn Bhd entered into share sale agreements ("SSAs") with IAG International Pty Ltd ("IAG International"), a wholly-owned subsidiary of IAG Limited, for the proposed sale of a 30% equity interest in AmAssurance Berhad, comprising 30,000,000 ordinary shares of RM1.00 each, at a price of RM6.44 per share for an aggregate cash consideration of RM193.2 million, involving the proposed sale of:-
 - (a) a 10% equity interest in AmAssurance by AmBank to IAG International (the "Proposed AmBank Sale"); and
 - (b) the entire 20% equity interest in AmAssurance held by ABH Holdings Sdn Bhd a company controlled by Dato' Azlan Hashim, the Deputy Chairman of the Company and AmAssurance, to IAG International (the "Proposed ABH Holdings Sale").

The Proposed AmBank Sale and the Proposed ABH Holdings Sale are not inter-conditional with each other but are expected to be completed simultaneously.

In addition to the Proposed AmBank Sale and the Proposed ABH Holdings Sale, the Company has also entered into a Share Sale Agreement on 9 December 2005 to acquire the remaining 4.06% equity interest held by AmBank in AmAssurance, comprising 4,062,000 ordinary shares of RM1.00 each ("Proposed AHB Buy-Up") at the same price of RM6.44 per share and to be settled in cash.

The Proposed AHB Buy-Up intended to consolidate AmBank Group's shareholding in AmAssurance under the Company.

The Proposed AmBank Sale, Proposed ABH Holdings Sale and Proposed AHB Buy-Up are conditional upon the approvals of the relevant authorities.

The Proposed AmBank Share Sale, the Proposed ABH Holdings Share Sale and the Proposed AHB Buy-Up remain subject to the approval of the Foreign Investment Committee.

4. AmInvestment Group Berhad ("AIGB") had on 23 December 2005 entered into a Memorandum of Understanding ("MOU") with ARA Private Equities Limited ("ARA"), a company incorporated in Bermuda and a wholly-owned subsidiary of ARA Asset Management Limited, a company incorporated in Bermuda, for the establishment of a joint venture company ("Proposed JV Company") to undertake the management of real estate investment trusts ("the REIT") to be listed on Bursa Malaysia Securities Berhad.

Pursuant to the MOU, AIGB and ARA will work together towards establishing a Proposed JV Company to act as the Management Company for the REIT. The Proposed JV Company is envisaged to be 70% held by AIGB while the remaining 30% by ARA.

B9. BORROWINGS

	The Group	
	31.12.05	31.3.05
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	29,519,567	27,324,848
Six months to one year	5,898,031	5,472,835
One year to three years	856,640	933,679
Three years to five years	743,610	715,978
	<u>37,017,848</u>	<u>34,447,340</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	8,101,349	7,645,361
Six months to one year	1,995,577	1,428,543
One year to three years	2,176,106	1,399,437
Three years to five years	1,575,803	1,713,190
	<u>13,848,835</u>	<u>12,186,531</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	7,018,636	7,736,320
<i>Interbank borrowings</i>	(902,453)	(157,700)
<i>Net interbank lendings</i>	<u>6,116,183</u>	<u>7,578,620</u>
(iv) Term loans		
Due within one year		
Secured	489,500	1,252,500
(iii) Unsecured subordinated certificate of deposits		
More than one year	199,644	198,768
(v) Redeemable unsecured bonds		
More than one year	938,860	801,481

Pursuant to a Trust Deed dated 27 October 2005, the merchant banking subsidiary company issued RM200,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds (“SubBonds”) for the purpose of redemption of RM200.0 million nominal amount of unsecured subordinated certificates of deposits. The unsecured subordinated certificates of deposits will be redeemed on 1 March 2006.

The salient features of the SubBonds are as follows:

- (a) The SubBonds bear interest at 4.75% per annum for the first five years and at 5.25% to 7.25% per annum for years 6 to 10. The interest is payable on a semi-annual basis.
- (b) The SubBonds are redeemable on 31 October 2010 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption
- (c) The SubBonds are for a period of ten years maturing on 31 October 2015. However, subject to the prior approval of Bank Negara Malaysia, the merchant banking subsidiary company may redeem the SubBonds on 31 October 2010 or on each anniversary date thereafter.

During the financial period, the merchant banking subsidiary company had purchased and cancelled RM65,000,000 of the SubBonds.

B10. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to note A27

B11. MATERIAL LITIGATION

On 22 December 2005, AmTrustee Berhad ('AmTrustee'), a subsidiary of the Company, has been served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ('Meridian'). The claim by Meridian is for alleged loss and damage amounting to RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian.

Based on legal advice, AmTrustee believes it has a good defence in respect of the claim.

B12. DIVIDENDS

Refer to item A7 above.

B13. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the number of ordinary shares in issue during the financial quarter and period.

	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders of the Company	109,786	98,916	316,972	210,623
Number of ordinary shares at beginning of period	2,130,534	1,866,353	2,130,534	1,858,806
Effect of ordinary shares issued pursuant to:				
- Exercise of ESOS	-	5,340	-	6,551
- Exercise of Warrants 2003/2008	-	2	-	2
Weighted average number of ordinary shares in issue	2,130,534	1,871,695	2,130,534	1,865,359
Basic earnings per share (sen)	5.15	5.28	14.88	11.29

B13. EARNINGS PER SHARE (SEN)(CONTD.)

b. Fully diluted earnings per share

Fully diluted earnings per share is calculated by dividing the adjusted profit after taxation and minority interests for the financial period by the adjusted weighted average number of ordinary shares in issue and issuable during the financial period.

The Company had three categories of dilutive potential ordinary shares:

- i) Employees' Share Option Scheme (Scheme expired in October 2004)
- ii) Warrants 1997/2007; and
- iii) Warrants 2003/2008

	Individual Quarter		Cumulative Quarter	
	31.12.05	31.12.04	31.12.05	31.12.04
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders of the Company	109,786	98,916	316,972	210,623
Weighted average number of ordinary shares in issue (as in (a) above)	2,130,534	1,871,695	2,130,534	1,865,359
Adjusted for:				
- Exercise of Warrants 2003/2008	10,033	66,305	10,033	66,305
Adjusted weighted average number of ordinary shares in issue and issuable	2,140,567	1,938,000	2,140,567	1,931,664
Fully diluted earnings per share (Sen)	5.13	5.10	14.81	10.90

For the financial quarter and period ended 31 December 2005 and 2004, outstanding share warrants 1997/2007 has been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

The Group adjusted weighted average number of ordinary shares in issue and issuable for the financial period ended 31 December 2005 and 2004 have been arrived at based on the assumption that dilutive share warrants 2003/2008 are exercised at beginning of period.

BY ORDER OF THE BOARD
RAVINDRA KUMAR THAMBIMUTHU
GROUP COMPANY SECRETARY
Kuala Lumpur

Date : 10 February 2006