

AmBank (M) Berhad
(Company No. 8515-D)
(Incorporated in Malaysia)
And Its Subsidiary Companies

Interim Financial Statements
For the Financial Period
1 April 2006 to
31 December 2006
(In Ringgit Malaysia)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2006

| | | The Group | | The Bank Legal Entity | |
|--|------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| | Note | | | | |
| ASSETS | | | | | |
| Cash and short-term funds | | 7,780,633 | 7,317,898 | 6,095,032 | 7,303,343 |
| Deposits and placements with banks and other financial institutions | | 2,768,553 | 1,121,253 | 2,398,351 | 1,121,150 |
| Securities held-for-trading | A8 | 1,237,779 | 2,269,352 | 1,077,056 | 2,269,329 |
| Securities available-for-sale | A9 | 478,537 | 331,513 | 478,537 | 331,513 |
| Securities held-to-maturity | A10 | 1,200,156 | 1,361,146 | 1,199,938 | 1,360,928 |
| Loans, advances and financing | A11 | 42,634,556 | 40,736,551 | 36,460,196 | 40,736,551 |
| Other assets | | 743,671 | 521,703 | 722,774 | 523,838 |
| Statutory deposit with Bank Negara Malaysia | | 1,597,955 | 1,532,563 | 1,334,455 | 1,532,563 |
| Deferred tax asset | | 675,704 | 793,184 | 489,545 | 640,146 |
| Investment in subsidiary companies | | — | — | 813,847 | 29,779 |
| Investment in associated companies | | 659 | 545 | 137 | 137 |
| Property and equipment | | 189,862 | 386,848 | 162,265 | 355,253 |
| Intangible assets | | 44,857 | 36,843 | 44,795 | 36,843 |
| TOTAL ASSETS | | <u>59,352,922</u> | <u>56,409,399</u> | <u>51,276,928</u> | <u>56,241,373</u> |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2006

| | | The Group | | The Bank Legal entity | |
|--|-------------|--|-------------------------------------|--|-------------------------------------|
| | Note | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| LIABILITIES AND EQUITY | | | | | |
| Deposits from customers | A12 | 36,076,512 | 32,494,827 | 31,633,993 | 32,496,575 |
| Deposits and placements of banks and other financial institutions | A13 | 14,527,902 | 13,413,549 | 12,043,813 | 13,413,549 |
| Securities sold under repurchase agreements | | 115,790 | 1,104,621 | 115,790 | 1,104,621 |
| Bills and acceptance payable | | 1,018,134 | 909,620 | 683,144 | 909,620 |
| Amount due to Cagamas Berhad | | 1,044,081 | 1,778,955 | 1,044,081 | 1,778,955 |
| Other liabilities | | 1,188,507 | 1,218,297 | 1,020,619 | 1,212,680 |
| Subordinated term loan | | 860,000 | 1,140,000 | 1,156,697 | 1,867,734 |
| Hybrid securities | | 696,697 | 727,734 | — | — |
| Subordinated bonds | | 200,000 | 200,000 | 200,000 | 200,000 |
| Total Liabilities | | 55,727,623 | 52,987,603 | 47,898,137 | 52,983,734 |
| Share capital | | 610,364 | 610,364 | 610,364 | 610,364 |
| Reserves | | 3,014,873 | 2,811,362 | 2,768,427 | 2,647,275 |
| Shareholder's Equity | | 3,625,237 | 3,421,726 | 3,378,791 | 3,257,639 |
| Minority interests | | 62 | 70 | — | — |
| Total Equity | | 3,625,299 | 3,421,796 | 3,378,791 | 3,257,639 |
| TOTAL LIABILITIES AND EQUITY | | 59,352,922 | 56,409,399 | 51,276,928 | 56,241,373 |
| COMMITMENTS AND CONTINGENCIES | A30 | 27,952,502 | 20,182,831 | 23,715,330 | 20,182,731 |
| NET ASSETS PER SHARE (RM) | | 5.94 | 5.61 | 5.54 | 5.34 |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006

| The Group | Note | Individual Quarter | | Cumulative Quarter ended | |
|---|------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| Revenue | | 1,160,202 | 999,404 | 3,278,134 | 2,576,942 |
| Interest income | A14 | 842,924 | 682,491 | 2,435,239 | 1,933,812 |
| Interest expense | A15 | (531,989) | (337,819) | (1,472,821) | (964,599) |
| Net interest income | | 310,935 | 344,672 | 962,418 | 969,213 |
| Net income from Islamic Banking business | A35b | 119,594 | 115,959 | 356,775 | 345,647 |
| Other operating income | A16 | 103,364 | 35,511 | 225,583 | 113,970 |
| Net income | | 533,893 | 496,142 | 1,544,776 | 1,428,830 |
| Other operating expenses | A17 | (203,928) | (220,302) | (643,352) | (670,011) |
| Operating profit | | 329,965 | 275,840 | 901,424 | 758,819 |
| Allowance for losses on loans and financing | A18 | (214,230) | (160,420) | (527,727) | (460,505) |
| Impairment (loss)/write back | A19 | (15,801) | (1,281) | (70,630) | 19,315 |
| Transfer from/(to) profit equalisation reserve | | 14,075 | (9,374) | 34,390 | (18,427) |
| Profit before share in results of associated company and taxation | | 114,009 | 104,765 | 337,457 | 299,202 |
| Share in results in associated company | | 13 | 55 | 25 | 187 |
| Profit before taxation | | 114,022 | 104,820 | 337,482 | 299,389 |
| Taxation | A20 | (43,146) | (29,801) | (134,171) | (85,721) |
| Profit after taxation | | 70,876 | 75,019 | 203,311 | 213,668 |
| Attributable to: | | | | | |
| Equity holder of the Bank | | 70,880 | 75,022 | 203,319 | 213,675 |
| Minority interests | | (4) | (3) | (8) | (7) |
| Profit after taxation | | 70,876 | 75,019 | 203,311 | 213,668 |
| Basic earnings per share | A22 | 11.61 | 12.29 | 33.31 | 35.01 |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006

| The Bank Legal Entity | Note | Individual Quarter | | Cumulative Quarter ended | |
|---|------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| Revenue | | 947,609 | 818,833 | 2,661,006 | 2,047,992 |
| Interest income | A14 | 843,881 | 682,558 | 2,436,266 | 1,848,679 |
| Interest expense | A15 | (533,614) | (337,832) | (1,474,592) | (915,267) |
| Net interest income | | 310,267 | 344,726 | 961,674 | 933,412 |
| Other operating income | A16 | 103,728 | 34,465 | 224,740 | 97,361 |
| Net income | | 413,995 | 379,191 | 1,186,414 | 1,030,773 |
| Other operating expenses | A17 | (159,936) | (176,854) | (504,983) | (499,088) |
| Operating profit | | 254,059 | 202,337 | 681,431 | 531,685 |
| Allowance for losses on loans and financing | A18 | (175,318) | (122,483) | (409,792) | (349,769) |
| Impairment (loss)/write back | A19 | (15,801) | (552) | (70,667) | 18,008 |
| Profit before taxation | | 62,940 | 79,302 | 200,972 | 199,924 |
| Taxation | A20 | (30,210) | (22,173) | (91,858) | (54,164) |
| Profit from continuing operations | | 32,730 | 57,129 | 109,114 | 145,760 |
| Profit from discontinued operations | A21 | – | 17,825 | 11,846 | 59,006 |
| Profit for the period | | 32,730 | 74,954 | 120,960 | 204,766 |
| Earnings per share (sen) | A22 | | | | |
| Basic, for profit from continuing operations | | 5.36 | 9.36 | 17.88 | 24.69 |
| Basic, for profit from discontinued operations | | – | 2.92 | 1.94 | 9.99 |
| Basic for the period | | 5.36 | 12.28 | 19.82 | 34.68 |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2006

| The Group | Attributable to Equity Holder of the Bank | | | | | | | | |
|---|---|-------------------------|-----------------------------|--------------------------|---------------------------|---|----------------------------------|-----------------------------|------------------------|
| | Non-distributable | | | | | | Distributable | | |
| | Share Capital RM'000 | Share Premium RM'000 | Statutory Reserve RM'000 | Merger Reserve RM'000 | Capital Reserve RM'000 | Securities Available For-Sale Reserve RM'000 | Unappropriated Profits RM'000 | Minority Interest RM'000 | Total Equity RM'000 |
| Balance as at 1 April 2005 | | | | | | | | | |
| As previously stated | 528,402 | 379,953 | 624,044 | 679,757 | 377,492 | — | 507,783 | 86 | 3,097,517 |
| Prior year adjustments | — | — | — | — | — | 31,095 | 1,336 | — | 32,431 |
| Deemed issue of shares | 81,962 | — | — | — | — | — | — | — | 81,962 |
| As restated | 610,364 | 379,953 | 624,044 | 679,757 | 377,492 | 31,095 | 509,119 | 86 | 3,211,910 |
| Unrealised net loss on revaluation of securities available-for-sale | — | — | — | — | — | (28,367) | — | — | (28,367) |
| Transfer to unappropriated profits | — | — | (95,642) | — | — | — | 95,642 | — | — |
| Transfer of profit after taxation to statutory reserve | — | — | 57,430 | — | — | — | (57,430) | — | — |
| Profit for the year | — | — | — | — | — | — | 238,269 | (16) | 238,253 |
| Balance as at 31 March 2006 | 610,364 | 379,953 | 585,832 | 679,757 | 377,492 | 2,728 | 785,600 | 70 | 3,421,796 |
| Balance as at 1 April 2006 | 610,364 | 379,953 | 585,832 | 679,757 | 377,492 | 2,728 | 785,600 | 70 | 3,421,796 |
| Unrealised net gain on revaluation of securities available-for-sale | — | — | — | — | — | 192 | — | — | 192 |
| Profit for the period | — | — | — | — | — | — | 203,319 | (8) | 203,311 |
| Balance as at 31 December 2006 | 610,364 | 379,953 | 585,832 | 679,757 | 377,492 | 2,920 | 988,919 | 62 | 3,625,299 |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2006

| | Attributable to Equity Holder of the Bank | | | | | Distributable | Total |
|---|---|-------------------------|-----------------------------|---------------------------|---|----------------------------------|------------------|
| | Non-distributable | | | | Securities Available-for-Sale Reserve | | |
| The Bank | Share Capital RM'000 | Share Premium RM'000 | Statutory Reserve RM'000 | Capital Reserve RM'000 | Securities Available-for-Sale Reserve RM'000 | Unappropriated Profits RM'000 | Total RM'000 |
| Balance as at 1 April 2005 | | | | | | | |
| As previously stated | 528,402 | 379,953 | 528,402 | — | — | 1,174,432 | 2,611,189 |
| Prior year adjustments | — | — | — | — | 31,095 | 1,336 | 32,431 |
| As restated | 528,402 | 379,953 | 528,402 | — | 31,095 | 1,175,768 | 2,643,620 |
| Issue of shares | 81,962 | — | — | — | — | — | 81,962 |
| Arising from return of capital by a subsidiary company | — | — | — | 330,705 | — | — | 330,705 |
| Unrealised net loss on revaluation of securities available-for-sale | — | — | — | — | (28,367) | — | (28,367) |
| Transfer of profit after taxation to statutory reserve | — | — | 57,430 | — | — | (57,430) | — |
| Profit for the year | — | — | — | — | — | 229,719 | 229,719 |
| Balance as at 31 March 2006 | 610,364 | 379,953 | 585,832 | 330,705 | 2,728 | 1,348,057 | 3,257,639 |
| Balance as at 1 April 2006 | 610,364 | 379,953 | 585,832 | 330,705 | 2,728 | 1,348,057 | 3,257,639 |
| Unrealised net gain on revaluation of securities available-for-sale | — | — | — | — | 192 | — | 192 |
| Profit for the period | — | — | — | — | — | 120,960 | 120,960 |
| Balance as at 31 December 2006 | 610,364 | 379,953 | 585,832 | 330,705 | 2,920 | 1,469,017 | 3,378,791 |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

AmBank (M) Berhad

(Incorporated in Malaysia)

And Its Subsidiary Companies**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006**

| | The Group | | The Bank Legal Entity | |
|--|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| Profit before taxation | 337,482 | 299,389 | 217,425 | 286,690 |
| Adjustments for non-cash items | <u>847,812</u> | <u>870,980</u> | <u>745,478</u> | <u>870,744</u> |
| Operating Profit Before Working Capital Changes | 1,185,294 | 1,170,369 | 962,903 | 1,157,434 |
| Changes in working capital: | | | | |
| Net changes in operating assets | (4,820,780) | (5,733,325) | (4,928,306) | (14,714,884) |
| Net changes in operating liabilities | 3,051,585 | 4,670,066 | 3,453,599 | 16,644,974 |
| Net assets vested to Amlslamic Bank Berhad | — | — | 784,068 | — |
| Tax expense paid | <u>(283)</u> | <u>(321)</u> | <u>—</u> | <u>—</u> |
| Net Cash Generated From/(Used in) Operating Activities | (584,184) | 106,789 | 272,264 | 3,087,524 |
| Net Cash Generated From/(Used in) Investing Activities | 1,357,956 | 22,484 | (769,538) | (1,108,621) |
| Net Cash Generated From/(Used in) Financing Activities | <u>(311,037)</u> | <u>—</u> | <u>(711,037)</u> | <u>378,038</u> |
| Net Increase/(Decrease) In Cash And Cash Equivalents | 462,735 | 129,273 | (1,208,311) | 2,356,941 |
| Cash And Cash Equivalents At Beginning Of The Period | <u>7,317,898</u> | <u>5,398,793</u> | <u>7,303,343</u> | <u>3,156,862</u> |
| Cash And Cash Equivalents At End Of The Period | <u><u>7,780,633</u></u> | <u><u>5,528,066</u></u> | <u><u>6,095,032</u></u> | <u><u>5,513,803</u></u> |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

Explanatory Notes

A1. Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134 Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2006.

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 new and revised FRS issued by MASB that are effective for the Bank's first FRS annual reporting date, 31 March 2007. The adoption of the new and revised FRS have resulted in changes in the accounting policies of the Bank and are disclosed in Note A36.

The specific and general allowances for loans, advances and financing of the Bank are computed based on BNM's guidelines on the "Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") requirements. No values are assigned to property collaterals for corporate and retail loans which are in arrears for more than seven years and nine years, respectively, although the realisable values based on independent valuers are available.

The unaudited condensed interim financial statements incorporates those activities relating to the Islamic banking business of the wholly owned subsidiary and refers generally to the acceptance of deposits, dealing in Islamic securities, granting of financing, capital market and treasury activities under the Shariah principles.

A2. Audit Qualification

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2006 was not qualified.

A3. Seasonality or Cyclicity of Operations

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

A4. Unusual Items

There were no unusual items during the current financial period.

A5. Use of Estimates

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial period ended 31 December 2006.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A6. Issuance, Cancellation, Repurchase, Resale and Repayment of Debt and Equity Securities

a) Prepayment of the entire RM680 million Subordinated Term Loan Facility

On 20 December 2006, AmBank (M) Berhad prepaid the entire RM680 million Subordinated Term Loan facility with Astute Assets Berhad.

b) Issuance of RM400 million Subordinated Sukuk Musyarakah

On 21 December 2006, AmIslamic Bank (a wholly owned subsidiary of AmBank (M)) issued the RM400 million Subordinated Sukuk Musyarakah in one lump sum in the format of a 10 year Non-Call 5 year. Subject to the prior approval of Bank Negara Malaysia ("BNM"), AmIslamic Bank may exercise its call option and redeem in whole (but not in part) the Subordinated Sukuk Musyarakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

The Subordinated Sukuk Musyarakah bear an expected profit rate of 4.80% per annum for the first 5 years and commencing from the beginning of the 6th year from the issue date and at the beginning of every subsequent year thereafter, the expected profit rate shall be stepped up by 0.05% per annum to legal maturity date.

The Subordinated Sukuk Musyarakah which has been awarded a long term rating of A3 by Rating Agency Malaysia is not listed on Bursa Securities Malaysia Berhad or on any other stock exchange but is traded and prescribed under the Scripless Securities Trading System maintained by BNM.

The Subordinated Sukuk Musyarakah qualify as Tier 2 capital of AmIslamic Bank.

A7. Dividends Paid

The directors do not recommend the payment of any dividend in respect of the financial period ended 31 December 2006 and no dividends were paid in the current financial period.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A8. Securities Held-for-trading

| | The Group | | The Bank | |
|---|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| At fair value | | | | |
| Money Market Securities: | | | | |
| Islamic Treasury bills | 29,223 | — | — | — |
| Malaysian Government Securities | 179,241 | 43,084 | 179,241 | 43,084 |
| Malaysian Government Investment Certificates | 39,396 | 119,975 | — | 119,975 |
| Cagamas bonds | 191,068 | 173,848 | 140,212 | 173,848 |
| Negotiable instruments of deposit | — | 1,611,642 | — | 1,611,642 |
| Bank Negara Malaysia/ Treasury bills | 259,159 | 48,395 | 259,159 | 48,395 |
| | <u>698,087</u> | <u>1,996,944</u> | <u>578,612</u> | <u>1,996,944</u> |
| Quoted Securities: | | | | |
| Shares in Malaysia | 117,668 | 93,644 | 117,645 | 93,621 |
| | <u>117,668</u> | <u>93,644</u> | <u>117,645</u> | <u>93,621</u> |
| Unquoted Securities: | | | | |
| Private debt securities | 422,024 | 178,764 | 380,799 | 178,764 |
| | <u>422,024</u> | <u>178,764</u> | <u>380,799</u> | <u>178,764</u> |
| Total securities held-for-trading | <u>1,237,779</u> | <u>2,269,352</u> | <u>1,077,056</u> | <u>2,269,329</u> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A9. Securities Available-for-sale

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| At fair value | | | | |
| Money Market Securities: | | | | |
| Negotiable instruments of deposit | 199,995 | – | 199,995 | – |
| Quoted Securities In Malaysia: | | | | |
| Quoted shares | 36,622 | 63,250 | 36,622 | 63,250 |
| Quoted shares with options and/or collateral | 146,046 | 174,714 | 146,046 | 174,714 |
| Quoted Securities Outside Malaysia | | | | |
| Quoted shares | 231 | – | 231 | – |
| Unquoted Securities In Malaysia: | | | | |
| Private debt securities | 95,643 | 93,549 | 95,643 | 93,549 |
| Total securities available-for-sale | 478,537 | 331,513 | 478,537 | 331,513 |

A10. Securities Held-to-maturity

| | The Group | | The Bank | |
|---|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| At amortised cost | | | | |
| Quoted Securities In Malaysia: | | | | |
| Quoted shares | 9,298 | 9,298 | 9,201 | 9,201 |
| Quoted debt securities with options and/or collateral | 419,621 | 486,404 | 419,621 | 486,404 |
| Warrants | 15 | 15 | 15 | 15 |
| | <u>428,934</u> | <u>495,717</u> | <u>428,837</u> | <u>495,620</u> |
| Unquoted Securities In Malaysia: | | | | |
| Unquoted shares | 84,588 | 147,146 | 84,171 | 146,729 |
| Unquoted debt securities | 132,316 | 144,219 | 132,316 | 144,219 |
| Unquoted debt securities with options and/or collateral | 825,779 | 835,903 | 825,779 | 835,903 |
| | <u>1,042,683</u> | <u>1,127,268</u> | <u>1,042,266</u> | <u>1,126,851</u> |
| Unquoted Securities Outside Malaysia: | | | | |
| Shares | 13 | 13 | 13 | 13 |
| Total | 1,471,630 | 1,622,998 | 1,471,116 | 1,622,484 |
| Less: Accumulated Impairment losses | (271,474) | (261,852) | (271,178) | (261,556) |
| Total securities held-to-maturity | 1,200,156 | 1,361,146 | 1,199,938 | 1,360,928 |

AmBank (M) Berhad

(Incorporated in Malaysia)

And Its Subsidiary Companies**A11. Loans, Advances and Financing**

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| Overdrafts | 1,150,244 | 1,031,079 | 1,139,077 | 1,031,079 |
| Term loan facilities | | | | |
| – Housing loans/financing | 10,876,334 | 9,791,514 | 10,020,285 | 9,791,514 |
| – Hire-purchase receivables | 28,212,215 | 26,551,141 | 20,150,649 | 26,551,141 |
| – Other loans/financing | 8,101,087 | 7,689,487 | 5,766,189 | 7,689,487 |
| Card receivables | 2,272,074 | 2,138,331 | 1,952,105 | 2,138,331 |
| Bills receivables | 10,107 | 6,878 | 9,291 | 6,878 |
| Trust receipts | 200,993 | 200,702 | 171,721 | 200,702 |
| Claims on customers under acceptance credits | 1,415,452 | 1,247,649 | 1,047,456 | 1,247,649 |
| Revolving credits | 1,384,678 | 1,311,396 | 1,314,335 | 1,311,396 |
| Staff loans | 157,266 | 153,310 | 157,266 | 153,310 |
| Total | 53,780,450 | 50,121,487 | 41,728,374 | 50,121,487 |
| Unearned interest and income | (5,912,594) | (5,478,757) | (3,309,205) | (5,478,757) |
| Gross loans, advances and financing | 47,867,856 | 44,642,730 | 38,419,169 | 44,642,730 |
| Less: Islamic financing sold to Cagamas Berhad | (2,864,338) | (2,205,827) | – | (2,205,827) |
| | 45,003,518 | 42,436,903 | 38,419,169 | 42,436,903 |
| Allowance for bad and doubtful debts and financing: | | | | |
| General | (693,562) | (656,794) | (555,917) | (656,794) |
| Specific | (1,675,400) | (1,043,558) | (1,403,056) | (1,043,558) |
| Net loans, advances and financing | 42,634,556 | 40,736,551 | 36,460,196 | 40,736,551 |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A11. Loans, Advances and Financing (continued)**A11a. By type of customer**

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| Domestic non-bank financial institutions | 699,327 | 423,180 | 698,669 | 423,180 |
| Domestic business enterprises | | | | |
| – Small medium enterprises | 4,342,336 | 4,559,306 | 3,888,715 | 4,559,306 |
| – Others | 5,952,687 | 5,447,887 | 5,371,969 | 5,447,887 |
| Government and statutory bodies | 33,220 | 21,075 | 11,735 | 21,075 |
| Individuals | 36,766,245 | 34,117,969 | 28,379,139 | 34,117,969 |
| Other domestic entities | 33,817 | 34,249 | 30,734 | 34,249 |
| Foreign entities | 40,224 | 39,064 | 38,208 | 39,064 |
| Gross loans, advances and financing | <u>47,867,856</u> | <u>44,642,730</u> | <u>38,419,169</u> | <u>44,642,730</u> |

A11b. By interest/profit rate sensitivity

| | The Group | | The Bank | |
|-------------------------------------|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| Fixed rate | | | | |
| – Housing loans/financing | 3,125,754 | 3,047,954 | 2,697,336 | 3,047,954 |
| – Hire purchase receivables | 23,521,209 | 22,131,546 | 16,850,981 | 22,131,546 |
| – Other fixed rate loan/financing | 6,247,566 | 5,481,071 | 3,897,525 | 5,481,071 |
| Variable rate | | | | |
| – Base lending rate plus | 13,896,211 | 12,959,713 | 13,896,211 | 12,959,713 |
| – Cost plus | 725,414 | 642,963 | 725,414 | 642,963 |
| – Other variable rates | 351,702 | 379,483 | 351,702 | 379,483 |
| Gross loans, advances and financing | <u>47,867,856</u> | <u>44,642,730</u> | <u>38,419,169</u> | <u>44,642,730</u> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A11. Loans, Advances and Financing (continued)**A11c. By loan purpose**

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| Purchase of securities | 408,041 | 517,623 | 399,040 | 517,623 |
| Purchase of transport vehicles | 22,471,966 | 21,239,416 | 16,007,534 | 21,239,416 |
| Purchase of landed property | | | | |
| – Residential | 10,534,101 | 9,562,394 | 10,102,958 | 9,562,394 |
| – Non-residential | 2,373,212 | 2,263,266 | 2,311,433 | 2,263,266 |
| Purchase of fixed assets other than land and building | 1,291,403 | 1,097,781 | 1,083,567 | 1,097,781 |
| Personal use | 1,609,719 | 1,298,267 | 318,002 | 1,298,267 |
| Credit card | 2,267,434 | 2,138,438 | 1,947,465 | 2,138,438 |
| Purchase of consumer durables | 6,334 | 10,781 | 4,792 | 10,781 |
| Construction | 348,022 | 351,759 | 345,518 | 351,759 |
| Working capital | 5,597,389 | 4,484,872 | 4,997,869 | 4,484,872 |
| Other purpose | 960,235 | 1,678,133 | 900,991 | 1,678,133 |
| Gross loans, advances and financing | <u>47,867,856</u> | <u>44,642,730</u> | <u>38,419,169</u> | <u>44,642,730</u> |

A11d. Non-performing loans by purpose

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| Purchase of securities | 184,990 | 163,517 | 178,658 | 163,517 |
| Purchase of transport vehicles | 1,147,104 | 814,826 | 797,308 | 814,826 |
| Purchase of landed property | | | | |
| – Residential | 1,387,869 | 1,354,601 | 1,288,853 | 1,354,601 |
| – Non-residential | 867,934 | 870,222 | 835,264 | 870,222 |
| Purchase of fixed assets other than land and building | 95,773 | 17,529 | 75,111 | 17,529 |
| Personal use | 54,749 | 44,863 | 53,831 | 44,863 |
| Credit card | 209,320 | 153,466 | 158,552 | 153,466 |
| Purchase of consumer durables | 1,118 | 964 | 1,118 | 964 |
| Construction | 171,769 | – | 169,265 | – |
| Working capital | 1,081,278 | 803,729 | 1,050,116 | 803,729 |
| Other purpose | 346,741 | 769,133 | 341,956 | 769,133 |
| | <u>5,548,645</u> | <u>4,992,850</u> | <u>4,950,032</u> | <u>4,992,850</u> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A11. Loans, Advances and Financing (continued)

A11e. Movements in non-performing loans, advances and financing ("NPL") are as follows:

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| Gross | | | | |
| Balance at 1 April | 4,992,850 | 6,378,449 | 4,992,850 | 4,308,184 |
| Non-performing during the period/year | 1,643,139 | 1,944,974 | 1,461,603 | 1,834,296 |
| Reclassification to performing loans, advances and financing | (641,159) | (1,626,684) | (609,631) | (1,250,279) |
| Amount recovered | (373,245) | (472,071) | (310,874) | (449,610) |
| Debt equity conversion | — | (7,088) | — | (7,088) |
| Amount written off | (72,940) | (1,224,730) | (72,940) | (1,222,117) |
| Amount vested (to)/from subsidiary company | — | — | (510,976) | 1,779,464 |
| Balance at end of period/year | 5,548,645 | 4,992,850 | 4,950,032 | 4,992,850 |
| Less: | | | | |
| Specific allowance | (1,675,400) | (1,043,558) | (1,403,056) | (1,043,558) |
| Non-performing loans and financing — net | <u>3,873,245</u> | <u>3,949,292</u> | <u>3,546,976</u> | <u>3,949,292</u> |
| Ratio of non-performing loans and financing to total loans, advances and financing — net | <u>8.39%</u> | <u>9.06%</u> | <u>9.58%</u> | <u>9.06%</u> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A11. Loans, Advances and Financing (continued)

A11f. Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows:

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| General Allowance | | | | |
| Balance at 1 April | 656,794 | 556,695 | 656,794 | 429,408 |
| Allowance made during the period/year | | | | |
| – Continuing operations | 36,768 | 100,099 | 30,656 | 81,175 |
| – Discontinued operations | – | – | 775 | 17,925 |
| Amount vested (to)/from subsidiary company | – | – | (132,308) | 128,286 |
| Balance at end of period | <u>693,562</u> | <u>656,794</u> | <u>555,917</u> | <u>656,794</u> |
| % of total loans less specific allowance | <u>1.50%</u> | <u>1.50%</u> | <u>1.50%</u> | <u>1.50%</u> |
| Specific Allowance | | | | |
| Balance at 1 April | <u>1,043,558</u> | <u>1,365,519</u> | <u>1,043,558</u> | <u>887,640</u> |
| Allowance made during the period/year | | | | |
| – Continuing operations | 970,890 | 1,315,891 | 784,164 | 1,054,426 |
| – Discontinued operations | – | – | 18,509 | 227,389 |
| Amount written back in respect of recoveries | | | | |
| – Continuing operations | (281,760) | (429,035) | (217,221) | (322,091) |
| – Discontinued operations | – | – | (7,732) | (84,483) |
| Net charge to income statements | 689,130 | 886,856 | 577,720 | 875,241 |
| Debt equity conversion | – | (3,251) | – | (3,251) |
| Amount written off/ Adjustment to Asset Deficiency Account | (57,288) | (1,205,566) | (64,175) | (1,202,954) |
| Amount vested (to)/from subsidiary company | – | – | (154,047) | 486,882 |
| Balance at end of period | <u>1,675,400</u> | <u>1,043,558</u> | <u>1,403,056</u> | <u>1,043,558</u> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A12. Deposits from Customers

| | The Group | | The Bank | |
|---------------------------------------|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| <u>By type of customer</u> | | | | |
| Individuals | 22,351,805 | 19,888,946 | 21,013,969 | 19,888,946 |
| Business enterprises | 8,590,606 | 8,556,161 | 7,078,683 | 8,557,910 |
| Government and other statutory bodies | 4,416,659 | 3,537,375 | 3,025,284 | 3,537,374 |
| Others | 717,442 | 512,345 | 516,057 | 512,345 |
| | <u>36,076,512</u> | <u>32,494,827</u> | <u>31,633,993</u> | <u>32,496,575</u> |

A13. Deposits and Placements of Banks and Other Financial Institutions

| | The Group | | The Bank | |
|------------------------------|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| Licensed banks | 2,572,969 | 2,502,692 | 2,260,696 | 2,502,692 |
| Licensed merchant banks | 4,690,636 | 4,141,430 | 3,728,668 | 4,141,430 |
| Non-banking institutions | 6,133,199 | 5,611,948 | 4,931,587 | 5,611,948 |
| Bank Negara Malaysia ("BNM") | 1,131,098 | 1,157,479 | 1,122,862 | 1,157,479 |
| | <u>14,527,902</u> | <u>13,413,549</u> | <u>12,043,813</u> | <u>13,413,549</u> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A14. Interest Income

| | Individual Quarter | | Cumulative Quarter ended | |
|--|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| <u>The Group</u> | | | | |
| Loans and advances | | | | |
| – Interest income other than recoveries from NPL | 585,601 | 528,894 | 1,748,014 | 1,586,615 |
| – Recoveries from NPLs | 73,615 | 80,952 | 204,717 | 193,688 |
| Money at call and deposits placements with financial institutions | 73,942 | 34,667 | 206,035 | 101,971 |
| Securities held-for-trading | 7,594 | 6,747 | 26,540 | 27,652 |
| Securities available-for-sale | 3,335 | – | 10,126 | 1,246 |
| Securities held-to-maturity | 7,075 | 32,121 | 52,512 | 50,223 |
| Others | 109,559 | 24,978 | 271,940 | 62,445 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net interest suspended | 860,721 | 708,359 | 2,519,884 | 2,023,840 |
| Amortisation of premiums less accretion of discounts | (18,085) | (23,608) | (84,349) | (82,539) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 288 | (2,260) | (296) | (7,489) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 842,924 | 682,491 | 2,435,239 | 1,933,812 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>The Bank</u> | | | | |
| Loans and advances | | | | |
| – Interest income other than recoveries from NPL | 585,601 | 528,962 | 1,748,014 | 1,525,143 |
| – Recoveries from NPLs | 73,615 | 80,951 | 204,717 | 186,457 |
| Money at call, deposits and placements with financial institutions | 74,899 | 34,667 | 207,062 | 89,622 |
| Securities held-for-trading | 7,594 | 10,339 | 26,540 | 26,890 |
| Securities available-for-sale | 3,335 | – | 10,126 | 1,246 |
| Securities held-to-maturity | 7,075 | 28,511 | 52,512 | 47,526 |
| Others | 109,559 | 24,978 | 271,940 | 61,810 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net interest suspended | 861,678 | 708,408 | 2,520,911 | 1,938,694 |
| Amortisation of premiums less accretion of discounts | (18,085) | (23,608) | (84,349) | (80,812) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 288 | (2,242) | (296) | (9,203) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 843,881 | 682,558 | 2,436,266 | 1,848,679 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A15. Interest Expense

| | Individual Quarter | | Cumulative Quarter ended | |
|--|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| <u>The Group</u> | | | | |
| Deposits from customers | 253,502 | 217,389 | 732,252 | 615,924 |
| Deposits and placements of banks and other financial institutions | 107,949 | 46,770 | 290,301 | 140,284 |
| Recourse obligation of loans sold to Cagamas Berhad | 10,812 | 18,654 | 38,815 | 59,977 |
| Subordinated term loans and bonds | 21,667 | 23,120 | 67,655 | 69,108 |
| Hybrid securities | 12,362 | — | 37,387 | — |
| Others | 125,697 | 31,886 | 306,411 | 79,306 |
| | <u>531,989</u> | <u>337,819</u> | <u>1,472,821</u> | <u>964,599</u> |
| <u>The Bank</u> | | | | |
| Deposits from customers | 253,712 | 211,035 | 732,462 | 581,170 |
| Deposits and placements of banks and other financial institutions | 108,831 | 53,127 | 291,329 | 132,742 |
| Recourse obligation of loans sold to Cagamas Berhad | 10,812 | 18,654 | 38,815 | 58,704 |
| Subordinated term loans and bonds | 34,029 | 23,120 | 105,042 | 63,823 |
| Others | 126,230 | 31,896 | 306,944 | 78,828 |
| | <u>533,614</u> | <u>337,832</u> | <u>1,474,592</u> | <u>915,267</u> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A16. Other Operating Income

| | Individual Quarter | | Cumulative Quarter ended | |
|---|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| <u>The Group</u> | | | | |
| (a) <u>Fee Income:</u> | | | | |
| Commissions | 7,414 | 7,365 | 24,682 | 22,628 |
| Guarantee fees | 2,499 | 3,412 | 5,746 | 6,485 |
| Other fee income | 30,982 | 25,806 | 85,945 | 69,483 |
| | <u>40,895</u> | <u>36,583</u> | <u>116,373</u> | <u>98,596</u> |
| (b) <u>Investment income:</u> | | | | |
| Net gain/(loss) on sale of securities held-for-trading | 9,549 | (2,571) | 10,957 | (26,452) |
| Net gain/(loss) on sale of securities available-for-sale | 1,542 | – | 19,284 | – |
| Net gain/(loss) on sale of securities held-to-maturity | (12) | (4,973) | 9,255 | (9,041) |
| Gain/(loss) on revaluation of securities held for trading | 10,557 | 880 | 8,345 | 29,192 |
| Gross dividend income from: | | | | |
| Securities held-for-trading | 1,186 | 727 | 3,009 | 1,914 |
| Securities available for sale | 932 | 1,649 | 5,825 | 5,846 |
| Securities held-to-maturity | 308 | 725 | 1,366 | 3,466 |
| | <u>24,062</u> | <u>(3,563)</u> | <u>58,041</u> | <u>4,925</u> |
| (c) <u>Other Income:</u> | | | | |
| Gain on disposal of foreclosed properties | – | (342) | 1,840 | 26 |
| Rental income | 2,065 | 2,222 | 6,311 | 6,081 |
| Gain on disposal of property and equipment | (3) | 37 | 1,046 | 120 |
| Gain on disposal of property held for sale | 33,762 | – | 33,762 | – |
| Foreign exchange gain | 2,577 | 573 | 8,189 | 4,211 |
| Other operating income | 6 | 1 | 21 | 11 |
| | <u>38,407</u> | <u>2,491</u> | <u>51,169</u> | <u>10,449</u> |
| Total other operating income | <u>103,364</u> | <u>35,511</u> | <u>225,583</u> | <u>113,970</u> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A16. Other Operating Income (continued)

| | Individual Quarter | | Cumulative Quarter ended | |
|---|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| <u>The Bank</u> | | | | |
| (a) <u>Fee Income:</u> | | | | |
| Commissions | 7,414 | 7,365 | 24,682 | 21,501 |
| Guarantee fees | 2,499 | 3,412 | 5,746 | 5,797 |
| Other fee income | 30,932 | 25,805 | 85,832 | 57,504 |
| | <u>40,845</u> | <u>36,582</u> | <u>116,260</u> | <u>84,802</u> |
| (b) <u>Investment income:</u> | | | | |
| Net gain/(loss) on sale of securities held-for-trading | 9,549 | (2,571) | 10,957 | (26,458) |
| Net gain on sale of securities available-for-sale | 1,542 | – | 19,284 | – |
| Net gain on sale of securities held-to-maturity | (12) | (4,973) | 9,255 | (9,581) |
| Gain/(loss) on revaluation of securities held for trading | 10,557 | 56 | 8,345 | 29,192 |
| Gross dividend income from: | | | | |
| Securities held-for-trading | 1,186 | 727 | 3,009 | 1,883 |
| Securities available for sale | 932 | 1,649 | 5,825 | 4,903 |
| Securities held-to-maturity | 308 | 725 | 1,366 | 3,444 |
| | <u>24,062</u> | <u>(4,387)</u> | <u>58,041</u> | <u>3,383</u> |
| (c) <u>Other Income:</u> | | | | |
| Gain on disposal of foreclosed properties | – | (342) | 1,840 | 26 |
| Rental income | 1,952 | 2,002 | 5,892 | 5,563 |
| Gain on disposal of property and equipment | (4) | 37 | 222 | 120 |
| Gain on disposal of property held for sale | 33,762 | – | 33,762 | – |
| Foreign exchange gain | 3,111 | 573 | 8,723 | 3,457 |
| Other operating income | – | – | – | 10 |
| | <u>38,821</u> | <u>2,270</u> | <u>50,439</u> | <u>9,176</u> |
| Total other operating income | <u>103,728</u> | <u>34,465</u> | <u>224,740</u> | <u>97,361</u> |

AmBank (M) Berhad

(Incorporated in Malaysia)

And Its Subsidiary Companies**A17. Other Operating Expenses**

| | Individual Quarter | | Cumulative Quarter ended | |
|--|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| <u>The Group</u> | | | | |
| Personnel costs | | | | |
| – Salaries, allowances and bonuses | 88,770 | 84,918 | 269,521 | 257,014 |
| – Others | 5,906 | 4,225 | 18,899 | 15,887 |
| Establishment costs | | | | |
| – Depreciation | 14,593 | 12,209 | 46,707 | 39,379 |
| – Rental | 7,329 | 6,685 | 21,854 | 21,787 |
| – Cleaning, maintenance & security | 3,322 | 5,277 | 12,746 | 16,672 |
| – Computerisation cost | 18,335 | 23,139 | 40,563 | 52,434 |
| – Others | 3,291 | 3,431 | 11,355 | 11,206 |
| Marketing and communication expenses | | | | |
| – Handling fees | 15,641 | 26,519 | 66,326 | 96,673 |
| – Commission | 8,175 | 9,874 | 27,672 | 30,893 |
| – Advertising & marketing expenses | 10,804 | 13,362 | 34,729 | 43,291 |
| – Communication | 7,930 | 13,496 | 30,627 | 33,501 |
| – Others | 1,495 | 1,370 | 4,876 | 4,434 |
| Administration and general expenses | | | | |
| – Professional services | 10,562 | 5,583 | 31,567 | 17,854 |
| – Others | 7,775 | 10,214 | 25,910 | 28,986 |
| | <u>203,928</u> | <u>220,302</u> | <u>643,352</u> | <u>670,011</u> |
| <u>The Bank (Continuing Operations)</u> | | | | |
| Personnel costs | | | | |
| – Salaries, allowances and bonuses | 87,566 | 84,220 | 266,164 | 237,471 |
| – Others | 5,861 | 4,220 | 18,788 | 12,686 |
| Establishment costs | | | | |
| – Depreciation | 14,456 | 12,068 | 46,318 | 37,521 |
| – Rental | 7,629 | 7,114 | 23,386 | 21,430 |
| – Cleaning, maintenance & security | 3,227 | 5,186 | 12,345 | 16,106 |
| – Computerisation cost | 18,276 | 23,133 | 40,363 | 49,664 |
| – Others | 3,099 | 3,299 | 10,788 | 10,189 |
| Marketing and communication expenses | | | | |
| – Handling fees | 11,654 | 18,449 | 47,610 | 68,375 |
| – Commission | 7,952 | 9,874 | 27,019 | 27,830 |
| – Advertising & marketing expenses | 10,168 | 12,192 | 30,910 | 35,996 |
| – Communication | 7,957 | 13,623 | 30,365 | 31,684 |
| – Others | 1,480 | 1,365 | 4,840 | 4,168 |
| Administration and general expenses | | | | |
| – Professional services | 10,090 | 5,569 | 30,861 | 16,800 |
| – Others | 6,653 | 9,607 | 22,305 | 20,797 |
| Shared service cost recoveries (Subsidiary) | (36,132) | – | (97,527) | – |
| Shared service cost recoveries (SPI Operations) | – | (33,065) | (9,552) | (91,629) |
| | <u>159,936</u> | <u>176,854</u> | <u>504,983</u> | <u>499,088</u> |

AmBank (M) Berhad

(Incorporated in Malaysia)

And Its Subsidiary Companies**A17. Other Operating Expenses (continued)**

| | Individual Quarter | | Cumulative Quarter ended | |
|--|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| <u>The Bank (Discontinued Operations)</u> | | | | |
| Personnel costs | | | | |
| – Salaries, allowances and bonuses | – | 697 | 274 | 1,596 |
| – Others | – | 5 | 1 | 26 |
| Establishment costs | | | | |
| – Depreciation | – | – | – | – |
| – Rental | – | 1 | 29 | 1 |
| – Cleaning, maintenance & security | – | 1 | – | 19 |
| – Computerisation cost | – | 8 | 94 | 22 |
| – Others | – | 10 | 3 | 29 |
| Marketing and communication expenses | | | | |
| – Handling fees | – | 8,070 | 2,201 | 28,298 |
| – Commission | – | 1 | 66 | – |
| – Advertising & marketing expenses | – | 1,168 | 254 | 2,867 |
| – Communication | – | (126) | (217) | (117) |
| – Others | – | 5 | 3 | 17 |
| Administration and general expenses | | | | |
| – Professional services | – | 12 | 69 | 24 |
| – Others | – | 523 | 414 | 1,674 |
| Shared service cost charged (Subsidiary) | – | – | – | – |
| Shared service cost charged (SPI Operations) | – | 33,065 | 9,552 | 91,629 |
| | <u>–</u> | <u>43,440</u> | <u>12,743</u> | <u>126,085</u> |

AmBank (M) Berhad

(Incorporated in Malaysia)

And Its Subsidiary Companies**A18. Allowance for Losses on Loans, Advances and Financing**

| | Individual Quarter | | Cumulative Quarter ended | |
|---|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| <u>The Group</u> | | | | |
| Allowance for bad and doubtful debts and financing: | | | | |
| Specific allowance (net) | | | | |
| – made in the financial year | 364,661 | 288,881 | 970,890 | 884,100 |
| – written back | (95,150) | (79,040) | (281,760) | (310,680) |
| General allowance | 9,017 | 21,100 | 36,768 | 78,599 |
| Bad debts and financing recovered | (58,636) | (70,521) | (181,144) | (191,514) |
| Amount recovered from Danaharta | (5,662) | – | (17,027) | – |
| | <u>214,230</u> | <u>160,420</u> | <u>527,727</u> | <u>460,505</u> |
| <u>The Bank</u> | | | | |
| <u>Continuing operations</u> | | | | |
| Allowance for bad and doubtful debts and financing: | | | | |
| Specific allowance (net) | | | | |
| – made in the financial year | 299,489 | 234,271 | 784,164 | 696,118 |
| – written back | (73,835) | (62,383) | (217,221) | (228,957) |
| General allowance | 9,138 | 19,713 | 30,656 | 61,932 |
| Bad debts and financing recovered | (53,812) | (69,118) | (170,780) | (179,324) |
| Amount recovered from Danaharta | (5,662) | – | (17,027) | – |
| | <u>175,318</u> | <u>122,483</u> | <u>409,792</u> | <u>349,769</u> |
| <u>The Bank</u> | | | | |
| <u>Discontinued operations</u> | | | | |
| Allowance for bad and doubtful debts and financing: | | | | |
| Specific allowance (net) | | | | |
| – made in the financial year | – | 54,610 | 18,509 | 153,906 |
| – written back | – | (16,657) | (7,732) | (59,262) |
| General allowance | – | 1,387 | 775 | 15,668 |
| Bad debts and financing recovered | – | (1,402) | (605) | (5,326) |
| | <u>–</u> | <u>37,938</u> | <u>10,947</u> | <u>104,986</u> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A19. Impairment (loss)/written back

| | Individual Quarter | | Cumulative Quarter ended | |
|--|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| <u>The Group</u> | | | | |
| Securities | (13,748) | (1,114) | (63,246) | 26,623 |
| Impairment on amount recoverable under asset-backed securitisation transaction | (2,000) | – | (7,000) | (5,000) |
| Sundry receivables | (53) | (167) | (384) | (2,308) |
| | <u>(15,801)</u> | <u>(1,281)</u> | <u>(70,630)</u> | <u>19,315</u> |
| <u>The Bank</u> | | | | |
| Securities | (13,748) | (385) | (63,283) | 25,316 |
| Impairment on amount recoverable under asset-backed securitisation transaction | (2,000) | – | (7,000) | (5,000) |
| Sundry receivables | (53) | (167) | (384) | (2,308) |
| | <u>(15,801)</u> | <u>(552)</u> | <u>(70,667)</u> | <u>18,008</u> |

A20. Taxation

| | Individual Quarter | | Cumulative Quarter ended | |
|--|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| <u>The Group</u> | | | | |
| Estimated current tax payable | 149 | 135 | 329 | 332 |
| Net transfer from deferred taxation | 31,900 | 29,649 | 120,880 | 85,324 |
| Share in taxation of associated company | (63) | 17 | (53) | 65 |
| | <u>31,986</u> | <u>29,801</u> | <u>121,156</u> | <u>85,721</u> |
| Prior year tax expense in respect of business vested over | 12,510 | – | 14,913 | – |
| Under/(over) provision of taxation | (1,350) | – | (1,898) | – |
| | <u>43,146</u> | <u>29,801</u> | <u>134,171</u> | <u>85,721</u> |
| <u>The Bank</u> | | | | |
| Taxation on profit from continuing operations | | | | |
| Net transfer from deferred taxation | 17,700 | 22,173 | 77,493 | 54,164 |
| Tax recovered in respect of prior year | – | – | (548) | – |
| Prior year tax expense in respect of business vested over | 12,510 | – | 14,913 | – |
| | <u>30,210</u> | <u>22,173</u> | <u>91,858</u> | <u>54,164</u> |

The total tax charge of the Group and the Bank for the period ended 31 December 2006 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the effect on deferred taxes as a result of a reduction in statutory tax rate from 28.0% to 27.0% and disallowance of certain expenses.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A21. Discontinued operations

i) Transfer of Islamic Banking Business of AmBank (M) Berhad to Amlslamic Bank Berhad

On 1 May 2006, the Islamic banking business of AmBank (M) Berhad was transferred to and vested into Amlslamic Bank pursuant to the vesting order of the High Court of Malaya made pursuant to Section 50 of the Banking and Financial Institutions Act, 1989. The net book value of the assets and liabilities transferred was RM784.1 million.

The amounts of assets and liabilities vested are as follows:

| | 1 May 2006 RM'000 |
|--|----------------------------------|
| ASSETS | |
| Cash and short-term funds | 1,160,139 |
| Deposits and placements with banks and other financial institutions | 2,126 |
| Securities held-for-trading | 502,219 |
| Loans, advances and financing | 6,512,189 |
| Deferred tax asset | 68,501 |
| Other assets | 29,567 |
| Statutory deposit with Bank Negara Malaysia | <u>268,794</u> |
| TOTAL ASSETS | <u><u>8,543,535</u></u> |
| LIABILITIES AND EQUITY | |
| Deposits from customers | 4,323,243 |
| Deposits and placements of banks and other financial institutions | 2,952,207 |
| Bills and acceptance payable | 225,364 |
| Other liabilities | <u>258,653</u> |
| Total Liabilities | <u><u>7,759,467</u></u> |
| Net Assets vested | <u><u>784,068</u></u> |

ii) Purchase Consideration

The consideration for the transfer of business was satisfied by way of issue of 250.0 million new ordinary shares of RM1.00 each by Amlslamic Bank to the Bank at RM3.14 per share.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

iii) Impact to the Income Statement

Arising from the corporate separation of the Islamic Banking and Conventional Banking operations, the profit from the Islamic Banking operations of the Bank for the current quarter and the corresponding quarter in the previous year were reported as discontinued operations in compliance with FRS 5: Non-Current assets held for sale and Discontinued operations.

The results of the Islamic Banking operations of the Bank reported as discontinued operations were as follows:

| | Individual Quarter | | Cumulative Quarter ended | |
|---|-----------------------------|-----------------------------|---------------------------------|-----------------------------|
| | 31 December 2006 | 31 December 2005 | 31 December 2006 | 31 December 2005 |
| <u>The Bank</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds | — | 170,553 | 54,554 | 481,844 |
| Income derived from investment of Islamic Banking Capital Fund | — | 9,935 | 9,252 | 30,625 |
| Allowance for losses on financing, advances and other loans (Note A19) | — | (37,938) | (10,947) | (104,986) |
| Impairment writeback on securities held-to-maturity | — | 95 | — | 95 |
| Transfer from/(to) profit equalisation reserve | — | (9,374) | 1,739 | (18,112) |
| Other expenses directly attributable to the investment of the depositors and shareholder's funds (Note A18) | — | (8,070) | (2,201) | (28,298) |
| Total attributable income | — | 125,201 | 52,397 | 361,168 |
| Income attributable to the depositors | — | (64,530) | (25,402) | (176,615) |
| Total net income | — | 60,671 | 26,995 | 184,553 |
| Other operating expenses (Note A18) | — | (35,370) | (10,542) | (97,787) |
| Profit before taxation | — | 25,301 | 16,453 | 86,766 |
| Taxation | — | (7,476) | (4,607) | (27,760) |
| Profit after taxation | — | 17,825 | 11,846 | 59,006 |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A22. Earnings Per Share (EPS)**Basic**

Basic earnings per share is calculated by dividing the net profit for the financial period attributable to shareholders of the Group and of the Bank by the weighted average number of ordinary shares in issue during the financial period.

| | Individual Quarter | | Cumulative Quarter ended | |
|---|--|--|--|--|
| | 31 December 2006 RM'000 | 31 December 2005 RM'000 | 31 December 2006 RM'000 | 31 December 2005 RM'000 |
| <u>The Group</u> | | | | |
| Net profit attributable to shareholder of the Bank | <u>70,880</u> | <u>75,022</u> | <u>203,319</u> | <u>213,675</u> |
| Weighted average number of ordinary shares in issue | <u>610,364</u> | <u>610,364</u> | <u>610,364</u> | <u>610,364</u> |
| Basic earnings per share (sen) | <u>11.61</u> | <u>12.29</u> | <u>33.31</u> | <u>35.01</u> |
| <u>The Bank</u> | | | | |
| Basic, for profit from continuing operations | | | | |
| Net profit attributable to shareholders of the Bank | <u>32,730</u> | <u>57,129</u> | <u>109,114</u> | <u>145,760</u> |
| Number of ordinary shares at beginning of period | 610,364 | 610,364 | 610,364 | 528,402 |
| Effect of the issuance of shares | — | — | — | 62,036 |
| Weighted average number of ordinary shares in issue | <u>610,364</u> | <u>610,364</u> | <u>610,364</u> | <u>590,438</u> |
| Basic earnings per share (sen) | <u>5.36</u> | <u>9.36</u> | <u>17.88</u> | <u>24.69</u> |
| <u>The Bank</u> | | | | |
| Basic, for profit from discontinued operations | | | | |
| Net profit attributable to shareholders of the Bank | <u>—</u> | <u>17,825</u> | <u>11,846</u> | <u>59,006</u> |
| Weighted average number of ordinary shares in issue | <u>610,364</u> | <u>610,364</u> | <u>610,364</u> | <u>590,438</u> |
| Basic earnings per share (sen) | <u>—</u> | <u>2.92</u> | <u>1.94</u> | <u>9.99</u> |

There are no dilutive potential ordinary shares during the financial period.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A23a. Performance Review for the Quarter ended 31 December 2006

The Group recorded a Pre-Tax profit of RM114.0 million for the quarter ended 31 December 2006 representing a 8.8% increase as compared with RM104.8 million in the corresponding quarter ended 31 December 2005.

Higher operating income contributed by the gain on disposal of Menara AmBank cushioned the increase in loan loss provisions as the Group continues to build up its loan loss coverage.

A23b. Performance Review for the period ended 31 December 2006

The Group recorded a Pre-tax profit of RM337.5million for the period ended 31 December 2006 representing a 12.7% increase as compared to RM299.4million in the previous corresponding period ended 31 December 2005.

The increase in Group Pre-tax profit for the period is mainly attributable to higher non-interest income, write back of Profit Equalisation Reserve and set off by higher impairment loss on securities and loan loss provision as the Group continues to build up its loan loss coverage.

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

A23c. Prospects for 31 March 2007

Despite changes in global economic conditions, prospects for the Malaysian economy remain positive for 2007. With strong capitalization and continuous improvement in asset quality, the banking and financial institution sector remains robust amidst favorable macroeconomic environment. In tandem with the implementation of several projects by the Government under the 9th Malaysian Plan, the Group will remain competitive in seizing potential growth opportunities available in the market and to continue to offer a full range of intergrated financial services for its customers, by leveraging on a strong Group within its established franchise and extended customer base.

Further, the Group is confident in forging ahead in addressing challenges and competition from foreign and local players, with the possible entry of Australia and New Zealand Banking Group Limited (ANZ) as a long-term strategic partner and investor of the AmBank Group. As earlier announced, the ultimate holding company, AMMB Holdings Bhd ("AHB") and AmCorpGroup Berhad had on 31 January 2007 submitted an application to Bank Negara Malaysia (BNM) to obtain the approval of the Minister of Finance for both parties to enter into definitive agreements in relation to ANZ's proposed equity participation in AHB. Upon obtaining the necessary regulatory approvals, the formal agreements between the parties are expected to be executed by 28 February 2007. The partnership will see the coalition of ANZ's international expertise and best practices together with the AmBank Group's considerable brand equity and steady leadership position in various customer and product segments, thus improving shareholders value. The Group anticipates an exciting year ahead as it becomes part of a resilient, regional banking group.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A24. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets**By Business Segments**

| The Group 31 December 2006 | Conventional Banking RM'000 | Islamic Banking RM'000 | Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---|--|---------------------------------------|--------------------------|-------------------------------|--------------------------------|
| Revenue | | | | | |
| External revenue | | | | | |
| Interest income (net of IIS) | 2,436,266 | — | 37 | — | 2,436,303 |
| Fee income | 116,260 | — | — | — | 116,260 |
| Investment & other operating income | 108,480 | — | — | — | 108,480 |
| Income from Islamic Banking | | | | | |
| Financing income | — | 591,778 | — | — | 591,778 |
| Investment and Fees on financing | — | 25,128 | — | — | 25,128 |
| Others (Subsidiaries) - Rental | — | — | 185 | — | 185 |
| | <u>2,661,006</u> | <u>616,906</u> | <u>222</u> | <u>—</u> | <u>3,278,134</u> |
| <u>Inter-segment revenue</u> | | | | | |
| Others (Subsidiaries) - Rental | — | — | 1,675 | (1,675) | — |
| | <u>—</u> | <u>—</u> | <u>1,675</u> | <u>(1,675)</u> | <u>—</u> |
| Total revenue | <u>2,661,006</u> | <u>616,906</u> | <u>1,897</u> | <u>(1,675)</u> | <u>3,278,134</u> |
| Results | | | | | |
| Profit before share in results of associated company and taxation | 200,972 | 134,669 | 1,805 | 11 | 337,457 |
| Share of profits of associated company | — | — | — | 25 | 25 |
| Profit before taxation | 200,972 | 134,669 | 1,805 | 36 | 337,482 |
| Taxation | (91,858) | (43,387) | 1,022 | 52 | (134,171) |
| Profit after taxation | <u>109,114</u> | <u>91,282</u> | <u>2,827</u> | <u>88</u> | <u>203,311</u> |
| Total Assets | <u>51,276,928</u> | <u>8,886,987</u> | <u>806,982</u> | <u>(1,617,975)</u> | <u>59,352,922</u> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A24. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)

| The Group 31 December 2005 | Conventional Banking RM'000 | Islamic Banking RM'000 | Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---|--|---------------------------------------|--------------------------|-------------------------------|--------------------------------|
| Revenue | | | | | |
| <u>External revenue</u> | | | | | |
| Interest income (net of IIS) | 1,933,812 | — | — | — | 1,933,812 |
| Fee income | 98,596 | — | — | — | 98,596 |
| Investment & other operating income | 15,374 | — | — | — | 15,374 |
| Income from Islamic Banking | | | | | |
| Financing income | — | 508,866 | — | — | 508,866 |
| Investment and Fees on financing | — | 19,985 | — | — | 19,985 |
| Others (Subsidiaries) - Rental | — | — | 309 | — | 309 |
| | <u>2,047,782</u> | <u>528,851</u> | <u>309</u> | <u>—</u> | <u>2,576,942</u> |
| <u>Inter-segment revenue</u> | | | | | |
| Interest income (net of IIS) | 210 | — | — | (210) | — |
| Others (Subsidiaries) - Rental | — | — | 1,400 | (1,400) | — |
| | <u>210</u> | <u>—</u> | <u>1,400</u> | <u>(1,610)</u> | <u>—</u> |
| Total revenue | <u>2,047,992</u> | <u>528,851</u> | <u>1,709</u> | <u>(1,610)</u> | <u>2,576,942</u> |
| Results | | | | | |
| Profit before share in results of associated company and taxation | 204,654 | 94,212 | 366 | (30) | 299,202 |
| Share of profits of associated company | — | — | — | 187 | 187 |
| Profit before taxation | 204,654 | 94,212 | 366 | 157 | 299,389 |
| Taxation | <u>(57,564)</u> | <u>(27,760)</u> | <u>(332)</u> | <u>(65)</u> | <u>(85,721)</u> |
| Profit after taxation | <u>147,090</u> | <u>66,452</u> | <u>34</u> | <u>92</u> | <u>213,668</u> |
| Total Assets | <u>44,048,787</u> | <u>8,544,064</u> | <u>79,431</u> | <u>(66,933)</u> | <u>52,580,353</u> |

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under terms and conditions that are no less favourable than those arranged with independent parties.

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A25. Valuation of Property & Equipment

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

A26. Events Subsequent To Balance Sheet Date

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

A27. Significant Events

Disposal of Freehold Land and Building

On 11 May 2006, the Bank announced the proposal to dispose its freehold land together with its 46-storey office building known as Menara AmBank to AmFIRST Real Estate Investment Trust ("AmFIRST REIT") for a proposed consideration of RM230 million. The sale was completed and the consideration was satisfied through the issuance of 230 million AmFIRST REIT units at an issue price of RM1.00 per unit which the Bank had sold to its ultimate holding company, AMMB Holdings Berhad ("AHB") for a cash consideration of RM230 million. The cash proceeds of RM230 million had been received from AHB on 29 December 2006 and a gain on disposal of RM33.7 million was recognized in the income statement.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A28. Corporate Proposals

Proposed Strategic Partnership with Australia and New Zealand Banking Group Limited (“ANZ”)

Upon obtaining the approval from Bank Negara Malaysia dated 21 November 2006, the ultimate holding company, AMMB Holdings Berhad (“AHB”) entered into a Heads of Agreement (“HOA”) with Australia and New Zealand Banking Group Limited (“ANZ”) on 23 November 2006 in relation to the involvement of ANZ as an investor and partner of the Group which will be via a proposed equity participation by ANZ valued at RM1.075 billion as follows:-

- (i) proposed subscription by ANZ of RM163.9 million converting preference shares (“CPS”) to be issued by AHB at an issue price of RM3.05 per CPS which shall be convertible into 163.9 million new ordinary shares in AHB (“Proposed Subscription Transaction”);and
- (ii) proposed subscription by ANZ of RM575.0 million exchangeable bonds (“EBs”) to be issued by AmBank (M) Berhad (“AmBank (M)”) which shall be exchangeable into 188.5 million new ordinary shares in AHB (“Proposed Exchangeable Bond Transaction”) at an exchange price of RM3.05 per ordinary share.

The Proposed Subscription Transaction and Proposed Exchangeable Bond Transaction shall hereinafter be referred to collectively as the “Proposed Equity Participation”.

Concurrently with the Proposed Equity Participation, AmCorpGroup Berhad (“AmCorp”), the principal shareholder of AHB, had also on 30 November 2006 entered into a HOA with ANZ for the disposal by AmCorp of 300 million ordinary shares held in AHB representing approximately 14.1% of the existing issued and paid up share capital of AHB to ANZ at RM4.30 per ordinary share valued at RM1.29 billion (“Proposed AmCorp Transaction”). The premium above the current market price is intended to recognize the dilution of AmCorp's controlling interest in AHB and also ANZ's active involvement at the Board and management levels of AHB.

The Proposed Equity Participation and the Proposed AmCorp Transaction are inter-conditional with each other and shall be undertaken concurrently.

The Proposed Equity Participation and the Proposed AmCorp Transaction are conditional upon the approval, inter alia, of BNM, Minister of Finance, Securities Commission, shareholders and any other relevant authorities.

Upon completion of the Proposed Equity Participation and Proposed AmCorp Transaction, ANZ would emerge as a substantial strategic investor with an equity interest of up to 24.9% in AHB. This is in line with BNM's requirement for AmCorp to institutionalize its shareholdings in AHB by May 2007.

AHB and AmCorp have submitted application to BNM on 31 January 2007 for the purposes of obtaining the approval for, inter-alia, the parties to enter into the agreements in relation to the Proposed Equity Participation and Proposed AmCorp Transaction pursuant to Section 45 of the Banking and Financial Institutions Act, 1989.

Upon obtaining the approvals and pursuant to the terms of the respective HOAs, the parties are expected to sign the formal agreement by 28 February 2007.

A29. Changes in the Composition of Group

There were no significant changes in the composition of the Group for the financial period ended 31 December 2006.

AmBank (M) Berhad

(Incorporated in Malaysia)

And Its Subsidiary Companies**A30. Commitments and Contingencies**

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

The risk-weighted exposure of the Group and the Bank is as follows:

The Group

| | As at 31 December 2006 | | | As at 31 March 2006 | | |
|---|--|---|--|--|---|--|
| | 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 |
| Direct credit substitutes | 679,485 | 679,485 | 588,413 | 540,826 | 540,826 | 438,374 |
| Certain transaction-related contingent items | 265,763 | 132,881 | 132,881 | 206,010 | 103,005 | 103,005 |
| Short-term self-liquidating trade-related contingencies | 337,165 | 67,433 | 67,433 | 345,374 | 69,075 | 69,075 |
| Obligations under underwriting agreements | 140,000 | 70,000 | 70,000 | 140,000 | 70,000 | 70,000 |
| Unpaid portion of partly paid shares | 250 | 250 | 250 | 250 | 250 | 250 |
| Irrevocable commitments to extend credit: | | | | | | |
| – maturing less than one year | 9,130,936 | – | – | 8,811,423 | – | – |
| – maturing more than one year | 1,052,467 | 526,234 | 526,234 | 1,279,823 | 639,911 | 639,911 |
| Foreign exchange related contracts: | | | | | | |
| – less than one year | 2,537,155 | 25,370 | – | 1,695,579 | 16,466 | 4,143 |
| Interest rate swap contracts: | | | | | | |
| – maturing within one year | 1,630,000 | 3,925 | 785 | 550,000 | 1,311 | 262 |
| – maturing more than one year to less than five years | 8,542,872 | 116,536 | 23,307 | 3,562,189 | 74,100 | 14,820 |
| – maturing more than five years | 728,000 | 64,640 | 12,928 | 736,620 | 66,296 | 13,259 |
| Islamic financing sold to Cagamas Berhad with recourse | 2,864,338 | 2,864,338 | 2,864,338 | 2,205,827 | 2,205,827 | 2,205,827 |
| Other commitments | 44,071 | – | – | 108,910 | – | – |
| Total | 27,952,502 | 4,551,092 | 4,286,569 | 20,182,831 | 3,787,067 | 3,558,926 |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A31. Commitments and Contingencies (continued)

| <u>The Bank</u> | As at 31 December 2006 | | | As at 31 March 2006 | | |
|---|-------------------------------|---|--------------------------------------|-------------------------------|---|--------------------------------------|
| | 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 |
| Direct credit substitutes | 563,971 | 563,971 | 490,547 | 540,826 | 540,826 | 438,374 |
| Certain transaction- related contingent items | 225,078 | 112,539 | 112,539 | 206,010 | 103,005 | 103,005 |
| Short-term self- liquidating trade- related contingencies | 250,730 | 50,146 | 50,146 | 345,374 | 69,075 | 69,075 |
| Obligations under underwriting agreements | 20,000 | 10,000 | 10,000 | 140,000 | 70,000 | 70,000 |
| Unpaid portion of partly paid shares | 150 | 150 | 150 | 150 | 150 | 150 |
| Irrevocable commitments to extend credit: | | | | | | |
| – maturing less than one year | 8,145,849 | – | – | 8,811,423 | – | – |
| – maturing more than one year | 1,041,023 | 520,512 | 520,512 | 1,279,823 | 639,911 | 639,911 |
| Foreign exchange related contracts: | | | | | | |
| – less than one year | 2,537,155 | 25,370 | – | 1,695,579 | 16,466 | 4,143 |
| Interest rate swap contracts: | | | | | | |
| – maturing within one year | 1,630,000 | 3,925 | 785 | 550,000 | 1,311 | 262 |
| – maturing more than one year to less than five years | 8,542,872 | 116,536 | 23,307 | 3,562,189 | 74,100 | 14,820 |
| – maturing more than five years | 728,000 | 64,640 | 12,928 | 736,620 | 66,296 | 13,259 |
| Islamic financing sold to Cagamas Berhad with recourse | – | – | – | 2,205,827 | 2,205,827 | 2,205,827 |
| Other commitments | 30,502 | – | – | 108,910 | – | – |
| Total | 23,715,330 | 1,467,789 | 1,220,914 | 20,182,731 | 3,786,967 | 3,558,826 |

* The credit equivalent amount is arrived at using the credit conversion factors as specified by Bank Negara Malaysia.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A32. Derivative Financial Instruments

Details of financial instruments with off-balance sheet risk as at 31 December 2006:

Value of contracts classified by remaining period to maturity/next repricing date (whichever is earlier).

The Group and the Bank

| 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 |
|-------------------------------------|----------------------------|---------------------------|------------------------|------------------------|-------------------------|-----------------------|---------------------|
| Foreign exchange related contracts: | | | | | | | |
| – forward | 2,355,227 | 1,334,033 | 579,399 | 333,695 | 108,100 | – | – |
| – spot | 181,928 | 181,662 | 266 | – | – | – | – |
| Interest rate related contracts: | | | | | | | |
| – swap | 10,900,872 | – | 250,000 | 80,000 | 1,300,000 | 8,542,872 | 728,000 |
| Total | 13,438,027 | 1,515,695 | 829,665 | 413,695 | 1,408,100 | 8,542,872 | 728,000 |

The Interest Rate derivative instruments of the Group and the Bank are held for the purpose of hedging and are not marked to market. The details of the interest rate derivative instruments are as follows:

| | Contract Amount RM'000 | Fair Value RM'000 | Positive Mark-to-market RM'000 | Negative Mark-to-market RM'000 | Net Negative Mark-to-market RM'000 |
|---------------------------------|---------------------------|----------------------|-----------------------------------|-----------------------------------|---------------------------------------|
| Interest Rate related contracts | 10,900,872 | 10,786,852 | 1,667 | (115,687) | (114,020) |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A33. Derivative Financial Instruments (continued)

Risk Management Policy on Financial Derivatives

Purpose of engaging in financial derivatives

Derivative financial instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps and forward rate agreements. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's 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. The Group's involvement in financial derivatives is currently focused on interest rate derivatives and foreign exchange rate derivatives.

The principal exchange rate contracts used are forward foreign exchange contracts. 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.

The principal interest rate contracts used are interest rate swaps. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

Risk associated with financial derivatives

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

Market Risk

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 31 December 2006, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM Nil (31 March 2006: RM Nil).

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A33. Derivative Financial Instruments (continued)

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. Unlike conventional asset instruments, the Group's financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted contract with another in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at time of contract with the defaulted counterparty and the current fair value of a similar substitute at current market prices. The Group will only suffer a replacement cost if the contract carries a fair value gain at time of default.

As at 31 December 2006, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group was RM Nil (31 March 2006: RM16.5 million).

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.

Related Accounting Policies

Forward Exchange Contracts

Unmatured forward exchange contracts are valued at forward rates prevailing at balance sheet date, applicable to their respective dates to maturity and unrealised gains and losses are recognised in the income statements.

Interest Rate Swaps, Futures, Options and Forward Rate Contracts

Interest income or interest expense associated with interest rate swaps is recognised over the life of the swap agreement as a component of interest income or interest expense.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A34. Capital Adequacy

Bank Negara Malaysia's ("BNM") guideline on capital adequacy requires the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

The risk weighted capital adequacy ratio of the Bank of 10.74% (31 March 2006: 12.14%) exceeds the minimum requirements of BNM.

| | The Bank | |
|--|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| <u>Tier 1 capital</u> | | |
| Paid-up share capital | 610,364 | 610,364 |
| Innovative Tier 1 capital | 500,536 | 461,506 |
| Share premium | 379,953 | 379,953 |
| Statutory reserve | 585,832 | 585,832 |
| Capital reserve | 330,705 | 330,705 |
| Unappropriated profit | 1,436,287 | 1,348,057 |
| | <hr/> | <hr/> |
| | 3,843,677 | 3,716,417 |
| Less: Deferred tax asset | (507,245) | (640,146) |
| | <hr/> | <hr/> |
| Total Tier 1 capital | 3,336,432 | 3,076,271 |
| | <hr/> | <hr/> |
| <u>Tier 2 capital</u> | | |
| Innovative Tier 1 capital | 205,464 | 275,114 |
| Subordinated term loan | 460,000 | 1,140,000 |
| Subordinated bonds | 200,000 | 200,000 |
| General allowance for bad and doubtful debts and financing | 555,207 | 655,374 |
| | <hr/> | <hr/> |
| Total Tier 2 capital | 1,420,671 | 2,270,488 |
| | <hr/> | <hr/> |
| | 4,757,103 | 5,346,759 |
| Less: Investment in subsidiary companies | (813,847) | (29,779) |
| | <hr/> | <hr/> |
| Capital base | 3,943,256 | 5,316,980 |
| | <hr/> | <hr/> |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

A34. Capital Adequacy (continue)

| | 31 December 2006 | | 31 March 2006 | |
|-------------------------------|---------------------|------------------------------|---------------------|------------------------------|
| | Principal RM'000 | Risk - Weighted RM'000 | Principal RM'000 | Risk - Weighted RM'000 |
| Notional risk-weighted assets | | | | |
| Categories | | | | |
| 0% | 6,663,960 | — | 8,328,926 | — |
| 10% | 2,059 | 206 | 67,059 | 6,706 |
| 20% | 4,433,372 | 886,674 | 4,222,296 | 844,459 |
| 50% | 8,795,005 | 4,397,503 | 8,119,385 | 4,059,693 |
| 100% | 31,442,900 | 31,442,900 | 38,871,146 | 38,871,146 |
| | <u>51,337,296</u> | <u>36,727,283</u> | <u>59,608,812</u> | <u>43,782,004</u> |
| Capital Ratios | | | | |
| Core capital ratio | | 9.08% | | 7.03% |
| Risk-weighted capital ratio | | <u>10.74%</u> | | <u>12.14%</u> |

The risk weighted capital adequacy ratio of the Group are as follows:

| | The Group | |
|---------------------------|-------------------------------|----------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| <u>Tier 1 capital</u> | | |
| Paid-up share capital | 610,364 | 610,364 |
| Innovative Tier 1 capital | 501,947 | 463,469 |
| Share premium | 379,953 | 379,953 |
| Statutory reserves | 585,832 | 585,832 |
| Capital reserves | 377,492 | 377,492 |
| Merger reserves | 679,757 | 679,757 |
| Unappropriated profit | 918,040 | 785,600 |
| Minority interest | 62 | 70 |
| | <u>4,053,447</u> | <u>3,882,537</u> |
| Less: Deferred tax asset | <u>(707,604)</u> | <u>(793,184)</u> |
| Total Tier 1 capital | <u>3,345,843</u> | <u>3,089,353</u> |

| | The Group | | | |
|--|------------------|------------|---------------|------------|
| | 31 December 2006 | | 31 March 2006 | |
| | RM'000 | | RM'000 | |
| Tier 2 capital | | | | |
| Innovative Tier 1 capital | | 204,053 | | 273,151 |
| Subordinated term loan | | 460,000 | | 1,140,000 |
| Subordinated bonds | | 200,000 | | 200,000 |
| Subordinated Sukuk Musyarakah | | 400,000 | | — |
| General allowance for bad and doubtful debts and financing | | 692,852 | | 655,374 |
| Total Tier 2 capital | | 1,956,905 | | 2,268,525 |
| Capital base | | 5,302,748 | | 5,357,878 |
| | | | | |
| | 31 December 2006 | | 31 March 2006 | |
| | Principal | Risk - | Principal | Risk - |
| | RM'000 | Weighted | RM'000 | Weighted |
| | | RM'000 | | RM'000 |
| Notional risk-weighted assets | | | | |
| Categories | | | | |
| 0% | 8,857,075 | — | 8,328,926 | — |
| 10% | 2,059 | 206 | 67,059 | 6,706 |
| 20% | 4,624,273 | 924,855 | 4,236,954 | 847,390 |
| 50% | 9,122,772 | 4,561,386 | 8,119,385 | 4,059,693 |
| 100% | 40,542,040 | 40,542,040 | 38,901,332 | 38,901,332 |
| | 63,148,219 | 46,028,487 | 59,653,656 | 43,815,121 |
| Capital Ratios | | | | |
| Core capital ratio | | 7.27% | | 7.05% |
| Risk-weighted capital ratio | | 11.52% | | 12.23% |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

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.

31 December 2006

Non-Trading Book

| The Group | Up to 1 month | >1 to 3 months | >3 to 6 months | >6 to 12 months | >1 to 5 years | Over 5 years | Non- interest sensitive | Trading Book | Total | Effective interest rate |
|---|-------------------|-------------------|-------------------|--------------------|------------------|-------------------|-------------------------------|------------------|-------------------|-------------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | % |
| ASSETS | | | | | | | | | | |
| Cash and short-term funds | 7,584,451 | — | 100 | — | — | — | 196,082 | — | 7,780,633 | 3.80 |
| Deposits and placements with financial institutions | — | 1,450,600 | 505,950 | 106,003 | — | 706,000 | — | — | 2,768,553 | 3.78 |
| Securities held-for-trading | — | — | — | — | — | — | 24 | 1,237,755 | 1,237,779 | 3.85 |
| Securities available-for-sale | 199,995 | — | — | — | 54,867 | 40,776 | 182,899 | — | 478,537 | 3.70 |
| Securities held-to-maturity | — | — | — | — | 410,913 | 673,212 | 116,031 | — | 1,200,156 | 2.95 |
| Loans, advances and financing | | | | | | | | | | |
| – Performing | 12,078,213 | 755,438 | 1,157,970 | 385,226 | 7,485,163 | 17,691,701 | — | — | 39,553,711 | 7.52 |
| – Non-performing | — | — | — | — | — | — | 3,080,845 | — | 3,080,845 | |
| Other non-interest sensitive balances | — | — | — | — | — | 706,000 | 2,546,708 | — | 3,252,708 | |
| TOTAL ASSETS | 19,862,659 | 2,206,038 | 1,664,020 | 491,229 | 7,950,943 | 19,817,689 | 6,122,589 | 1,237,755 | 59,352,922 | |
| LIABILITIES AND EQUITY | | | | | | | | | | |
| Deposits from customers | 15,091,194 | 6,682,345 | 4,308,184 | 6,425,552 | 3,569,237 | — | — | — | 36,076,512 | 3.35 |
| Deposits and placements of banks and other financial institutions | 4,723,548 | 3,694,619 | 1,704,941 | 1,144,558 | 1,602,736 | 1,657,500 | — | — | 14,527,902 | 3.69 |
| Securities sold under repurchase agreements | 115,790 | — | — | — | — | — | — | — | 115,790 | 3.23 |
| Bills and acceptances payables | 350,548 | 523,482 | 144,104 | — | — | — | — | — | 1,018,134 | |
| Amount due to Cagamas Berhad | 25,070 | 314,820 | 55,047 | 419,454 | 229,690 | — | — | — | 1,044,081 | 3.67 |
| Subordinated term loan | — | — | — | — | 860,000 | — | — | — | 860,000 | 6.65 |
| Hybrid securities | — | — | — | — | — | 696,697 | — | — | 696,697 | 6.77 |
| Subordinated bonds | — | — | — | — | 200,000 | — | — | — | 200,000 | 7.95 |
| Other non-interest sensitive balances | — | — | — | — | — | — | 1,188,507 | — | 1,188,507 | |
| Total Liabilities | 20,306,150 | 11,215,266 | 6,212,276 | 7,989,564 | 6,461,663 | 2,354,197 | 1,188,507 | — | 55,727,623 | |
| Minority interests | — | — | — | — | — | — | 62 | — | 62 | |
| Shareholder's Equity | — | — | — | — | — | — | 3,625,237 | — | 3,625,237 | |
| TOTAL LIABILITIES AND EQUITY | 20,306,150 | 11,215,266 | 6,212,276 | 7,989,564 | 6,461,663 | 2,354,197 | 4,813,806 | | 59,352,922 | |
| On-balance sheet interest sensitivity gap | (443,491) | (9,009,228) | (4,548,256) | (7,498,335) | 1,489,280 | 17,463,492 | 1,308,783 | 1,237,755 | — | |
| Off-balance sheet interest sensitivity gap | 3,250,872 | 6,997,000 | (77,000) | (1,300,000) | (7,738,039) | (1,132,833) | — | — | — | |
| Total interest sensitivity gap | 2,807,381 | (2,012,228) | (4,625,256) | (8,798,335) | (6,248,759) | 16,330,659 | 1,308,783 | 1,237,755 | — | |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

31 March 2006

Non-Trading Book

| The Group | 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 | Non- interest sensitive RM'000 | Trading Book RM'000 | Total RM'000 | Effective interest rate % |
|---|----------------------------|-----------------------------|-----------------------------|------------------------------|----------------------------|---------------------------|---|---------------------------|-------------------|---------------------------------|
| ASSETS | | | | | | | | | | |
| Cash and short-term funds | 5,973,362 | — | — | — | — | — | 1,344,536 | — | 7,317,898 | 3.42 |
| Deposits and placements with financial institutions | — | 128,908 | 116,665 | 36,934 | 736,620 | — | 102,126 | — | 1,121,253 | 3.37 |
| Securities held-for-trading | — | — | — | — | — | — | 511,272 | 1,758,080 | 2,269,352 | 3.28 |
| Securities available-for-sale | — | — | — | — | 19,848 | 73,701 | 237,964 | — | 331,513 | 4.85 |
| Securities held-to-maturity | — | — | 21,902 | 83,401 | 441,251 | 705,936 | 108,656 | — | 1,361,146 | 3.41 |
| Loans, advances and financing | | | | | | | | | | |
| – Performing | 11,069,819 | 580,017 | 902,780 | 206,669 | 6,788,679 | 11,771,065 | 6,216,052 | — | 37,535,081 | 7.41 |
| – Non-performing | — | — | — | — | — | — | 3,201,470 | — | 3,201,470 | — |
| Other non-interest sensitive balances | — | — | — | — | — | — | 3,271,686 | — | 3,271,686 | — |
| TOTAL ASSETS | 17,043,181 | 708,925 | 1,041,347 | 327,004 | 7,986,398 | 12,550,702 | 14,993,762 | 1,758,080 | 56,409,399 | |
| LIABILITIES AND EQUITY | | | | | | | | | | |
| Deposits from customers | 12,533,107 | 4,764,273 | 3,759,426 | 5,721,536 | 1,502,264 | — | 4,214,221 | — | 32,494,827 | 3.09 |
| Deposits and placements of banks and other financial institutions | 3,584,735 | 2,152,032 | 781,105 | 1,345,291 | 793,656 | 1,657,500 | 3,099,230 | — | 13,413,549 | 3.41 |
| Securities sold under repurchase agreements | 1,011,886 | 92,735 | — | — | — | — | — | — | 1,104,621 | 3.19 |
| Bills and acceptances payables | 223,500 | 364,670 | 92,996 | — | — | — | 228,454 | — | 909,620 | 3.85 |
| Amount due to Cagamas Berhad | 141,141 | 55,928 | 14,520 | 647,849 | 919,517 | — | — | — | 1,778,955 | 3.89 |
| Subordinated term loan | — | — | — | — | 1,140,000 | — | — | — | 1,140,000 | 6.55 |
| Hybrid securities | — | — | — | — | — | 727,734 | — | — | 727,734 | 6.77 |
| Subordinated bonds | — | — | — | — | 200,000 | — | — | — | 200,000 | 7.95 |
| Other non-interest sensitive balances | — | — | — | — | — | — | 1,218,297 | — | 1,218,297 | — |
| Total Liabilities | 17,494,369 | 7,429,638 | 4,648,047 | 7,714,676 | 4,555,437 | 2,385,234 | 8,760,202 | — | 52,987,603 | |
| Minority interests | — | — | — | — | — | — | 70 | — | 70 | |
| Shareholder's Equity | — | — | — | — | — | — | 3,421,726 | — | 3,421,726 | |
| TOTAL LIABILITIES AND EQUITY | 17,494,369 | 7,429,638 | 4,648,047 | 7,714,676 | 4,555,437 | 2,385,234 | 12,181,998 | — | 56,409,399 | |
| On-balance sheet interest sensitivity gap | (451,188) | (6,720,713) | (3,606,700) | (7,387,672) | 3,430,961 | 10,165,468 | 2,811,764 | 1,758,080 | — | |
| Off-balance sheet interest sensitivity gap | 967,189 | 2,695,000 | (50,000) | (450,000) | (3,162,189) | — | — | — | — | |
| Total interest sensitivity gap | 516,001 | (4,025,713) | (3,656,700) | (7,837,672) | 268,772 | 10,165,468 | 2,811,764 | 1,758,080 | — | |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

31 December 2006

Non-Trading Book

| The Bank | Up to 1 month | >1 to 3 months | >3 to 6 months | >6 to 12 months | >1 to 5 years | Over 5 years | Non- interest sensitive | Trading Book | Total | Effective interest rate |
|---|-------------------|-------------------|-------------------|--------------------|------------------|-------------------|-------------------------------|------------------|-------------------|-------------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | % |
| ASSETS | | | | | | | | | | |
| Cash and short-term funds | 5,907,400 | — | — | — | — | — | 187,632 | — | 6,095,032 | 3.80 |
| Deposits and placements with financial institutions | 9,254 | 1,070,600 | 505,950 | 105,900 | 647 | 706,000 | — | — | 2,398,351 | 3.78 |
| Securities held-for-trading | — | — | — | — | — | — | — | 1,077,056 | 1,077,056 | 3.85 |
| Securities available-for-sale | 199,995 | — | — | — | 54,867 | 40,776 | 182,899 | — | 478,537 | 3.70 |
| Securities held-to-maturity | — | — | — | — | 410,913 | 673,212 | 115,813 | — | 1,199,938 | 2.95 |
| Loans, advances and financing | | | | | | | | | | |
| – Performing | 11,759,189 | 563,009 | 1,039,983 | 256,165 | 7,132,102 | 12,817,524 | — | — | 33,567,972 | 7.52 |
| – Non-performing | — | — | — | — | — | — | 2,892,224 | — | 2,892,224 | |
| Other non-interest sensitive balances | — | — | — | — | — | — | 3,567,818 | — | 3,567,818 | |
| TOTAL ASSETS | 17,875,838 | 1,633,609 | 1,545,933 | 362,065 | 7,598,529 | 14,237,512 | 6,946,386 | 1,077,056 | 51,276,928 | |
| LIABILITIES AND EQUITY | | | | | | | | | | |
| Deposits from customers | 12,228,511 | 6,056,477 | 3,701,193 | 6,136,603 | 3,511,209 | — | — | — | 31,633,993 | 3.35 |
| Deposits and placements of banks and other financial institutions | 4,220,702 | 3,400,755 | 1,509,471 | 647,909 | 607,476 | 1,657,500 | — | — | 12,043,813 | 3.69 |
| Securities sold under repurchase agreements | 115,790 | — | — | — | — | — | — | — | 115,790 | 3.23 |
| Bills and acceptances payables | 253,799 | 360,413 | 68,932 | — | — | — | — | — | 683,144 | |
| Amount due to Cagamas Berhad | 25,070 | 314,820 | 55,047 | 419,454 | 229,690 | — | — | — | 1,044,081 | 3.67 |
| Subordinated term loan | — | — | — | — | 460,000 | 696,697 | — | — | 1,156,697 | 6.75 |
| Subordinated bonds | — | — | — | — | 200,000 | — | — | — | 200,000 | 7.95 |
| Other non-interest sensitive balances | — | — | — | — | — | — | 1,020,619 | — | 1,020,619 | |
| Total Liabilities | 16,843,872 | 10,132,465 | 5,334,643 | 7,203,966 | 5,008,375 | 2,354,197 | 1,020,619 | — | 47,898,137 | |
| Minority interests | — | — | — | — | — | — | — | — | — | |
| Shareholder's Equity | — | — | — | — | — | — | 3,378,791 | — | 3,378,791 | |
| TOTAL LIABILITIES AND EQUITY | 16,843,872 | 10,132,465 | 5,334,643 | 7,203,966 | 5,008,375 | 2,354,197 | 4,399,410 | — | 51,276,928 | |
| On-balance sheet interest sensitivity gap | 1,031,966 | (8,498,856) | (3,788,710) | (6,841,901) | 2,590,154 | 11,883,315 | 2,546,976 | 1,077,056 | | |
| Off-balance sheet interest sensitivity gap | 3,250,872 | 6,997,000 | (77,000) | (1,300,000) | (7,738,039) | (1,132,833) | — | — | | |
| Total interest sensitivity gap | 4,282,838 | (1,501,856) | (3,865,710) | (8,141,901) | (5,147,885) | 10,750,482 | 2,546,976 | 1,077,056 | | |

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

31 March 2006

Non-Trading Book

| The Bank | Non-Trading Book | | | | | | Non-interest sensitive | Trading Book | Total | Effective interest rate % |
|---|-------------------|------------------|------------------|------------------|------------------|-------------------|------------------------|------------------|-------------------|---------------------------|
| | Up to 1 month | >1 to 3 months | >3 to 6 months | >6 to 12 months | >1 to 5 years | Over 5 years | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| ASSETS | | | | | | | | | | |
| Cash and short-term funds | 5,973,362 | — | — | — | — | — | 1,329,981 | — | 7,303,343 | 3.42 |
| Deposits and placements with financial institutions | — | 128,908 | 116,665 | 36,831 | 736,620 | — | 102,126 | — | 1,121,150 | 3.37 |
| Securities held-for-trading | — | — | — | — | — | — | 511,248 | 1,758,081 | 2,269,329 | 3.28 |
| Securities available-for-sale | — | — | — | — | 19,848 | 73,701 | 237,964 | — | 331,513 | 4.85 |
| Securities held-to-maturity | — | — | 21,902 | 83,401 | 441,251 | 705,936 | 108,438 | — | 1,360,928 | 3.41 |
| Loans, advances and financing | | | | | | | | | | |
| – Performing | 11,069,819 | 580,017 | 902,780 | 206,669 | 6,788,679 | 11,771,065 | 6,216,052 | — | 37,535,081 | 7.41 |
| – Non-performing | — | — | — | — | — | — | 3,201,470 | — | 3,201,470 | — |
| Other non-interest sensitive balances | — | — | — | — | — | — | 3,118,559 | — | 3,118,559 | — |
| TOTAL ASSETS | 17,043,181 | 708,925 | 1,041,347 | 326,901 | 7,986,398 | 12,550,702 | 14,825,838 | 1,758,081 | 56,241,373 | |
| LIABILITIES AND SHAREHOLDER'S FUNDS | | | | | | | | | | |
| Deposits from customers | 12,534,855 | 4,764,273 | 3,759,426 | 5,721,536 | 1,502,264 | — | 4,214,221 | — | 32,496,575 | 3.09 |
| Deposits and placements of banks and other financial institutions | 3,584,735 | 2,152,032 | 781,105 | 1,345,291 | 793,656 | 1,657,500 | 3,099,230 | — | 13,413,549 | 3.41 |
| Securities sold under repurchase agreements | 1,011,886 | 92,735 | — | — | — | — | — | — | 1,104,621 | 3.19 |
| Bills and acceptances | 223,500 | 364,670 | 92,996 | — | — | — | 228,454 | — | 909,620 | — |
| Amount due to Cagamas Berhad | 141,141 | 55,928 | 14,520 | 647,849 | 919,517 | — | — | — | 1,778,955 | 3.89 |
| Subordinated term loan | — | — | — | — | 1,140,000 | 727,734 | — | — | 1,867,734 | 6.70 |
| Subordinated bonds | — | — | — | — | 200,000 | — | — | — | 200,000 | 7.95 |
| Other non-interest sensitive balances | — | — | — | — | — | — | 1,212,680 | — | 1,212,680 | — |
| Total Liabilities | 17,496,117 | 7,429,638 | 4,648,047 | 7,714,676 | 4,555,437 | 2,385,234 | 8,754,585 | — | 52,983,734 | |
| Shareholder's Funds | — | — | — | — | — | — | 3,257,639 | — | 3,257,639 | |
| TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS | 17,496,117 | 7,429,638 | 4,648,047 | 7,714,676 | 4,555,437 | 2,385,234 | 12,012,224 | — | 56,241,373 | |
| On-balance sheet interest sensitivity gap | (452,936) | (6,720,713) | (3,606,700) | (7,387,775) | 3,430,961 | 10,165,468 | 2,813,614 | 1,758,081 | — | |
| Off-balance sheet interest sensitivity gap | 967,189 | 2,695,000 | (50,000) | (450,000) | (3,162,189) | — | — | — | — | |
| Total interest sensitivity gap | 514,253 | (4,025,713) | (3,656,700) | (7,837,775) | 268,772 | 10,165,468 | 2,813,614 | 1,758,081 | — | |

A35. Operations of Islamic Banking

A35a. Unaudited Balance Sheets as at 31 December 2006

| | The Group | | The Bank | |
|---|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| ASSETS | | | | |
| Cash and short-term funds | 1,683,096 | 1,154,550 | – | 1,154,550 |
| Deposits and placements with financial institutions | 380,000 | 102,126 | – | 102,126 |
| Securities held-for-trading | 160,699 | 511,248 | – | 511,248 |
| Financing, advances and other loans (Note A33c) | 6,174,360 | 6,431,606 | – | 6,431,606 |
| Other assets | 41,746 | 8,541 | – | 8,541 |
| Statutory deposit with Bank Negara Malaysia | 263,500 | 275,350 | – | 275,350 |
| Deferred tax asset | 182,759 | 68,685 | – | 68,685 |
| Property and equipment | 766 | 6 | – | 6 |
| Intangible assets | 61 | – | – | – |
| TOTAL ASSETS | 8,886,987 | 8,552,112 | – | 8,552,112 |
| LIABILITIES AND ISLAMIC BANKING FUND | | | | |
| Deposits from customers | 4,459,265 | 4,214,221 | – | 4,214,221 |
| Deposits and placements of banks and other financial institutions | 2,493,990 | 3,087,829 | – | 3,087,829 |
| Subordinated Sukuk Musyarakah | 400,000 | – | – | – |
| Bills and acceptances payable | 334,990 | 228,454 | – | 228,454 |
| Other liabilities | 182,200 | 249,386 | – | 249,386 |
| Total Liabilities | 7,870,445 | 7,779,890 | – | 7,779,890 |
| Capital funds | 403,038 | 460,542 | – | 460,542 |
| Unappropriated profits | 613,504 | 311,680 | – | 311,680 |
| Islamic Banking Funds | 1,016,542 | 772,222 | – | 772,222 |
| TOTAL LIABILITIES AND ISLAMIC BANKING FUND | 8,886,987 | 8,552,112 | – | 8,552,112 |
| COMMITMENTS AND CONTINGENCIES | 4,237,072 | 3,360,090 | – | 3,360,090 |

A35b. Unaudited Income Statements for the Financial Period Ended 31 December 2006

| | Individual Quarter 31 December 2006 RM'000 | 31 December 2005 RM'000 | Cumulative Quarter ended 31 December 2006 RM'000 | 31 December 2005 RM'000 |
|---|---|-------------------------------|---|-------------------------------|
| <u>The Group</u> | | | | |
| Income derived from investment of depositors' funds | 174,504 | 170,553 | 517,599 | 497,816 |
| Income derived from investment of Islamic Banking Capital Fund | 38,014 | 9,935 | 99,307 | 31,035 |
| Allowance for losses on financing, advances and other loans | (38,914) | (37,938) | (117,936) | (106,697) |
| Impairment writeback on securities held-to-maturity | — | 95 | — | 95 |
| Transfer from/(to) profit equalisation reserve | 14,075 | (9,374) | 34,390 | (18,427) |
| Other expenses directly attributable to the investment of the depositors and shareholder's funds | (3,986) | (8,071) | (18,716) | (28,299) |
| Total distributable income | 183,693 | 125,200 | 514,644 | 375,523 |
| Income attributable to the depositors | (92,924) | (64,530) | (260,131) | (183,204) |
| Total net income | 90,769 | 60,670 | 254,513 | 192,319 |
| Other operating expenses | (39,844) | (35,369) | (119,844) | (98,107) |
| Profit before taxation | 50,925 | 25,301 | 134,669 | 94,212 |
| Taxation | (14,200) | (7,476) | (43,387) | (27,760) |
| Profit after taxation | 36,725 | 17,825 | 91,282 | 66,452 |

A35b. Unaudited Income Statements for the Financial Period Ended 31 December 2006 (continued)

| | Individual Quarter | | Cumulative Quarter ended | |
|--|--------------------|----------------|--------------------------|----------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2006 | 2005 | 2006 | 2005 |
| <u>The Bank</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds | — | 170,553 | 54,554 | 481,844 |
| Income derived from investment of Islamic Banking Capital Fund | — | 9,935 | 9,252 | 30,625 |
| Allowance for losses on financing, advances and other loans (Note A19) | — | (37,938) | (10,947) | (104,986) |
| Impairment writeback on securities held-to-maturity | — | 95 | — | 95 |
| Transfer from/(to) profit equalisation reserve | — | (9,374) | 1,739 | (18,112) |
| Other expenses directly attributable to the investment of the depositors and shareholder's funds | — | (8,070) | (2,201) | (28,298) |
| Total attributable income | — | 125,201 | 52,397 | 361,168 |
| Income attributable to the depositors | — | (64,530) | (25,402) | (176,615) |
| Total net income | — | 60,671 | 26,995 | 184,553 |
| Other operating expenses (Note A18) | — | (35,370) | (10,542) | (97,787) |
| Profit before taxation | — | 25,301 | 16,453 | 86,766 |
| Taxation | — | (7,476) | (4,607) | (27,760) |
| Profit after taxation | — | 17,825 | 11,846 | 59,006 |

A35c. Financing, Advances and Other Loans

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| Overdrafts | 11,167 | — | — | — |
| Term loan facilities | | | — | |
| – Housing loans/financing | 856,049 | 838,309 | — | 838,309 |
| – Hire-purchase receivables | 8,061,565 | 7,911,258 | — | 7,911,258 |
| – Other loans/financing | 2,334,898 | 1,974,198 | — | 1,974,198 |
| Card receivables | 319,969 | 298,426 | — | 298,426 |
| Bills receivables | 816 | — | — | — |
| Trust receipts | 29,272 | 20,560 | — | 20,560 |
| Claims on customers under acceptance credits | 367,996 | 280,504 | — | 280,504 |
| Revolving credits | 70,343 | 4,329 | — | 4,329 |
| | <u>12,052,075</u> | <u>11,327,584</u> | <u>—</u> | <u>11,327,584</u> |
| Unearned income | (2,603,389) | (2,415,348) | — | (2,415,348) |
| | <u>9,448,686</u> | <u>8,912,236</u> | <u>—</u> | <u>8,912,236</u> |
| Gross financing, advances and other loans | | | | |
| Less: Islamic financing sold to Cagamas Berhad | (2,864,338) | (2,205,827) | — | (2,205,827) |
| | <u>6,584,348</u> | <u>6,706,409</u> | <u>—</u> | <u>6,706,409</u> |
| Allowance for bad and doubtful debts and financing: | | | | |
| – general | (137,645) | (131,533) | — | (131,533) |
| – specific | (272,343) | (143,270) | — | (143,270) |
| | <u>6,174,360</u> | <u>6,431,606</u> | <u>—</u> | <u>6,431,606</u> |
| Net financing, advances and other loans | | | | |

A35c. Financing, Advances and Other Loans (continued)

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| i) Movements in non-performing financing, advances and other loans ("NPL") are as follows: | | | | |
| Balance at 1 April | 491,514 | 533,625 | 491,514 | 384,489 |
| Non-performing during the period | 263,976 | 456,337 | 82,440 | 398,058 |
| Amount vested (to)/from subsidiary company | — | — | (510,976) | 139,692 |
| Reclassified as performing | (84,936) | (210,756) | (53,408) | (145,234) |
| Recoveries | (71,942) | (90,518) | (9,570) | (88,317) |
| Amount written off | — | (197,174) | — | (197,174) |
| Balance at end of year | 598,612 | 491,514 | — | 491,514 |
| Less: | | | | |
| Specific allowance | (272,343) | (143,270) | — | (143,270) |
| Net non-performing financing, advances and other loans | 326,269 | 348,244 | — | 348,244 |
| Net NPL as % of gross financing, advances and other loans less specific allowance | 3.56% | 3.97% | — | 3.97% |

A35c. Financing, Advances and Other Loans (continued)

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| ii) Movements in the allowance for bad and doubtful debts and financing accounts are as follows: | | | | |
| General Allowance | | | | |
| Balance at 1 April | 131,533 | 113,353 | 131,533 | 99,406 |
| Allowance made during the period | 6,112 | 18,180 | 775 | 17,925 |
| Amount vested (to)/from subsidiary company | — | — | (132,308) | 14,202 |
| Balance at end of period | <u>137,645</u> | <u>131,533</u> | <u>—</u> | <u>131,533</u> |
| % of gross loans, financing and other loans less specific allowance | <u>1.50%</u> | <u>1.50%</u> | <u>—</u> | <u>1.50%</u> |
| Specific Allowance | | | | |
| Balance at 1 April | <u>143,270</u> | <u>199,064</u> | <u>143,270</u> | <u>108,721</u> |
| Allowance made during the period | 186,725 | 231,638 | 18,509 | 227,389 |
| Amount written back in respect of recoveries | <u>(64,539)</u> | <u>(86,685)</u> | <u>(7,732)</u> | <u>(84,483)</u> |
| Net charge to income statements | 122,186 | 144,953 | 10,777 | 142,906 |
| Amount vested (to)/from subsidiary company | — | — | (154,047) | 92,390 |
| Amount transferred to accumulated impairment loss in value of securities | — | (2,076) | — | (2,076) |
| Amount written off/ Adjustment to Asset Deficiency Account | <u>6,887</u> | <u>(198,671)</u> | <u>—</u> | <u>(198,671)</u> |
| Balance at end of period | <u>272,343</u> | <u>143,270</u> | <u>—</u> | <u>143,270</u> |

A35d. Deposits from Customers

i) By type of deposits

| | The Group | | The Bank | |
|--|--|-------------------------------------|--|-------------------------------------|
| | 31 December 2006 RM'000 | 31 March 2006 RM'000 | 31 December 2006 RM'000 | 31 March 2006 RM'000 |
| <u>Non-Mudharabah Fund</u> | | | | |
| Demand deposits | 328,406 | 200,789 | — | 200,789 |
| Savings deposits | 586,015 | 508,347 | — | 508,347 |
| Islamic negotiable certificates of deposits | 88,179 | 99,887 | — | 99,887 |
| | <u>1,002,600</u> | <u>809,023</u> | <u>—</u> | <u>809,023</u> |
| <u>Mudharabah Fund</u> | | | | |
| General investment deposit | <u>3,456,665</u> | <u>3,405,198</u> | <u>—</u> | <u>3,405,198</u> |
| Deposit from customers | <u>4,459,265</u> | <u>4,214,221</u> | <u>—</u> | <u>4,214,221</u> |

A36. Change in Accounting Policies

(a) Change in Accounting Policies

During the financial period ended 31 December 2006, the Group and the Bank adopted the new and revised FRSs issued by MASB that are applicable with effect from the accounting period beginning 1 April 2006 which have resulted in changes in accounting policies as follows:

(1) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. Minority interest is now presented within total equity in the consolidated balance sheet and as an allocation from net profit for the period in the consolidated income statement. The movement of minority interest is now presented in the consolidated statement of changes in equity. The presentation of the comparative financial statements of the Group have been restated to conform with the current period's presentation.

(2) FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The useful lives of other intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Prior to 1 April 2006, intangible assets were considered to have a finite useful life and were stated at cost less accumulated amortisation and impairment losses. Under the new FRS 138, some of the intangible assets are regarded to have an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Intangible assets with indefinite useful lives are not amortised but instead, are tested for impairment annually. Other intangible assets of the Group with finite useful lives continue to be stated at cost less accumulated amortisation and impairment losses.

(3) FRS 5: Non-current Assets Held For Sale and Discontinued Operations

FRS 5 requires assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell.

Certain of the Group's assets have been identified and classified as assets held for sale. Prior to adoption of FRS 5, these assets were classified as property and equipment.

Apart from the above, the adoption of the other revised and new FRS do not have a significant financial impact on the Group

A36. Change in Accounting Policies (continued)

(b) Prior Year Adjustments

The following comparative figures as at 31 March 2006 had been reclassified to conform with current period's presentation as a result of the adoption of the changes in accounting policies disclosed above:

| | As previously stated RM'000 | Adjustments RM'000 | As restated RM'000 |
|----------------------------|--|-------------------------------|-------------------------------|
| The Group | | | |
| As at 31 March 2006 | | | |
| Property and equipment | 423,691 | (36,843) | 386,848 |
| Intangible assets | — | 36,843 | 36,843 |
| The Bank | | | |
| As at 31 March 2006 | | | |
| Property and equipment | 392,096 | (36,843) | 355,253 |
| Intangible assets | — | 36,843 | 36,843 |