

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

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2011

		Group	
	Note	30.06.11	31.03.11
		RM'000	RM'000
ASSETS			
Cash and short-term funds		17,630,320	13,502,567
Securities purchased under resale agreements		84,498	289,731
Deposits and placements with banks and other financial institutions		2,572,753	3,613,482
Derivative financial assets	A28	418,239	398,797
Financial assets held-for-trading	A8	6,554,480	5,173,737
Financial investments available-for-sale	A9	4,422,980	8,073,935
Financial investments held-to-maturity	A10	153,377	175,431
Loans, advances and financing	A11	71,287,415	69,378,824
Other assets	A12	2,076,398	2,206,656
Statutory deposits with Bank Negara Malaysia	A13	1,144,283	145,842
Deferred tax assets		546,206	559,964
Investment in associate		1,101	1,101
Property and equipment		248,974	248,090
Life fund assets		2,678,472	2,634,838
Intangible assets		1,830,141	1,833,210
TOTAL ASSETS		111,649,637	108,236,205
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A14	4,315,694	4,271,656
Securities sold under repurchase agreements		-	30,465
Recourse obligation on loans sold to Cagamas Berhad		1,020,608	1,018,043
Derivative financial liabilities	A28	469,944	435,108
Deposits from customers	A15	76,789,463	74,566,962
Term funding		4,970,771	4,746,878
Bills and acceptances payable		2,566,353	1,867,911
Debt capital		3,609,085	3,598,394
Deferred tax liabilities		15,938	35,323
Other liabilities	A16	4,276,432	4,463,581
Life fund liabilities		204,793	174,393
Life policyholder funds		2,473,679	2,460,445
Total Liabilities		100,712,760	97,669,159
Share capital		3,014,185	3,014,185
Reserves		7,648,762	7,294,739
Equity attributable to equity holders of the Company		10,662,947	10,308,924
Minority interests		273,930	258,122
Total Equity		10,936,877	10,567,046
TOTAL LIABILITIES AND EQUITY		111,649,637	108,236,205
COMMITMENTS AND CONTINGENCIES			
	A27	95,168,952	100,176,794

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2011 (CONTD.)

	Note	Group 30.06.11 RM'000	31.03.11 RM'000
CAPITAL ADEQUACY RATIO	A29		
Before deducting proposed dividends:			
Core capital ratio		9.7%	10.2%
Risk-weighted capital ratio		13.7%	14.4%
After deducting proposed dividends:			
Core capital ratio		9.3%	9.8%
Risk-weighted capital ratio		13.3%	14.0%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		3.54	3.42

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2011

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Operating revenue	A23	1,953,318	1,704,041	1,953,318	1,704,041
Interest income	A17	1,049,429	989,647	1,049,429	989,647
Interest expense	A18	(541,399)	(475,744)	(541,399)	(475,744)
Net interest income		508,030	513,903	508,030	513,903
Net income from Islamic banking business		189,967	194,217	189,967	194,217
Net income from insurance business	A19	53,911	52,042	53,911	52,042
Other operating income	A20	355,672	229,885	355,672	229,885
Share in result of associate		-	(200)	-	(200)
Net income		1,107,580	989,847	1,107,580	989,847
Other operating expenses	A21	(426,458)	(381,220)	(426,458)	(381,220)
Operating profit		681,122	608,627	681,122	608,627
Allowances for impairment on loans and financing	A22	(72,385)	(91,634)	(72,385)	(91,634)
Impairment (loss)/writeback on:					
Financial investment		570	10,212	570	10,212
Doubtful sundry receivables - net		54	639	54	639
Foreclosed properties		(68)	(155)	(68)	(155)
(Provision)/Writeback of provision for commitments and contingencies		(3,821)	267	(3,821)	267
Transfer from/(to) profit equalisation reserve		4,758	(11,722)	4,758	(11,722)
Profit before taxation and zakat		610,230	516,234	610,230	516,234
Taxation and zakat	B5	(154,202)	(134,522)	(154,202)	(134,522)
Profit for the period		456,028	381,712	456,028	381,712
Attributable to:					
Equity holders of the Company		441,522	368,283	441,522	368,283
Minority interests		14,506	13,429	14,506	13,429
Profit for the period		456,028	381,712	456,028	381,712
EARNINGS PER SHARE (SEN)	B14				
Basic		14.75	12.24	14.75	12.24
Fully diluted		14.73	12.24	14.73	12.24

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Profit for the period		456,028	381,712	456,028	381,712
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		2,424	(1,841)	2,424	(1,841)
Net movement on cash flow hedges		(8,334)	(40,907)	(8,334)	(40,907)
Net movement on financial investments available-for-sale		19,592	38,682	19,592	38,682
Income tax relating to the components of other comprehensive income		(3,630)	2,675	(3,630)	2,675
Other comprehensive income/(loss) for the period, net of tax		10,052	(1,391)	10,052	(1,391)
Total comprehensive income for the period		466,080	380,321	466,080	380,321
Total comprehensive income for the period attributable to:					
Equity holders of the Company		450,203	367,301	450,203	367,301
Minority interests		15,877	13,020	15,877	13,020
		466,080	380,321	466,080	380,321

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2011

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011

Group	Attributable to Equity Holders of the Company						Minority Interests RM'000	Total Equity RM'000
	Non- Distributable				Distributable			
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000	Total RM'000		
At 1 April 2010	3,014,185	2,537,372	1,500,498	(17,515)	2,388,909	9,423,449	212,150	9,635,599
Profit for the period	-	-	-	-	368,283	368,283	13,429	381,712
Other comprehensive loss, net	-	-	(982)	-	-	(982)	(409)	(1,391)
Total comprehensive income for the period	-	-	(982)	-	368,283	367,301	13,020	380,321
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	(15,989)	-	(15,989)	-	(15,989)
Share-based payment under ESS	-	-	3,711	-	-	3,711	-	3,711
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	4,680	4,680
At 30 June 2010	3,014,185	2,537,372	1,503,227	(33,504)	2,757,192	9,778,472	229,850	10,008,322

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011

Group	Attributable to Equity Holders of the Company							
	Non-Distributable				Distributable			
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 April 2011	3,014,185	2,537,372	1,577,712	(48,687)	3,228,342	10,308,924	258,122	10,567,046
Profit for the period	-	-	-	-	441,522	441,522	14,506	456,028
Other comprehensive income, net	-	-	8,681	-	-	8,681	1,371	10,052
Total comprehensive income for the period	-	-	8,681	-	441,522	450,203	15,877	466,080
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^^	-	-	-	(99,995)	-	(99,995)	-	(99,995)
Share-based payment under ESS, net	-	-	816	-	-	816	-	816
ESS shares vested to employees of subsidiary	-	-	(5,633)	12,023	-	6,390	-	6,390
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	(3,391)	(3,391)	(69)	(3,460)
At 30 June 2011	3,014,185	2,537,372	1,581,576	(136,659)	3,666,473	10,662,947	273,930	10,936,877

^ Represent the purchase of 3,199,000 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM5.00 per share.

^^ Represent the purchase of 15,511,300 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.45 per share.

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2011

AMMB HOLDINGS BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011

Group	30.06.11 RM'000	30.06.10 RM'000
Profit before taxation	610,230	516,234
Add adjustments for non-operating and non-cash items	(79,297)	34,152
Operating profit before working capital changes	530,933	550,386
Increase in operating assets	(2,746,844)	(3,390,383)
Increase in operating liabilities	2,840,995	489,936
Cash generated from/(used in) operations	625,084	(2,350,061)
Taxation paid	(176,167)	(54,118)
Net cash generated from/(used in) operating activities	448,917	(2,404,179)
Net cash generated from investing activities	3,767,732	1,889,238
Net cash (used in)/generated from financing activities	(91,364)	117,262
Net increase/(decrease) in cash and cash equivalents	4,125,285	(397,679)
Cash and cash equivalents at beginning of period	13,234,797	11,400,435
Cash and cash equivalents at end of period	17,360,082	11,002,756

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short-term funds, excluding deposits and monies held in trust, net of bank overdrafts. Cash and cash equivalents included in the cash flow statements comprise the following financial position amounts:

Group	30.06.11 RM'000	30.06.10 RM'000
Cash and short-term funds	17,630,320	11,221,012
Bank overdrafts	(2,141)	(1,249)
	17,628,179	11,219,763
Less: Cash and bank balances and deposits held in trust	(268,764)	(216,769)
	17,359,415	11,002,994
Effect of exchange rates changes	667	(238)
Cash and cash equivalents	17,360,082	11,002,756

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2011

AMMB HOLDINGS BERHAD
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EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and Financial Reporting Standard ("FRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group as at and for the year ended 31 March 2011.

The condensed consolidated interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 March 2011 except for the adoption of the following FRSs and Technical Releases:

- FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 1, Limited Exemption from Comparative FRS 7, Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Share-based Payment and Group Cash-settled Share-based Payment Transactions
- FRS 3, Business Combinations
- Amendments to FRS 7, Improving Disclosures about Financial Instruments
- FRS 127, Consolidated and Separate Financial Statements
- Amendments to FRS 138, Intangible Assets
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 12, Service Concession Arrangements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners
- IC Interpretation 18, Transfers of Assets from Customers
- Amendments to FRSs contained in Improvements to FRSs (2010)
- TR i-4, Shariah Compliant Sale Contract

The adoption of FRS 3 (revised) will potentially have a financial impact on the Group as it will result in changes in accounting for business combinations. FRS 3 (revised) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2010. The changes in FRS 3 (revised) is summarised as follows:

- FRS 3 (revised) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. Consequently, the goodwill arising from the acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of the fair value of the identifiable net assets of the acquiree;
- FRS 3 (revised) changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the "measurement period" (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;
- FRS 3 (revised) requires that a settlement gain or loss be recognised where a business combination in effect settles a pre-existing relationship between the Group and the acquiree; and
- FRS 3 (revised) requires that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

A1. BASIS OF PREPARATION (CONTD.)

The adoption of the revised FRS 127 is likely to affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under the amended FRS 127, all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the amended Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

There is no financial impact immediately upon adoption of FRS 3 and FRS 127 as they both only have prospective effect, and hence their adoption will only have impact on future acquisitions of the Group.

The adoption of the Amendments to FRS 7 which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy will only affect disclosures and will not have any financial impact on the results of the Group.

The adoption of the other FRSs and Technical Releases did not have any material impact on the financial results of the Group as they mainly deal with accounting policies affecting transactions which do not form part of the Group's normal business operations or transactions where the Group only has minimal exposure.

At the date of authorisation of these condensed consolidated interim financial statements, the following FRSs and IC Interpretations have been issued by the MASB but are not yet effective for, and have not been applied by, the Group:

FRSs effective for annual periods beginning on or after 1 July 2011:

- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

FRSs effective for annual periods beginning on or after 1 January 2012:

- IC Interpretation 15, Agreements for the Construction of Real Estate
- FRS 124, Related Party Disclosures

The Directors expect that the FRSs above will not have material impact on the financial statements in the period of initial application.

A2. AUDIT QUALIFICATION

There were no audit qualification in the annual financial statements for the year ended 31 March 2011.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter.

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter.

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 30 June 2011.

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

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

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

A7. DIVIDENDS PAID

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

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	29,619	49,046
Islamic Treasury bills	28,148	23,661
Malaysian Government Securities	582,685	160,285
Malaysian Government Investment Certificates	855,003	771,473
Bank Negara Malaysia Monetary Notes	966,170	2,449,627
Sukuk Bank Negara Malaysia	11,153	1,469
	<u>2,472,778</u>	<u>3,455,561</u>
Quoted Securities:		
In Malaysia:		
Shares	378,014	292,024
Warrants	2,681	2,835
Trust units	72,146	81,773
Outside Malaysia:		
Shares	22,181	7,331
Trust units	1,715	1,688
	<u>476,737</u>	<u>385,651</u>
Unquoted Private Debt Securities:		
In Malaysia:		
Corporate bonds	632,600	264,590
Corporate notes	926,264	355,478
Islamic corporate bonds	566,500	236,221
Islamic corporate notes	1,478,710	476,236
Outside Malaysia:		
Corporate bonds	891	-
	<u>3,604,965</u>	<u>1,332,525</u>
Total	<u>6,554,480</u>	<u>5,173,737</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
At Fair Value, or cost less impairment losses for certain unquoted securities		
Money Market Securities:		
Malaysian Government Securities	65,776	266,267
Malaysian Government Investment Certificates	621,418	284,875
Negotiable instruments of deposits	320,147	1,748,816
Negotiable Islamic debt certificates	64,631	1,134,325
	<u>1,071,972</u>	<u>3,434,283</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (CONTD.)

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Quoted Securities:		
In Malaysia:		
Shares	83,096	44,307
Trust units	834,923	900,571
Outside Malaysia:		
Shares	25,392	26,356
	<u>943,411</u>	<u>971,234</u>
Unquoted Securities:		
In Malaysia:		
Shares	136,006	135,931
Outside Malaysia:		
Shares	17,747	23,960
	<u>153,753</u>	<u>159,891</u>
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	16,987	11,849
Loan stocks	12,924	15,469
Loan stocks - collateralised	-	6,801
Corporate bonds - collateralised	33,499	33,610
Outside Malaysia:		
Shares	100	53
	<u>63,510</u>	<u>67,782</u>
Unquoted Debt Equity Converted Securities:		
In Malaysia:		
Loan stocks - collateralised	40,687	58,218
Loan stocks	-	345
	<u>40,687</u>	<u>58,563</u>
Unquoted Private Debt Securities:		
In Malaysia:		
Corporate bonds	649,660	932,200
Islamic corporate bonds	363,314	596,725
Corporate notes	23,395	263,149
Islamic corporate notes	924,703	1,383,139
Outside Malaysia:		
Corporate bonds	1,474	1,458
Islamic corporate bonds	24,182	23,768
	<u>1,986,728</u>	<u>3,200,439</u>
Unquoted Guaranteed Private Debt Securities:		
In Malaysia:		
Corporate bonds	162,919	181,743
	<u>162,919</u>	<u>181,743</u>
Total	<u>4,422,980</u>	<u>8,073,935</u>

AmBank (M) Berhad and AmIslamic Bank Berhad, the wholly owned subsidiaries of the Company, were appointed Principal Dealer ("PD") and Islamic Principal Dealer ("i-PD") respectively by Bank Negara Malaysia ("BNM") for Government/Islamic Government, BNM and BNM Sukuk Berhad issuances with effect from 1 July 2009 until 31 December 2012.

As PD and i-PD, the Group is required to undertake certain obligations as well as accorded certain incentives in the appointment period. One of the incentives accorded is the eligibility to maintain 1% Statutory Reserve Requirement ("SRR") in the form of Malaysian Government Securities ("MGS") and/or Government Investment Issues ("GII") holdings instead of cash. As at the reporting date, the nominal values of MGS and GII holdings maintained for SRR purpose amounting to RM640,300,000 (31 March 2011: RM540,260,000) for the Group.

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Unquoted Securities:		
In Malaysia:		
Corporate bonds	959	959
Unquoted Debt Equity Converted Securities:		
In Malaysia:		
Corporate notes - collateralised	3,904	3,904
Loan stocks	18,557	26,761
Loan stocks - collateralised	127,338	131,743
Corporate bonds - collateralised	119,216	131,206
Corporate bonds	48,491	48,961
	<u>317,506</u>	<u>342,575</u>
Unquoted Private Debt Securities:		
In Malaysia:		
Corporate bonds	29,675	29,672
Unquoted Guaranteed Private Debt Securities:		
In Malaysia:		
Corporate bonds	10,000	10,000
	<u>358,140</u>	<u>383,206</u>
Accumulated impairment losses	(204,763)	(207,775)
Total	<u>153,377</u>	<u>175,431</u>

A11. LOANS, ADVANCES AND FINANCING

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
<i>At amortised cost:</i>		
Loans and financing:		
Term loans and revolving credit	31,136,188	29,552,918
Housing loans	12,769,464	12,629,029
Staff loans	165,849	167,496
Hire-purchase receivables	29,866,148	30,252,311
Credit card receivables	1,796,199	1,805,185
Lease receivables	505	1,806
Overdrafts	2,513,322	2,365,167
Claims on customers under acceptance credits	3,103,319	3,175,549
Trust receipts	770,430	660,754
Block discount receivables	59,321	60,293
Factoring receivables	65,191	51,018
Bills receivable	366,087	390,546
	<u>82,612,023</u>	<u>81,112,072</u>
Unearned interest and income	(7,260,708)	(7,526,637)
	<u>75,351,315</u>	<u>73,585,435</u>
Islamic financing sold to Cagamas Berhad	(1,545,996)	(1,700,034)
Gross loans, advances and financing	<u>73,805,319</u>	<u>71,885,401</u>
Allowance for impairment on loans and financing:		
Collective allowance	(2,136,258)	(2,135,148)
Individual allowance	(381,646)	(371,429)
	<u>(2,517,904)</u>	<u>(2,506,577)</u>
Net loans, advances and financing	<u>71,287,415</u>	<u>69,378,824</u>

* Included in term loans and revolving credit of the Group as at the reporting period are loans amounting to RM726,325,000 (31 March 2011: RM202,955,000) which are exempted from collective allowance by Bank Negara Malaysia.

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

(a) The maturity structure of loans, advances and financing is as follows:

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Maturing within one year	14,531,854	15,661,854
One to three years	9,389,061	8,240,649
Three to five years	11,213,789	11,174,708
Over five years	38,670,615	36,808,190
	73,805,319	71,885,401

(b) Loans, advances and financing analysed by sectors are as follows:

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Agriculture	2,190,897	2,176,666
Mining and quarrying	794,720	727,193
Manufacturing	6,548,293	6,072,622
Electricity, gas and water	2,156,963	2,403,849
Construction	3,575,258	3,442,555
Wholesale, retail, restaurant and hotel	3,732,216	3,694,982
Transport, storage and communication	2,953,462	3,039,423
Finance, insurance, real estate and business activities	8,889,941	7,838,510
Education and health	1,182,132	1,013,023
Household	42,153,450	41,915,859
of which:		
Purchase of residential properties	12,065,704	11,979,856
Purchase of transport vehicles	23,744,046	23,571,034
Others	6,343,700	6,364,969
Others	1,173,983	1,260,753
	75,351,315	73,585,435
Islamic financing sold to Cagamas Berhad	(1,545,996)	(1,700,034)
	73,805,319	71,885,401

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

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Domestic:		
Other non-bank financial institutions	3,238,062	2,594,135
Business enterprises:		
Small and medium enterprises	8,380,112	7,474,065
Others	20,708,444	20,775,251
Government and statutory bodies	344,655	333,174
Individuals	40,557,235	40,223,110
Other domestic entities	3,357	3,645
Foreign entities	573,454	482,021
	73,805,319	71,885,401

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Variable rate:		
Base lending rate plus	22,331,294	20,904,588
Cost plus	15,150,267	13,792,343
Other variable rates	2,158,498	2,022,274
	<u>39,640,059</u>	<u>36,719,205</u>
Fixed rate:		
Housing loans/financing	2,167,708	2,241,900
Hire purchase receivables	21,740,415	22,566,305
Other loans/financing	10,257,137	10,357,991
	<u>34,165,260</u>	<u>35,166,196</u>
	<u>73,805,319</u>	<u>71,885,401</u>

(e) Loans, advances and financing analysed by geographical distribution as follows:

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
In Malaysia	72,836,172	71,015,830
Outside Malaysia	969,147	869,571
	<u>73,805,319</u>	<u>71,885,401</u>

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

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Gross		
Balance at beginning of period/year	2,449,585	2,538,773
Impaired during the period/year	431,512	1,311,149
Reclassification to non-impaired loans and financing	(236,950)	(384,996)
Recoveries	(212,588)	(337,124)
Amount written-off	(198,210)	(682,359)
Repurchase of loans	-	4,142
Balance at end of period/year	<u>2,233,349</u>	<u>2,449,585</u>
Ratios of impaired loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	<u>3.0%</u>	<u>3.3%</u>
Loan loss coverage excluding collateral values	<u>112.7%</u>	<u>102.3%</u>

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Agriculture	36,677	38,785
Mining and quarrying	3,680	461
Manufacturing	275,272	273,295
Electricity, gas and water	292,025	288,509
Construction	176,560	289,257
Wholesale, retail, restaurant and hotel	85,036	82,308
Transport, storage and communication	18,801	21,276
Finance, insurance, real estate and business activities	125,633	119,704
Education and health	43,429	43,171
Household	1,161,081	1,275,779
of which:		
Purchase of residential properties	573,791	649,725
Purchase of transport vehicles	367,567	380,876
Others	219,723	245,178
Others	15,155	17,040
	2,233,349	2,449,585

(h) Impaired loans, advances and financing analysed by geographical distribution

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
In Malaysia	2,233,349	2,449,585

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

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Collective allowance		
Balance at beginning of period/year	2,135,148	1,803,552
Allowance made during the period/year, net	199,354	808,818
Amount written off	(198,210)	(480,862)
Repurchase of loans	-	4,142
Exchange fluctuation adjustments	(34)	(502)
Balance at end of period/year	2,136,258	2,135,148
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) less individual allowance and financing exempted from collective allowance by Bank Negara Malaysia	2.9%	2.9%
Individual allowance		
Balance at beginning of period/year	371,429	458,225
Allowance made during the period/year, net	(1,425)	103,855
Transfer from debt converted instrument	11,642	12,356
Amount written off	-	(203,007)
Balance at end of period/year	381,646	371,429

A12. OTHER ASSETS

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	930,649	1,034,909
Other receivables, deposits and prepayments, net of allowance for doubtful debts	590,644	525,122
Interest receivables on treasury assets, net of allowance for doubtful debts	277,317	362,023
Fee receivables, net of allowance for doubtful debts	50,304	41,496
Amount due from Originators	18,862	19,583
Amount due from agents, brokers and reinsurers, net of allowance	96,500	76,636
Foreclosed properties, net of allowance for impairment in value	112,122	112,143
Deferred assets	-	34,744
	<u>2,076,398</u>	<u>2,206,656</u>

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

A13. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits pertaining to investment banking , commercial and Islamic banking subsidiaries are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined as a set percentage of total eligible liabilities.

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Deposits from:		
Licensed banks	501,587	288,018
Licensed investment banks	439,459	442,342
Bank Negara Malaysia	2,236,026	2,247,277
Other financial institutions	1,138,622	1,294,019
	<u>4,315,694</u>	<u>4,271,656</u>

A15. DEPOSITS FROM CUSTOMERS

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Term/Investment deposits	65,649,445	63,955,874
Savings deposits	4,389,068	4,263,507
Demand deposits	5,657,778	5,660,101
Negotiable instruments of deposits	455,174	250,280
Other deposits	637,998	437,200
	<u>76,789,463</u>	<u>74,566,962</u>

The deposits are sourced from the following types of customers:

Business enterprises	28,782,540	27,358,336
Individuals	30,194,357	29,704,689
Government and statutory bodies	16,412,554	16,274,261
Others	1,400,012	1,229,676
	<u>76,789,463</u>	<u>74,566,962</u>

A16. OTHER LIABILITIES

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Trade payables	899,487	1,019,344
Other payables and accruals	1,499,288	1,422,538
Interest payable on deposits and borrowings	695,343	750,939
Lease deposits and advance rentals	54,688	58,634
General insurance funds	727,038	746,120
Provision for commitments and contingencies	161,400	157,627
Bank overdrafts	2,141	-
Profit equalisation reserve	2,096	6,854
Tax payable	234,951	301,525
	<u>4,276,432</u>	<u>4,463,581</u>

A17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.11	30.06.10	30.06.11	30.06.10
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	82,706	52,543	82,706	52,543
Financial assets held-for-trading	27,595	18,553	27,595	18,553
Financial investments available-for-sale	57,238	80,295	57,238	80,295
Financial investments held-to-maturity	2,385	11,117	2,385	11,117
Loans, advances and financing	873,641	822,292	873,641	822,292
Interest income on impaired loans	3,370	3,466	3,370	3,466
Others	2,494	1,381	2,494	1,381
	<u>1,049,429</u>	<u>989,647</u>	<u>1,049,429</u>	<u>989,647</u>

A18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.11	30.06.10	30.06.11	30.06.10
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	417,338	327,082	417,338	327,082
Deposit and placements of banks and other financial institutions	10,017	26,963	10,017	26,963
Senior notes	34,601	28,117	34,601	28,117
Credit-Linked Note	3,281	683	3,281	683
Amount due to Cagamas Berhad	10,579	770	10,579	770
Term loans	5,601	3,098	5,601	3,098
Subordinated deposits and term loans	6,419	6,451	6,419	6,451
Interest on bonds	4,800	5,891	4,800	5,891
Medium term notes	22,013	22,013	22,013	22,013
Net interest rate swaps expense	4,361	33,034	4,361	33,034
Hybrid securities	19,800	20,526	19,800	20,526
Others	2,589	1,116	2,589	1,116
	<u>541,399</u>	<u>475,744</u>	<u>541,399</u>	<u>475,744</u>

A19. NET INCOME FROM INSURANCE BUSINESS

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Income from Insurance Business:				
Premium income from general insurance business	143,898	131,679	143,898	131,679
Surplus transfer from the life insurance business	19,800	22,500	19,800	22,500
	<u>163,698</u>	<u>154,179</u>	<u>163,698</u>	<u>154,179</u>
Insurance Claims and Commissions:				
Insurance commission	14,323	13,210	14,323	13,210
General insurance claims	95,464	88,927	95,464	88,927
	<u>109,787</u>	<u>102,137</u>	<u>109,787</u>	<u>102,137</u>
Total income from insurance business, net	<u>53,911</u>	<u>52,042</u>	<u>53,911</u>	<u>52,042</u>

A20. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Fee income:				
Fees on loans, financing and securities	62,623	45,615	62,623	45,615
Corporate advisory	7,050	9,361	7,050	9,361
Guarantee fees	12,697	7,934	12,697	7,934
Underwriting commissions	5,547	5,192	5,547	5,192
Portfolio management fees	5,874	3,964	5,874	3,964
Unit trust management fees	19,883	16,492	19,883	16,492
Brokerage rebates	66	68	66	68
Property trust management fees	1,285	1,241	1,285	1,241
Brokerage fees and commissions	24,119	25,404	24,119	25,404
Bancassurance commission	6,694	7,815	6,694	7,815
Net income from asset securitisation	175	230	175	230
Other fee income	26,422	18,452	26,422	18,452
	<u>172,435</u>	<u>141,768</u>	<u>172,435</u>	<u>141,768</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	35,067	13,264	35,067	13,264
Net gain from sale of financial investments available-for-sale	69,722	20,307	69,722	20,307
Net gain on redemption of financial investments held-to-maturity	4,964	4,929	4,964	4,929
Gain on revaluation of financial assets held-for-trading	20,401	568	20,401	568
Foreign exchange ¹	23,849	8,214	23,849	8,214
Gain on derivatives	5,973	22,293	5,973	22,293
Gain on revaluation of fair value hedge ²	1,011	172	1,011	172
Gross dividend income from:				
Financial assets held-for-trading	2,677	1,203	2,677	1,203
Financial investments available-for-sale	15,978	10,354	15,978	10,354
Others	62	2,880	62	2,880
	<u>179,704</u>	<u>84,184</u>	<u>179,704</u>	<u>84,184</u>

A20. OTHER OPERATING INCOME (CONTD.)

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Other income:				
Non-trading foreign exchange	469	415	469	415
Gain on disposal of property and equipment, net	129	314	129	314
Rental income	1,011	1,027	1,011	1,027
Other operating income	1,924	2,177	1,924	2,177
	<u>3,533</u>	<u>3,933</u>	<u>3,533</u>	<u>3,933</u>
	<u>355,672</u>	<u>229,885</u>	<u>355,672</u>	<u>229,885</u>

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

² Arising from changes in fair value of interest rate swap (hedging instrument), Hybrid Capital and loans sold to Cagamas Berhad (hedged items) relating to the hedged risk.

A21. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Personnel costs:				
Salaries, allowances and bonuses	212,449	178,585	212,449	178,585
Shares/options granted under Group Executives'				
Share Scheme	1,233	5,826	1,233	5,826
Others	62,887	47,291	62,887	47,291
	<u>276,569</u>	<u>231,702</u>	<u>276,569</u>	<u>231,702</u>
Establishment costs:				
Depreciation	13,403	13,107	13,403	13,107
Amortisation of computer software	9,242	8,499	9,242	8,499
Computerisation costs	30,889	32,848	30,889	32,848
Rental	21,430	20,540	21,430	20,540
Cleaning and maintenance	6,442	5,371	6,442	5,371
Others	7,055	6,850	7,055	6,850
	<u>88,461</u>	<u>87,215</u>	<u>88,461</u>	<u>87,215</u>
Marketing and communication expenses:				
Sales commission	383	3,202	383	3,202
Advertising, promotional and other marketing activities	10,418	13,170	10,418	13,170
Telephone charges	4,245	4,813	4,245	4,813
Postage	2,309	1,878	2,309	1,878
Travel and entertainment	4,515	3,800	4,515	3,800
Others	5,379	5,524	5,379	5,524
	<u>27,249</u>	<u>32,387</u>	<u>27,249</u>	<u>32,387</u>
Administration and general:				
Professional services	20,466	17,540	20,466	17,540
Donations	43	22	43	22
Administration and management expenses	317	264	317	264
Others	13,353	12,090	13,353	12,090
	<u>34,179</u>	<u>29,916</u>	<u>34,179</u>	<u>29,916</u>
	<u>426,458</u>	<u>381,220</u>	<u>426,458</u>	<u>381,220</u>

A22. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Allowance for bad and doubtful debts and financing:				
Individual allowance, net	(1,425)	22,563	(1,425)	22,563
Collective allowance	199,354	166,369	199,354	166,369
Bad debts and financing:				
Written off	-	36	-	36
Recovered	(125,544)	(97,334)	(125,544)	(97,334)
	<u>72,385</u>	<u>91,634</u>	<u>72,385</u>	<u>91,634</u>

A23. BUSINESS SEGMENT ANALYSIS

Group	Retail Banking RM'000	Business Banking RM'000	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Insurance RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
30.06.2011								
Operating revenue	676,580	186,148	110,221	365,024	226,512	138,607	250,226	1,953,318
Income	446,867	145,042	109,101	100,115	74,059	130,682	101,714	1,107,580
Expenses	(194,414)	(28,020)	(50,498)	(29,676)	(23,476)	(17,357)	(83,017)	(426,458)
Profit before provisions	252,453	117,022	58,603	70,439	50,583	113,325	18,697	681,122
(Provisions)/Writeback of provisions	(51,226)	(4,501)	498	22,518	(500)	200	(37,881)	(70,892)
Profit/(Loss) after provisions	201,227	112,521	59,101	92,957	50,083	113,525	(19,184)	610,230
Taxation and zakat	(50,307)	(27,991)	(14,852)	(21,443)	(11,137)	(28,317)	(156)	(154,202)
Net profit/(loss) for the period	150,920	84,530	44,249	71,514	38,946	85,208	(19,340)	456,028
Other information:								
Cost to income ratio	43.5%	19.3%	46.3%	29.6%	31.7%	13.3%	81.6%	38.5%
Gross loans/ financing	45,337,055	15,030,192	550,068	13,588,406	3,150	-	(703,552)	73,805,319
Net loans/ financing	44,018,707	14,739,354	536,253	13,511,039	3,150	-	(1,521,088)	71,287,415
Gross impaired loans, advances and financing	1,287,921	238,835	5,835	-	-	-	700,758	2,233,349
Total deposits	34,892,675	6,661,264	214,962	36,166,561	-	289,073	2,880,622	81,105,157

A23. BUSINESS SEGMENT ANALYSIS (CONTD.)

Group 30.06.2010	Retail Banking RM'000	Business Banking RM'000	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Insurance RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Operating revenue	629,245	139,420	75,735	280,802	213,048	118,806	246,985	1,704,041
Income	448,805	109,909	75,078	82,433	66,365	89,949	117,308	989,847
Expenses	(174,614)	(24,826)	(39,322)	(24,980)	(20,940)	(13,125)	(83,413)	(381,220)
Profit before provisions	274,191	85,083	35,756	57,453	45,425	76,824	33,895	608,627
(Provisions)/Writeback of provisions	(97,979)	(8,716)	(358)	9,192	25	7,275	(1,832)	(92,393)
Profit/(Loss) after provisions	176,212	76,367	35,398	66,645	45,450	84,099	32,063	516,234
Taxation and zakat	(44,053)	(19,040)	(9,106)	(15,811)	(8,875)	(20,834)	(16,803)	(134,522)
Net profit for the period	132,159	57,327	26,292	50,834	36,575	63,265	15,260	381,712

Other information

Cost to income ratio	38.9%	22.6%	52.4%	30.3%	31.6%	14.6%	71.1%	38.5%
Gross loans/ financing	44,423,528	11,714,720	424,515	10,535,390	3,592	-	296,295	67,398,040
Net loans/ financing	43,151,420	11,547,809	412,262	10,456,313	3,461	-	(487,920)	65,083,345
Gross impaired loans, advances and financing	1,358,639	123,569	6,163	-	-	-	981,050	2,469,421
Total deposits	31,749,842	6,042,838	105,923	31,727,432	-	192,657	2,281,359	72,100,051

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for FIPL and its subsidiaries, AMCI, AmCapital (B) Sdn Bhd, AmSecurities (H.K.) Limited and AmTrade Services Limited, activities of which are principally conducted in Singapore, Indonesia, Brunei and Hong Kong respectively. These activities in Singapore, Indonesia, Brunei and Hong Kong are not significant in relation to the Group's activities in Malaysia.

A24. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A25. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the reporting 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 result of the operations of the Group for the current financial quarter other than as disclosed in Note B8.

A26. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

There were no material changes in the composition of the Group and the Company for the current financial quarter.

A27. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad and AmInternational (L) Ltd, 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 other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

As at the reporting date, the commitments and contingencies are as follows:

Group	30.06.11	31.03.11
	Principal Amount RM'000	Principal Amount RM'000
Commitments		
Irrevocable commitments to extend credit maturing:		
within one year	15,356,075	13,629,979
more than one year	5,441,485	6,026,269
Unutilised credit card line	3,761,689	3,786,573
Forward purchase commitments	525,982	569,428
	<u>25,085,231</u>	<u>24,012,249</u>
Contingent Liabilities		
Guarantees given on behalf of customers	2,980,449	2,717,125
Certain transaction-related contingent items	2,349,618	2,283,260
Obligations under underwriting agreements	402,500	452,500
Short term self liquidating trade-related contingencies	781,388	764,769
Islamic financing sold to Cagamas	1,545,996	1,589,790
Others	50,741	46,209
	<u>8,110,692</u>	<u>7,853,653</u>
Derivative Financial Instruments		
Interest rate related contracts:	39,312,765	37,027,741
One year or less	7,003,866	5,870,000
Over one to five years	27,533,088	27,256,982
Over five years	4,775,811	3,900,759
Foreign exchange related contracts:	20,660,999	29,667,757
One year or less	19,616,936	28,586,642
Over one to five years	1,044,063	929,850
Over five years	-	151,265
Credit related contracts:	582,010	328,907
One year or less	136,740	76,474
Over one to five years	445,270	252,433
Over five years	-	-
Equity related contracts:	1,336,273	1,138,784
One year or less	622,241	604,233
Over one to five years	701,760	521,071
Over five years	12,272	13,480
Commodity related contracts:	80,982	147,703
One year or less	-	-
Over one to five years	80,982	147,703
Over five years	-	-
	<u>61,973,029</u>	<u>68,310,892</u>
	<u>95,168,952</u>	<u>100,176,794</u>

A27. COMMITMENTS AND CONTINGENCIES (CONT.)

As at the reporting date, other commitments and contingencies of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantee amounting to RM75,000,000 (RM75,000,000 as at 31 March 2011) on behalf of a subsidiary company for the payment and discharge of all moneys due on a trading account maintained by a customer with that subsidiary company.
- (b) The Company has given a continuing undertaking totalling SGD40,000,000 (31 March 2011: SGD40,000,000) to the Monetary Authority of Singapore on behalf of AmFraser Securities Pte Ltd to meet its liabilities and financial obligations and requirements.
- (c) AmBank has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") on behalf of AmInternational (L) Ltd ("AMIL"), AmBank's offshore bank subsidiary, to meet all its liabilities and financial obligations and requirements.
- (d) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmLife Insurance Berhad ("AmLife"), for the performance and discharge by AmLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmLife's investment-linked product called AmAsia Link-Capital Guaranteed Fund.
- (e) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee") ("Meridian Suit"), a subsidiary of the Company in respect of a claim amounting to RM27,606,169.65 for alleged loss and damage together with interests and costs arising from provision of AmTrustee's custodian services to Meridian.

Malaysian Assurance Alliance Bhd ("MAA") has claimed its portion of the abovementioned alleged loss, being general damages and special damages of RM19,640,178 together with interest and costs. AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA ("MAA Suit"). MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with AmTrustee.

AmTrustee had filed an application to dismiss Meridian's Suit on a point of law which was dismissed with costs on 17 January 2008. AmTrustee has since filed a Notice of Appeal to the Court of Appeal on 15 February 2008 and it was fixed for Hearing on 23 June 2010. The Appeal was dismissed with costs.

AmTrustee has also filed a stay of proceedings application of the Meridian's Suit due to Meridian's counter claim in the MAA action amounting to duplicity/abuse of process on 22 February 2008 which was dismissed with costs on 26 June 2008. AmTrustee has since filed a Notice of Appeal to the Court of Appeal on 25 July 2008. The Appeal is fixed for hearing on 10 August 2011.

Parties have filed several interim applications in the Meridian suit amongst which was application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank Berhad as 2nd Defendant and also to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian. This application was fixed for hearing on 17 October 2008, and the court dismissed the application with cost. Meridian filed an appeal to the judge in Chambers against this Order and the same was heard on the 8 January 2009 and was fixed for decision on the 23 January 2009. The Learned Judge dismissed Meridian's application to add AmInvestment Bank Berhad as a Party to the Meridian's suit and allowed Meridian's claim to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84.

No Appeal was lodged to the Court of Appeal by Meridian against the High Court's decision in dismissing its application to add AmInvestment Bank Berhad as a Party to its Suit. With the High Court decision dated 23 January 2009, in dismissing Meridian's application to add AmInvestment Bank as a party to its suit, and with no appeal lodged at the Court of Appeal, there is no litigation pending today against AmInvestment Bank Berhad by Meridian.

In the MAA Suit, AmTrustee has filed and served a Third Party Notice dated 6 November 2006 on Meridian seeking indemnification/contribution from Meridian for MAA's claim. Exchange of pleadings has also been completed with Meridian.

It is to be noted that both the Meridian's Suit and MAA Suit were ordered on 16 September 2008 to be tried together at the same time pursuant to Order 4 Rule 1 of the Rules of the High Court 1980.

AmTrustee has also been served on 2 September 2009 with a copy of a Third Party Notice dated 12 August 2009 by solicitors acting for Meridian.

A27. COMMITMENTS AND CONTINGENCIES (CONT.)

- (e) The Third Party Notice is taken against AmTrustee by Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007, at the Kuala Lumpur High Court via suit number D5-22-1457-2007 ("KWAP Suit"). The facts of this case revolve around the same facts as that of the above Meridian Suit and MAA Suit. The High Court suit by KWAP is for an alleged breach by Meridian of an Investment Management Agreement executed between KWAP and Meridian in 2001 ("the Agreement") for a sum of RM7,254,050.42 as general damages for breach of the Agreement and breach of trust together with interests and costs (KWAP's claim").

On the basis of KWAP's claim, Meridian is seeking against AmTrustee via the Third Party Notice for AmTrustee to indemnify Meridian in respect of KWAP's claim.

AmTrustee has filed an Application to Strike out the Third Party Notice. This Application was fixed for Hearing on 27 September 2010 and refixed for decision on 1 November 2010 and the court allowed AmTrustee's Application with cost. Meridian filed an appeal to the Court of Appeal against this decision on 30 November 2010 and the appeal was fixed for hearing on 14 July 2011. The Court of Appeal dismissed Meridian's Appeal with costs. With this court decision, AMTB is no longer involved in KWAP's claim against Meridian.

On 23 March 2010 the Court directed all parties in all the three suits to consider the process of resolving these matters via Mediation rather than a trial and to revert back to court with an update on 23 April 2010 on the outcome of parties consideration of the proposed Mediation. On 23 April 2010, parties informed court they are not agreeable to resolving these matters via Mediation. Therefore matters have now reverted back to the court to be tried via trial.

Trial dates for both Meridian and MAA Suits were initially fixed from 24 January to 26 January 2011 and are refixed now on 29 and 30 June and 1 July 2011. Both matters were fixed for Case Management on 25 May 2011.

AmTrustee had filed an Application for Stay of Proceeding of both the MAA and Meridian case pending the disposal of the criminal proceeding (which is still ongoing) involving a key witness of Meridian.

This Application came up for hearing on 1 December 2010 and the Court dismissed the Application. Based on solicitor's advice, AmTrustee filed an appeal to the court of appeal ("AmTrustee's Appeal") against this decision dated 1 December 2010 and also an Application at the High court to stay the court Order dated 1 December 2010 ("Stay Application").

The Stay Application came up for hearing on 27 December 2010, and the court allowed AmTrustee's Stay Application and further directed AmTrustee to expedite the AmTrustee's Appeal to the court of appeal. AmTrustee's Appeal was fixed for hearing on 24 May 2011. The Court of Appeal allowed AmTrustee's Appeal.

When the matter came up for Case Management on 25 May 2011, Solicitors informed the High Court of the Court of Appeal's decision to stay the civil trial pending the disposal of the criminal trial. Court then further fixed both Meridian and MAA Suits for Case Management on 1 September 2011 and vacated the initial trial dates.

Based on documents and evidence in their possession, the solicitors for AmTrustee are of the view that AmTrustee has a good defence in respect of the claim by Meridian and MAA and in any event, that AmTrustee will be entitled to an indemnity or contribution from Meridian in respect of the claim.

Neither material financial loss nor operational impact on the Group is expected as a result of the Writs and Statements of Claim.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	30.06.2011			31.3.2011		
	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000
Trading derivative						
Interest rate related contracts:	28,428,765	120,206	132,675	26,102,681	127,097	135,044
- Less than 1 year	5,113,866	6,764	6,445	4,490,000	6,134	5,670
- 1 year to 3 years	10,098,200	45,905	37,644	11,050,922	55,698	46,516
- More than 3 years	13,216,699	67,537	88,586	10,561,759	65,265	82,858
Foreign exchange related contracts:	20,660,999	129,905	185,537	29,667,757	107,067	145,052
- Less than 1 year	19,616,936	115,358	140,352	28,586,642	83,235	89,974
- 1 year to 3 years	296,514	6,812	3,513	344,633	10,278	9,635
- More than 3 years	747,549	7,735	41,672	736,482	13,554	45,443
Credit related contracts:	582,010	10,338	11,524	328,907	5,495	5,495
- Less than 1 year	136,740	41	43	76,474	131	131
- 1 year to 3 years	251,990	9,732	9,324	252,433	5,364	5,364
- More than 3 years	193,280	565	2,157	-	-	-
Equity and commodity related contracts:	1,417,255	29,189	122,008	1,286,487	36,976	126,121
- Less than 1 year	622,241	14,297	103,644	604,233	26,136	111,123
- 1 year to 3 years	695,203	10,939	10,233	460,058	5,587	5,581
- More than 3 years	99,811	3,953	8,131	222,196	5,253	9,417
	<u>51,089,029</u>	<u>289,638</u>	<u>451,744</u>	<u>57,385,832</u>	<u>276,635</u>	<u>411,712</u>
Hedging derivative						
Interest rate related contracts:						
Interest rate swaps	10,884,000	128,601	18,200	10,925,060	122,162	23,396
- Less than 1 year	1,890,000	2,449	2,326	1,380,000	38	6,036
- 1 year to 3 years	6,660,000	37,914	11,958	7,120,000	45,109	13,376
- More than 3 years	2,334,000	88,238	3,916	2,425,060	77,015	3,984
	<u>10,884,000</u>	<u>128,601</u>	<u>18,200</u>	<u>10,925,060</u>	<u>122,162</u>	<u>23,396</u>
Total	<u>61,973,029</u>	<u>418,239</u>	<u>469,944</u>	<u>68,310,892</u>	<u>398,797</u>	<u>435,108</u>

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivative is one of the financial instruments engaged by the Group both for client solutions generating revenue for future as well as to manage the Group's own market risk exposure. The Group's involvement in financial derivatives is currently focused on interest rate, equity and foreign exchange rate derivatives.

The principal foreign exchange rate contracts used are forward foreign exchange contracts, cross currency swaps and foreign exchange options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. A foreign exchange option is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified amount of one currency for another currency at a nominated strike rate during a certain period of time or on a specific date.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

Purpose of engaging in financial derivatives (Contd.)

An Interest Rate Option ("IRO") is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified underlying interest rate related asset e.g. the KLIBOR index at a nominated strike rate during a certain period of time or on a specific date. Basic IRO includes interest rate cap and interest rate floor.

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

The principal equity contracts used are equity option, equity futures and equity swaps. An equity option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) an equity at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). An equity futures contract is an exchange traded contract to buy specific quantities of an equity at a specified price with delivery set at a specified time in the future. Equity Swaps are one of the most basic equity derivatives products and are usually traded over-the-counter (OTC) with financial institutions and corporates. It is a contractual agreement between parties to exchange two stream of payments, one based on a predetermined index or equity price, and the other based on a reference interest rate (ie KLIBOR or LIBOR). The underlying reference for Equity Swaps is usually to an index, a basket of stocks or a single underlying stock.

The Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest rate, equity and foreign exchange rate exposures. Derivative transactions generate income for the Group from the buy-sell spreads. The Group also takes conservative exposures, within acceptable limits, to carry an inventory of these instruments in order to provide market liquidity and to earn potential gains on fluctuations in the value of these instruments.

As part of the asset and liability exposure management, the Group uses derivatives to manage the Group's market risk exposure. As the value of these financial derivatives are principally driven by interest rate and foreign exchange rate factors, the Group uses them to reduce the overall interest rate and foreign exchange rate exposures of the Group. These are performed by entering into an exposure in derivatives that produces opposite value movements vis-à-vis exposures generated by other non-derivative activities of the Group. The Group manages these risks on a portfolio basis. Hence, exposures on derivatives are aggregated or netted against similar exposures arising from other financial instruments engaged by the Group.

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

Market risk arising from the above interest rate-related, foreign exchange-related and equity-related derivatives contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

The contractual amounts of these contracts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical measure that estimates the potential changes in portfolio value that may occur, brought about by daily changes in market rates over a specified holding period at a specific confidence level under normal market condition.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

General disclosure for derivatives and counterparty credit risk

Market related credit risk is present in market instruments (derivatives and forward contracts), and comprises counterparty risk (default at the end of contract) and pre-settlement risk (default at any time during the life of contract). Market related credit risk requires a different method in calculating the pre-settlement risk because actual and potential market movements impact the Group's exposure. The markets covered by this treatment for transactions entered by the Group include interest rates, foreign exchange, credit default swaps and equities.

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

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

Exposure to the counterparty risk is governed by setting a credit limit to manage such exposure. This limit is governed under the Group Risk Appetite Framework approved by the Board.

Other than credit limit setting, the Group's primary tool to mitigate counterparty credit risk by having collateral arrangement with the counterparty. Standard market documentation governs the amount of collateral required and the re-margining frequency between counterparties. Some of the standard market documentation has link between the amount of collateral required and external ratings, as well as minimum transfer amounts. This means that if the Group's or a counterparty's external rating were downgraded, the Group or the counterparty would likely to be required to place additional collateral. The amount required to be placed would depend upon the underlying instruments and the state of the markets, so would be different at each re-margining interval.

Liquidity risk of derivatives

Two types of liquidity risk are associated with derivatives: market liquidity risk and funding risk.

Market liquidity risk arises when a position cannot be sold or closed out quickly or risk be eliminated by entering into an offsetting position. In general, an over-the counter ("OTC") market tends to offer less liquidity than an exchange market due to the customized nature of some OTC contracts. OTC contracts include foreign exchange contracts, cross currency swaps, interest rate swaps and FX options while interest rate futures, equity futures and equity options are examples of exchange traded derivatives. The liquidity risk of a position can be estimated by the notional amount of contracts held and the market value of the contract position. Both the OTC and exchange markets have liquid and illiquid contracts.

Funding risk is the risk of derivative activities placing an adverse funding and cash flow pressure on the Group, arising from the need to post collateral (i.e. like a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (Note: if collateral isn't posted, the counterparty can close out their position and claim such mark-to-market loss from the Group. This would also result in the Group no longer being hedged).

Generally, the Group measures and monitors funding risk through the cash flow gap analysis according to specified time interval. The Group's access to deposits and funding markets is dependent on its credit rating. A downgrading in the credit rating could adversely affect its access to liquidity, as well as the competitive position, and could increase the cost of funding.

The primary objective of funding risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due under normal market condition and on contingency basis.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value upon inception in the statement of financial position, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Group enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading, fair value changes are recognised in the statements of comprehensive income. For derivative transactions that meet the specific criteria for hedge accounting, the Group applies either fair value, cash flow or net investment hedge accounting.

At the time a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period. For actual effectiveness to be achieved, the changes in fair value or cash flows of the hedging instrument and the hedged item must offset each other in the range of 80% to 125%.

The Group discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

(i) Fair Value Hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. For qualifying fair value hedges, the changes in fair value of the hedging instrument and the hedged item relating to the hedged risk are recognised in the statements of comprehensive income. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the statements of comprehensive income over the expected life of the hedged item.

(ii) Cash Flow Hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For qualifying cash flow hedges, the effective portion of the change in fair value of the hedging instrument is taken to equity as a cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the statements of comprehensive income. Amounts accumulated in equity are released to the statements of comprehensive income in the periods when the hedged forecast transactions affect the statements of comprehensive income. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

(iii) Net Investment Hedge

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

A29. CAPITAL ADEQUACY RATIO

(a) The capital adequacy ratios of our regulated banking subsidiaries and a pro-forma Group view are as follows:

	30.06.11			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Core capital ratio	9.3%	8.0%	28.8%	9.7%
Risk weighted capital ratio	13.8%	12.5%	28.8%	13.7%
After deducting proposed dividends:				
Core capital ratio	8.8%	8.0%	25.2%	9.3%
Risk weighted capital ratio	13.4%	12.5%	25.2%	13.3%
	31.03.11			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Core capital ratio	10.0%	8.0%	24.7%	10.2%
Risk weighted capital ratio	14.8%	12.5%	24.7%	14.4%
After deducting proposed dividends:				
Core capital ratio	9.5%	8.0%	21.7%	9.8%
Risk weighted capital ratio	14.4%	12.5%	21.7%	14.0%

* Notes:

- The banking subsidiaries of the Company to which the Risk Weighted Capital Adequacy Framework ("RWCAF") apply are AmBank (M) Berhad ("AmBank"), AmInvestment Bank Berhad ("AmInvestment Bank") and AmIslamic Bank Berhad ("AmIslamic Bank") - which offers Islamic banking services.
- The capital adequacy ratios are computed in accordance with BNM's Risk Weighted Capital Adequacy Framework or Risk Weighted Capital Adequacy Framework for Islamic Banks (as applicable), which are based on the Basel II capital accord. Each entity has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk.
- The minimum regulatory capital adequacy requirement is 8.0% for the risk weighted capital ratio.
- Group* figures presented in this Report represent an **aggregation** of the consolidated capital positions and risk weighted assets ("RWA") of our regulated banking institutions. The consolidated positions of each entity are published at www.ambankgroup.com.
- The capital position and RWA of AmBank refers to the combined capital base and RWA of AmBank (M) Bhd and its wholly-owned offshore banking subsidiary company, AmInternational (L) Ltd ("AMIL")

A29. CAPITAL ADEQUACY RATIO (CONTD.)

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

	30.06.11			
	AmBank	AmIslamic	AmInvestment	Group *
	Bank	Bank	Bank	
	RM'000	RM'000	RM'000	RM'000
Tier 1 Capital				
Paid-up ordinary share capital	670,364	403,038	200,000	1,273,402
Share premium	942,844	534,068	-	1,476,912
Statutory reserve	680,459	304,316	200,000	1,184,775
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	56,172
Exchange fluctuation reserve	(709)	-	-	25,998
Irredeemable non-cumulative convertible preference shares	150,000	-	-	150,000
Innovative Tier 1 capital	925,373	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	2,684,567	162,515	130,227	2,988,249
Minority interests	-	-	-	50
Total	6,601,414	1,403,937	530,227	8,893,473
Less: Goodwill	-	-	-	(11,243)
Deferred tax (assets)/liabilities, net	(432,260)	(116,298)	(19,477)	(568,228)
Total Tier 1 Capital	6,169,154	1,287,639	510,750	8,314,002
Less: Deduction in excess of allowable Tier 2 capital	-	-	(103,315)	(15,084)
Maximum Allowable Tier 1 Capital	6,169,154	1,287,639	407,435	8,298,918
Tier 2 Capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	400,000	-	400,000
Innovative Tier 1 capital	309,727	-	-	-
Collective allowance for bad and doubtful debts [#]	1,203,257	330,166	8,305	1,545,734
Total Tier 2 Capital	3,070,784	730,166	8,305	3,503,534
Total Capital Funds	9,239,938	2,017,805	415,740	11,802,452
Less: Investment in subsidiaries	(32,780)	-	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(18,675)	-	(23,389)	(42,064)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	-	-	103,315	15,084
Capital Base	9,188,483	2,017,805	407,435	11,742,703

[#] Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM590,880,000.

The risk weighted assets of the Group are derived by aggregating the risk weighted assets of the banking subsidiaries. The breakdown of risk weighted assets of the Group in the various risk categories is as follows:

Credit risk	57,323,436	14,393,704	946,302	73,114,508
Market risk	5,130,992	562,664	41,334	5,742,108
Operational risk	4,124,706	1,237,200	429,347	6,968,851
Total risk-weighted assets	66,579,134	16,193,568	1,416,983	85,825,467

A29. CAPITAL ADEQUACY RATIO (CONTD.)

	31.03.11			
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	Group * RM'000
Tier 1 Capital				
Paid-up ordinary share capital	670,364	403,038	200,000	1,273,402
Share premium	942,844	534,068	-	1,476,912
Statutory reserve	680,459	304,316	200,000	1,184,775
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	56,172
Exchange fluctuation reserve	(709)	-	-	25,998
Irredeemable non-cumulative convertible preference shares	150,000	-	-	150,000
Innovative Tier 1 capital	925,373	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	2,684,567	162,515	130,227	2,988,249
Minority interests	-	-	-	50
Total	6,601,414	1,403,937	530,227	8,893,473
Less: Goodwill	-	-	-	(11,243)
Deferred tax (assets)/liabilities, net	(432,260)	(116,298)	(19,477)	(568,228)
Total Tier 1 Capital	6,169,154	1,287,639	510,750	8,314,002
Less: Deduction in excess of allowable Tier 2 capital	-	-	(103,707)	(15,476)
Maximum Allowable Tier 1 Capital	6,169,154	1,287,639	407,043	8,298,526
Tier 2 Capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	400,000	-	400,000
Innovative Tier 1 capital	309,727	-	-	-
Collective allowance for bad and doubtful debts ^{##}	1,161,406	324,004	8,362	1,498,773
Total Tier 2 Capital	3,028,933	724,004	8,362	3,456,573
Total Capital Funds	9,198,087	2,011,643	415,405	11,755,099
Less: Investment in subsidiaries	(32,780)	-	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(18,672)	-	(23,838)	(42,510)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	-	-	103,707	15,476
Capital Base	9,146,635	2,011,643	407,043	11,695,296

^{##} Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM636,830,000.

The risk weighted assets of the Group are derived by aggregating the risk weighted assets of the banking subsidiaries. The breakdown of risk weighted assets of the Group in the various risk categories is as follows:

Credit risk	55,732,987	14,379,718	1,219,262	71,745,357
Market risk	2,242,197	459,864	9,729	2,718,904
Operational risk	3,997,167	1,209,490	416,225	6,890,899
Total risk-weighted assets	61,972,351	16,049,072	1,645,216	81,355,160

A30. ISLAMIC BANKING BUSINESS

The state of affairs as at 30 June 2011 and the results for the period ended 30 June 2011 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
ASSETS		
Cash and short-term funds	4,932,229	4,761,640
Deposit and placements with banks and other financial institutions	400,000	250,000
Derivative financial assets	5,769	3,258
Financial assets held-for-trading	1,149,417	991,136
Financial investments available-for-sale	398,519	715,937
Financing and advances	13,975,275	13,247,076
Other receivables, deposits and prepayments	122,041	150,874
Statutory deposits with Bank Negara Malaysia	50,000	-
Deferred tax assets	120,130	119,948
Property and equipment	675	732
Intangible assets	245	286
TOTAL ASSETS	21,154,300	20,240,887
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	1,481,911	1,358,833
Derivative financial liabilities	5,762	3,254
Deposits from customers	15,757,768	15,242,321
Term funding	704,047	550,000
Bills and acceptances payable	893,294	879,522
Subordinated Sukuk Musyarakah	400,000	400,000
Other liabilities	337,704	291,281
Total Liabilities	19,580,486	18,725,211
Share capital/Capital funds	435,877	435,877
Reserves	1,137,937	1,079,799
Total Islamic Banking Funds	1,573,814	1,515,676
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	21,154,300	20,240,887
COMMITMENTS AND CONTINGENCIES	7,421,027	7,736,063

A30. ISLAMIC BANKING BUSINESS (CONTD.)

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Income derived from investment of depositors' funds and others	301,810	256,662	301,810	256,662
Impairment writeback on financial investments	-	4,218	-	4,218
Allowance for impairment on financing and advances (Provision)/Writeback for commitments and contingencies	(41,881)	(29,869)	(41,881)	(29,869)
	(1,133)	55	(1,133)	55
Transfer from/(to) profit equalisation reserve	4,758	(11,722)	4,758	(11,722)
Total attributable income	263,554	219,344	263,554	219,344
Income attributable to the depositors	(141,190)	(95,065)	(141,190)	(95,065)
Profit attributable to the Group	122,364	124,279	122,364	124,279
Income derived from Islamic Banking Funds	40,043	39,087	40,043	39,087
Total net income	162,407	163,366	162,407	163,366
Operating expenditure	(71,745)	(76,507)	(71,745)	(76,507)
Finance cost	(10,696)	(6,468)	(10,696)	(6,468)
Profit before taxation and zakat	79,966	80,391	79,966	80,391
Taxation and zakat	(21,269)	(21,050)	(21,269)	(21,050)
Profit for the period	58,697	59,341	58,697	59,341

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Profit for the period	58,697	59,341	58,697	59,341
Other comprehensive income/(loss):				
Net change in revaluation of financial investments available-for-sale	(697)	123	(697)	123
Exchange differences on translation of foreign operations	(9)	(43)	(9)	(43)
Income tax relating to the components of other comprehensive income	174	(31)	174	(31)
Other comprehensive income/(loss) for the period, net of tax	(532)	49	(532)	49
Total comprehensive income for the period	58,165	59,390	58,165	59,390

A30. ISLAMIC BANKING BUSINESS (CONTD.)

(a) Financing and Advances

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Islamic hire purchase, net of unearned income	7,241,684	6,958,739
Term financing and revolving credit facilities	6,063,651	5,937,581
Claims on customer under acceptance credits	972,423	957,590
Credit card receivables	303,812	303,753
Trust receipts	113,655	89,747
Other financing	1,343,196	1,204,157
	<u>16,038,421</u>	<u>15,451,567</u>
Islamic financing sold to Cagamas Berhad	(1,545,996)	(1,700,034)
Gross financing and advances	<u>14,492,425</u>	<u>13,751,533</u>
Allowance for impairment on financing and advances:		
Collective allowance	(488,705)	(479,010)
Individual allowance	(28,445)	(25,447)
	<u>(517,150)</u>	<u>(504,457)</u>
Net financing and advances	<u>13,975,275</u>	<u>13,247,076</u>

* Included in term financing and revolving credit facilities of the Islamic banking business as at 30 June 2011 are financing amounting to RM726,325,000 (31 March 2011: RM202,955,000) which are exempted from collective allowance by Bank Negara Malaysia.

(i) Movements in impaired financing and advances are as follows:

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Balance at beginning of period/year	320,418	191,894
Impaired during the period/year	74,192	309,732
Reclassification to non-impaired financing	(48,450)	(56,861)
Recoveries	(15,611)	(34,476)
Amount written off	(41,118)	(89,871)
Balance at end of period/year	<u>289,431</u>	<u>320,418</u>
Impaired financing and advances as % of total financing and advances (including Islamic financing sold to Cagamas Berhad)	<u>1.8%</u>	<u>2.1%</u>

A30. ISLAMIC BANKING BUSINESS (CONTD.)

(a) Financing and Advances (Contd.)

(ii) Movements in allowances for impaired financing and advances are as follows:

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Collective allowance		
Balance at beginning of period/year	479,010	287,844
Allowance made during the period/year	50,812	281,169
Amount written off	(41,117)	(90,003)
Balance at end of period/year	<u>488,705</u>	<u>479,010</u>
% of total financing and advances (including Islamic financing sold to Cagamas Berhad) less individual allowance and financing exempted from collective allowance by Bank Negara Malaysia	<u>3.2%</u>	<u>3.1%</u>
Individual allowance		
Balance at beginning of period/year	25,447	1,108
Allowance made during the period/year	<u>2,998</u>	<u>24,339</u>
Balance at end of period/year	<u>28,445</u>	<u>25,447</u>

(b) DEPOSITS FROM CUSTOMERS

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Mudarabah Fund:		
Demand deposits	12,364	11,286
Saving deposits	4,668	4,617
General investment deposits	12,526,382	12,577,770
Structured deposits	<u>162,518</u>	<u>111,162</u>
	<u>12,705,932</u>	<u>12,704,835</u>
Non-Mudarabah Fund:		
Demand deposits	1,199,028	1,166,547
Saving deposits	1,385,076	1,335,281
Term deposits	9,792	-
Negotiable instruments of deposits	256,372	13,168
Other deposits	<u>201,568</u>	<u>22,490</u>
	<u>3,051,836</u>	<u>2,537,486</u>
	<u>15,757,768</u>	<u>15,242,321</u>

(c) OTHER LIABILITIES

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Other payables and accruals	225,156	169,677
Taxation and zakat payable	78,027	83,232
Provision for commitments and contingencies	19,753	18,620
Lease deposits and advance rentals	12,672	12,898
Profit equalisation reserve	<u>2,096</u>	<u>6,854</u>
	<u>337,704</u>	<u>291,281</u>

A31. RESTATEMENT OF COMPARATIVES

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

	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
Income Statement for first quarter ended 30 June 2010			
Interest income	990,618	(971)	989,647
Interest expense	(467,262)	(8,482)	(475,744)
Net income from Islamic banking business	194,151	66	194,217
Other operating income	220,498	9,387	229,885
Income Statement for cumulative quarter ended 30 June 2010			
Interest income	990,618	(971)	989,647
Interest expense	(467,262)	(8,482)	(475,744)
Net income from Islamic banking business	194,151	66	194,217
Other operating income	220,498	9,387	229,885

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

The Group recorded a net profit of RM456.0 million for the first quarter ended 30 June 2011, an improvement of RM74.3 million or 19.5% as compared to the previous corresponding period ended 30 June 2010 of RM381.7 million. The Group's pre-tax profit for the financial period ended 30 June 2011 improved to RM610.2 million as compared to RM516.2 million reported for the corresponding period last financial year.

Improvement in earnings for current reporting quarter ended 30 June 2011 as compared to preceding financial year corresponding quarter was mainly attributed by increase in other operating income and reduction in allowances for impairment on loan and financing of RM125.8 million and RM19.2 million respectively. In addition, there was transfer from profit equalisation reserve of RM4.8 million for current quarter 30 June 2011 as opposed to transfer to profit equalisation reserve of RM11.7 million for previous corresponding quarter ended 30 June 2010 and net income from insurance business improved from RM52.0 to RM53.9 million.

The improvement in earnings for current reporting quarter as compared to preceding financial year corresponding quarter however was partially off-set by increase in other operating expenses of RM45.2 million. Besides, there were reductions in net impairment writeback on financial investments, net interest income and net income from Islamic banking business by RM9.6 million, RM5.9 million and RM4.3 million respectively. Provision for commitments and contingencies of RM3.8 million was reported for current reporting quarter as compared to writeback of RM0.3 million for corresponding quarter ended 30 June 2010 had further reduced the earnings by RM4.1 million.

The Group's retail banking operations were the largest contributors to the Group pre-tax profit, reporting a pre-tax profit of RM201.2 million, followed by markets of RM113.5 million, while business banking operations and corporate and institutional banking operations contributed RM112.5 million and RM93.0 million respectively for the financial period ended 30 June 2011.

Gross loans and advances expanded to RM73.8 billion to register an annual growth of 10.7%. The growth was mainly attributed to the finance, insurance, real estate and business activities, manufacturing, education and health and construction sectors. Financing for purchase of household transport vehicles accounted for 31.5% of total loans, while loans for residential properties accounted for 16.0% of total loans.

As at 30 June 2011, the Group's total assets stood at RM111.6 billion. Meanwhile, the Group's banking subsidiaries aggregated risk-weighted capital ratio ("RWCR") stood at 13.7% as at 30 June 2011, compared with 14.4% as at 31 March 2011.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a higher pre-tax profit of RM610.2 million for the first quarter ended 30 June 2011 as compared to RM425.5 million for the fourth quarter ended 31 March 2011. This was mainly contributed by increase in other operating income and reduction in allowances for impairment on loans and financing by RM138.9 million and RM41.8 million respectively. Improvements were reported for net income from Islamic banking business and net income from insurance business totaling RM49.9 million, while lower net impairment on foreclosed properties and provision for commitments and contingencies contributed RM25.9 million. Besides, net impairment writeback on financial investments and doubtful sundry receivables contributed RM7.0 million and RM1.2 million to the improvement.

The higher pre-tax profit was however off-set by reduction in net interest income and higher other operating expenses by RM42.8 million and RM30.4 million respectively. This was further reduced by lower transfer from profit equalisation reserve for current reporting quarter of RM4.8 million as compared to RM11.5 million for the preceding quarter.

B3. PROSPECTS FOR 31 MARCH 2012

Malaysia's gross domestic product ("GDP") is projected to grow at circa 5% in calendar year 2011. This will be supported by accommodative monetary policy, alongside the implementation of entry point projects ("EPPs") under the Economic Transformation Programme ("ETP"). The Government is expecting EPPs to encourage growth across most sectors and will be a catalyst for growth, creating higher employment and domestic demand from income push. To date, investments totalling RM169.8 billion have been announced under the ETP, potentially generating RM220.2 billion in gross national income ("GNI") and creating 362,396 jobs.

Prospects for the Malaysian banking sector remain positive. The sector is set to benefit from the ETP and the second Capital Market Master Plan ("CMP2"), with expected increase in loans and debt market activities, foreign investment flows, funds management, private sector involvement and domestic consumption.

However, Malaysia is not immune to external headwinds, with continual weakness of labour and housing markets in the United States, sovereign debt risk in the Eurozone, uncertain aftermath of the disaster in Japan, and fiscal risks in industrial economies.

Against this backdrop, AmBank Group is positioned to weather the economic uncertainties, with enhanced risk and financial disciplines in addition to capitalising on domestic growth opportunities. We are guided by strategic priorities and growth levers outlined under our Medium Term Aspiration ("MTA") towards delivering greater value to our shareholders.

AmBank Group will continue executing to our strategic themes and leverage our strategic partners, the Australia and New Zealand Banking Group ("ANZ") in our banking businesses, Insurance Australia Group in general insurance and Friends Life in life assurance, to drive business growth and achieve our MTA. ANZ's established geographical presence throughout Asia Pacific provides AmBank Group the access to cross-border markets, and is a key part of our international connectivity agenda.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Estimated current tax payable	155,663	136,884	155,663	136,884
Transfer (to)/from deferred tax	(2,615)	312	(2,615)	312
	<u>153,048</u>	<u>137,196</u>	<u>153,048</u>	<u>137,196</u>
Under/(Over) provision of current taxation in respect of prior years	650	(2,867)	650	(2,867)
Taxation	<u>153,698</u>	<u>134,329</u>	<u>153,698</u>	<u>134,329</u>
Zakat	<u>504</u>	<u>193</u>	<u>504</u>	<u>193</u>
Taxation and zakat	<u>154,202</u>	<u>134,522</u>	<u>154,202</u>	<u>134,522</u>

The total tax charge of the Group for the financial period ended 30 June 2011 reflect an effective tax rate which is higher than the statutory tax rate mainly due to disallowances of certain expenses.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Net gain from sale of financial assets held-for-trading	35,067	13,264	35,067	13,264
Net gain from sale of financial investments available-for-sale	69,722	20,307	69,722	20,307
Net gain from redemption of financial investments held-to-maturity	4,964	4,929	4,964	4,929

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

- 1 In relation to the intra-group transfers of subsidiaries for the formation of Capital Market Group and Asset Management Group as proposed in previous financial years, the intra-group transfer of domestic subsidiaries has been completed. The intra-group transfer involving PT. AmCapital Indonesia, the Group's Indonesian subsidiary, which is licensed to undertake stockbroking business is subject to obtaining the approval of Badan Pengawas Pasar Modal dan Lembaga Keuangan, the Indonesian securities regulatory authority.
- 2 During the financial period, the trustee of the executives' share scheme ("ESS") had purchased 15,511,300 of the Company's issued ordinary shares from the open market at an average price of RM6.45 per share. The total consideration paid for the purchase including transaction costs amounted to RM99,995,801.

As at 30 June 2011, the trustee of the ESS held 24,029,600 ordinary shares (net of ESS shares vested to employees) representing 0.80% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM136,659,473.

B9. BORROWINGS

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	63,628,130	63,455,715
Six months to one year	9,045,511	7,191,919
One to three years	2,241,139	1,974,353
Three to five years	1,874,683	1,944,975
	<u>76,789,463</u>	<u>74,566,962</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	1,884,207	1,737,925
Six months to one year	648,101	775,772
One to three years	955,391	837,597
Three to five years	827,995	920,362
	<u>4,315,694</u>	<u>4,271,656</u>
(iii) Term funding		
(a) Unsecured senior notes		
Due within one year	195,750	20,750
More than one year	3,265,284	3,439,777
(b) Credit-Linked Note		
Due within one year	70,245	40,000
More than one year	229,547	135,119
(c) Term loans and revolving credits		
Due within one year		
Secured	220,063	274,680
Unsecured	206,000	206,000
More than one year		
Unsecured	629,835	630,552
(d) Amount due to Cagamas Berhad		
More than one year		
Unsecured	154,047	-
	<u>4,970,771</u>	<u>4,746,878</u>
(iv) Debt capital		
(a) Unsecured bonds		
More than one year	400,000	400,000
(b) Medium Term Notes		
More than one year	1,557,800	1,557,800
(c) Hybrid capital		
More than one year	666,285	655,594
The above hybrid capital includes amounts denominated in USD.		
Principal amount - USD200.0 million		
(d) Non-Innovative Tier 1 Capital Securities		
More than one year	500,000	500,000
(e) Innovative Tier 1 Capital Securities		
More than one year	485,000	485,000
	<u>3,609,085</u>	<u>3,598,394</u>

B10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Please refer to note A28

B11. REALISED AND UNREALISED PROFITS OR LOSSES

In accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad, the breakdown of the retained earnings as at the end of the reporting period, into realised and unrealised profits or losses is as follows:

	Group	
	30.06.11	31.03.11
	RM'000	RM'000
Total retained earnings of the Group and its subsidiaries:		
- Realised	5,688,846	5,274,685
- Unrealised	893,142	851,554
Total share of retained earnings from associate:		
- Realised	1,101	1,101
- Unrealised	-	-
Less: consolidation adjustments	(2,916,616)	(2,898,998)
Total group retained earnings as per consolidated accounts	<u>3,666,473</u>	<u>3,228,342</u>

Disclosure of the above is solely for complying with the disclosures requirements of Bursa Malaysia Securities Berhad Listing Requirements and should not be applied for any other purposes.

B12. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A27(e).

B13. DIVIDENDS

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

B14. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.06.11	30.06.10	30.06.11	30.06.10
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	441,522	368,283	441,522	368,283
Weighted average number of ordinary shares in issue	2,992,878	3,008,317	2,992,878	3,008,317
Basic earnings per share (Sen)	14.75	12.24	14.75	12.24

b. Fully diluted earnings per share

Fully diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue and assumed Share Options vested to eligible executives under ESS were exercised by the eligible executives as at the reporting date.

	Individual Quarter		Cumulative Quarter	
	30.06.11	30.06.10	30.06.11	30.06.10
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	441,522	368,283	441,522	368,283
Weighted average number of ordinary shares in issue (as in (a) above)	2,992,878	3,008,317	2,992,878	3,008,317
Effect of option vested under ESS	5,386	-	5,386	-
Adjusted weighted average number of ordinary shares in issue and issuable	2,998,264	3,008,317	2,998,264	3,008,317
Fully diluted earnings per share (Sen)	14.73	12.24	14.73	12.24